

1. Call to Order

2. Confirmation of Disclosures of Conflicts of Interest

NORTH WELD COUNTY WATER DISTRICT

Notice of Meeting

Monday, December 11, 2023, at 8:30 AM

32825 Co Rd 39, Lucerne, CO 80646

**THE BOARD MEETING WILL BE OPEN TO THE PUBLIC IN PERSON AND BY
TELECONFERENCE**

Information to join by Phone is below:

Call-In Number: 1(720)707-2699, Meeting ID: 873 5785 0771, Passcode: 475314

AGENDA

- 1. Call to Order**
- 2. Confirmation of Disclosures of Conflicts of Interest**
- 3. Action: Approve December 11, 2023, NWCWD Board Meeting Agenda**
- 4. Public Comment (3 Minute Time Limit; Items Not Otherwise on the Agenda)**
- 5. Consent Agenda: (These items are considered to be routine and will be approved by one motion. There will be no separate discussion of these items unless requested, in which event, the item will be removed from the Consent Agenda and considered in the Regular Agenda) (enclosures)**
 - a. Minutes from November 13, 2023, Meeting**
 - b. Unaudited Financials for November 2023**
 - c. Invoices through December 11, 2023**
 - d. Basilere Meter Relocation Request, Wood Lake Line Replacement**
 - e. Change Order Element Engineering -Oppositions**
 - f. Work Directive Change CR 84 Project Line Replacement**
 - g. Stantec Master Plan Amendment**
 - h. Long Peak WSSC Recharge Project Contractor Change Order**
 - i. Back Flow Cross Connection Variance Request - MMM**
 - j. Adoption of Resolution No. 20231211-01: 2024 Annual Administrative Resolution (enclosure)**
 - k. Easement Agreements**
 - i. Serfer Easement and Reimbursement Agreements – Greeley and NWCWD Harmony Interconnect**
 - ii. HOA Ridgewood Crossing Agreement – NEWT III**
 - iii. License to Enter – Long peak Dairy**
 - l. Knox Pit Amendment Agreement with Poudre Fire and LRM**
 - m. Amendment and Ratification of Oil and Gas Lease – Nickel Road Development**

6. **Financial Matters:**
 - a. **Conduct Public Hearing on 2023 Budget Amendment and Consider Adoption of Resolution No. 20231211-0_: Resolution Amending 2023 Budget (if needed) (enclosure)**
 - b. **Conduct Public Hearing on 2024 Budget and Consider Adoption of Resolution No. 20231211-02: Resolution Adopting 2024 Budget, Imposing Mill Levy and Appropriating Funds (enclosure)**
7. **Consider Adoption 2024 Fee Schedule (enclosure)**
8. **Action: Consider Approval of Honey Creek Resources Revised Cost of Service and Fees Study (enclosures)**
9. **Discussion: Revised CDPHE Lead and Copper Rule**
10. **Executive Session: The Board reserves the right to enter into Executive Session for the following purposes: Receiving legal advice and discussing matters subject to negotiation and strategy pursuant to § 24-6-402(4)(b) & (e), C.R.S. related to Cost-of-Service Study**
11. **District Manager's Report: (enclosures)**
 - a. **Tap Sales**
 - b. **CDPHE Sanitary Survey – No Violations or Deficiencies**
 - c. **Christmas Party December 18, 2023, Eaton Country Club 12:00 p.m.**
 - d. **Wood Lake Line Relocation Project**
 - e. **Work Session Master Plan Dates**
 - f. **NWCWD 2024 Regular Board Meeting Dates**
 - g. **Master Plan Stakeholder Meeting**
 - i. **Town of Severance, November 16, 2023**
 - ii. **Monte Vista Dairy, November 28, 2023**
12. **Other Business**

ADJOURN_____ P.M.

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE NORTH WELD COUNTY WATER DISTRICT

Held: Monday, the 13th day of November, 2023, at 8:30 A.M.

The meeting was conducted via teleconference.

ATTENDANCE

The meeting was held in accordance with the laws of the State of Colorado. The following directors were in attendance:

Tad Stout, President
Nels Nelson, Treasurer
Anne Hennen, Assistant Secretary
Matt Pettinger, Assistant Secretary
Director Cockroft, Secretary

Also present were Eric Reckentine, General Manager of the District; Zachary P. White, Esq., WHITE BEAR ANKELE TANAKA & WALDRON, District general counsel; George Oamek, Headwaters Corp; Natasha Abercrombie and Michael Georgalas, Stantec Consultants; Jade Gernant, TriHydro Consultants; Richard Reins and Jan Sitterson, Water Resources; Angela Thompson, Slate Communications; Frank Bassler, Town of Severance.

ADMINISTRATIVE MATTERS

Call to Order

The meeting was called to order at 8:30 A.M.

Declaration of Quorum and Confirmation of Director Qualifications

Mr. Stout noted that a quorum for the Board was present and that the directors had confirmed their qualification to serve.

Reaffirmation of Disclosures of Potential or Existing Conflicts of Interest

Mr. White advised the Board that, pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. Mr. White reported that disclosures for those directors that provided WHITE BEAR ANKELE TANAKA & WALDRON with notice of potential or existing conflicts of interest, if any, were filed with the Secretary of State's Office and the Board at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Board. Mr. White inquired into whether members of the Board had any additional disclosures of potential or existing conflicts of interest about any matters scheduled for discussion at the meeting. All directors reviewed the agenda for the meeting and confirmed that they have no additional conflicts of interest in connection with any of the matters listed on the agenda.

Approval of Agenda

Mr. Reckentine presented the Board with the agenda for the meeting. Upon motion of Mr. Nelson, seconded by Mr. Pettinger, the Board unanimously approved the agenda.

PUBLIC COMMENT

Mr. Bassler addressed concerns about the District proposed cost of service study and rate structures as part of the COS agenda item. Mr. Reckentine presented the Board with the consent agenda items.

CONSENT AGENDA MATTERS

Upon motion of Mr. Nelson, seconded by Mr. Pettinger, the Board approved the following:

- a. Minutes from October 9, 2023, Meeting
- b. Unaudited Financials for October 2023
- c. Invoices through November 13, 2023
- d. Stantec Change Order Longs Peak Dairy WSSC Augmentation Structure
- e. Early Procurement Ductile Iron 36-inch Pipe – Timnath Line Lowering
- f. Kimberly Horn Engineering Agreement – Endor Acquisition NEWT III (ratify)
- g. Ditesco Contract Amendment Zone 1 East Transmission Line
 - i. Easement Agreements Freedom Storage – NEWT III (ratify)
 - ii. K&M West Easement – NEWT III (ratify)
- h. North Weld Water Efficiency Plan

Honey Creek Resources Revised Cost of Service and Fees Study

Mr. Oamek presented to the Board the revised Cost of Service and Fee Study.

Frank Bassler addressed the Board as an individual notwithstanding his participation on the Town of Severance Board. Mr. Bassler addressed concerns about the District proposed cost of service study and rate structures.

The Board discussed the study and the findings presented.

No action was taken.

North Weld County Water District Preliminary Draft 2024 Budget

Mr. Reckentine presented the Board with proposed changes to the preliminary 2024 budget reflecting discussion from the September 2023 meeting. The Board discussed potential rate and fee updates to include in the budget, which included increasing rates from 5% to 7% and increases in meter install, tap fee requests and distance fee. Mr. Reckentine will update the budget as necessary for presentation for adoption at the December 13, 2023, regular meeting.

Consider Approval of Commercial Meter Overuse Surcharge Policy

Mr. Reckentine presented the Board with the proposed Commercial Meter Overuse Surcharge Policy. Mr. Reckentine reminded the Board of prior discussions on the proposed policy and outreach the District has made to customers who may be impacted by the policy to notify them it may be implemented by the Board. Following discussion, upon a motion by Mr. Nelson, seconded by Ms. Hennen, the Board unanimously approved Resolution No. 20231113-01.

Selection Third Party State Compliance Audit Accounting Firm

Mr. Reckentine discussed with the Board issues and frustrations with the current auditing firm and per the direction of the Board, introduced two auditor firms. Following discussion, upon a motion by Mr. Nelson, seconded by Mr. Pettinger, the Board unanimously approved the engagement of Plante Moran as the District auditor.

Consider Approval of Revised 1st Amendment to 2013 City of Greeley IGA

Mr. Reckentine and Mr. White presented a proposed revised 1st Amendment to 2013 IGA with the City of Greeley related to the transition of service to the Svetlov subdivision and the JB Acres subdivisions. The Board discussed the agreement in Executive Session.

Regional Master Plan Update

The initial findings of the Regional Master Plan were presented by Stantec Consultants in Executive Session.

Executive Session: The Board reserves the right to enter into Executive Session for the following purposes:

Receiving legal advice and discussing matters subject to negotiation and strategy pursuant to § 24-6-402(4)(b) & (e), C.R.S. related to Commercial Meter Overuse Surcharge Policy, Regional Master Plan Update, and Revised 1st Amendment to 2013 City of Greeley IGA

Upon motion of Mr. Pettinger, seconded by Mr. Nelson, and upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 8:45 A.M. for the purpose of receiving legal advice pursuant to §24-6-402(4)(b), C.R.S.; determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators pursuant to § 24-6-402(4)(e), C.R.S. related to Regional Master Plan Update, COS and Revised 1st Amendment to 2013 City of Greeley IGA

Pursuant to § 24-6-402(2)(d.5)(II)(B), C.R.S., no record will be kept of the portion of this executive session that, in the opinion of the District's attorney, constitutes privileged attorney-client communication pursuant to § 24-6-402(4)(b), C.R.S.

Following the Executive Session, no action was taken related to the Regional Mater Plan.

Following the Executive Session, upon a motion by Mr. Nelson, seconded by Mr. Cockroft, the Board approved the 1st Amendment to 2013 IGA with the City of Greeley, subject to final

legal review and the City of Greeley’s acceptance of proposed changes re timing of payments and water share transfers.

DISTRICT MANAGER’S REPORT

Tap Sales

Mr. Reckentine updated the board on annual tap sales

NEWT III

Pre-Construction Meeting Held October 16, 2023

Change Order 2 Ditesco Construction Management Services

Executed Work Order 2 Garney Construction NEWT III Project

Century Link Demand Letter

Larimer County NEWT III 1041 Resolution

Mr. Reckentine updated the board on the NEWT III project including:

- The execution of the Ditesco Eng. work scope and Garney Change Order
- The demand letter for compensation related to Century Link not performing locates resulting in financial damage to the NEWT III partners by way of downtime subcontractor claims.
- The final Larimer County approved 1041 permit approval resolution was presented

CDPHE Sanitary Survey October 24, 2023

Mr. Reckentine stated that a 2023 CDPHE sanitary survey audit was conducted by the state. NWCWD received no violations or significant deficiencies. Mr. Reckentine congratulated the hard work of NWCWD staff for this achievement.

BDO NWCWD 2023 Audit Submitted to State of Colorado

Mr. Reckentine stated the 2023 annual audit was submitted to the State.

Master Plan Stakeholder Meeting Schedule

Mr. Reckentine reviewed the list of held and to be held master plan and policy change stakeholder meetings.

Town of Ault October 20, 2023

Great Western Dairy October 23, 2023

Longs Peak Dairy November 2, 2023

Severance South
Development Group
October 31, 2023

Town of Pierce
November 2, 2023

NCWA November 6,
2023

Monte Vista Dairy,
November TBD, 2023

Town of Severance,
November 16, 2023

**Greeley Interconnect
Construction Started
October 26, 2023**

Lead and Copper Rule

**BPCCC November 1
Deadline – Meter Shutoffs**

Mr. Reckentine stated that the Greeley NW interconnect work has resumed following the shutdown issue related to the Terry Ranch Line crossing Harmony.

Mr. Reckentine stated that NWCWD consultants will give a presentation of work completed and to be completed in relation to the new EPA Lead and Copper Rules.

Mr. Reckentine stated several meters had been shut off in relation to BPCCC policy and only one remains shutoff due to non-compliance.

OTHER BUSINESS

ADJOURNMENT

There being no further business to be conducted, the meeting was adjourned.

The foregoing constitutes a true and correct copy of the minutes of the above-referenced meeting

Secretary for the District

**ATTORNEY STATEMENT
REGARDING PRIVILEGED ATTORNEY-CLIENT COMMUNICATION**

Pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S., I attest that, in my capacity as the attorney representing North Weld County Water District, I attended the executive session meeting of the North Weld County Water District convened at 10:52 A.M. on November 13, 2023 for the sole purpose of receiving legal advice and discussing matters subject to negotiation and strategy related to Regional Master Plan Update, and Revised 1st Amendment to 2013 City of Greeley IGA as authorized by § 24-6-402(4)(b) & (e), C.R.S. I further attest it is my opinion that a portion of the executive session discussion constituted a privileged attorney-client communication as provided by Section 24-6-402(4)(b), C.R.S. and, based on that opinion, no further record, written or electronic, was kept or required to be kept pursuant to Section 24-6-402(2)(b), C.R.S. or Section 24-6-402(2)(d.5)(II)(B), C.R.S.

Zachary P. White, Esq.

NORTH WELD COUNTY WATER DISTRICT

Balance Sheet
November 30, 2023

ASSETS

Current Assets

1014 - BANK OF COLORADO	\$	2,592,488.33
1015 - COLO TRUST - GENERAL		15,060,470.05
1017 - COLO TRUST- RRR		265,563.25
1019 - COLO TRUST - 2019 BOND		2,275,403.21
1020 - COLO TRUST - 2022 BOND		40,121,114.75
1030 - CASH DRAWER		200.00
1035 - CONTRA CASH RESERVE		(1,705,883.00)
1050 - CASH RESERVE (CWRPDA)		1,705,883.00
1100 - AR WATER (DRIP)		1,027,423.18
1105 - AR CONSTRUCTION METERS		95,155.99
1116 - ACCOUNTS RECEIVABLE		251,120.86
1230 - PREPAID INSURANCE		99,682.94
1300 - INVENTORY		1,985,643.69

Total Current Assets 63,774,266.25

Property and Equipment

1220 - LAND BUILDING SITE		541,875.18
1222 - CSU DRYING BEDS		28,612.00
1225 - LAND & EASEMENTS		2,577,384.19
1405 - WATER RIGHTS OWNED		95,122,451.44
1407 - WATER STORAGE		6,155,513.62
1415 - MACHINERY & EQUIPMENT		2,389,048.51
1416 - DEPREC - MACH & EQUIP		(1,822,316.91)
1420 - OFFICE EQUIPMENT		52,720.33
1421 - DEPREC - OFFICE EQUIP		(52,720.11)
1425 - PIPELINES		74,192,485.87
1426 - DEPREC - PIPELINES		(25,088,803.91)
1430 - STORAGE TANKS		2,689,338.13
1431 - DEPREC - STORAGE TANKS		(1,545,497.07)
1432 - MASTER METERS		689,854.53
1433 - DEPREC MASTER METERS		(54,718.43)
1435 - PUMP STATIONS		5,687,716.34
1436 - DEPREC - PUMP STATIONS		(2,619,270.54)
1437 - FILL STATION		15,555.00
1438 - DEPREC - FILL STATION		(3,888.75)
1440 - PAVING		25,500.20
1441 - DEPREC - PAVING		(25,499.80)
1445 - OFFICE BUILDING		1,667,567.41
1446 - DEPREC - BUILDING		(526,487.01)
1454 - CONSTRUCT IN PROGRESS		22,713.40

Total Property and Equipment 160,119,133.62

Other Assets

1457 - FILTER PLANT EQUITY		22,849,610.70
1464 - BOND INSURANCE		1,841.00
1466 - Bond Cst of Issue '19		188,070.00

Total Other Assets 23,039,521.70

Total Assets \$ 246,932,921.57

LIABILITIES AND CAPITAL

Current Liabilities

2215 - ACCOUNTS PAYABLES	\$	12,962.42
2216 - CONST MTR DEPOSITS		87,824.94

Unaudited - For Management Purposes Only

NORTH WELD COUNTY WATER DISTRICT

Balance Sheet
November 30, 2023

2230 - ACCRUED WAGES	196,372.00	
2231 - ACCRUED COMP ABSENCES	150,013.12	
2232 - ACCRUED INTEREST	117,662.50	
Total Current Liabilities		564,834.98
Long-Term Liabilities		
2221 - 2012 BONDS PAYABLE	1,575,000.00	
2222 - 2019 Bond Payable	16,160,000.00	
2223 - Bond Premium '19	777,042.00	
2224 - 2020 BOND PAYABLE	3,050,000.00	
2226 - 01A BOND	34,615,000.00	
2227 - CURT PORT LONGTERM DEBT	3,738,291.00	
2228 - NET PREM/DISCT '12 BOND	26,465.00	
2229 - PREMIUM ON 2009A LOAN	52,732.00	
Total Long-Term Liabilities		59,994,530.00
Total Liabilities		60,559,364.98
Capital		
2800 - RETAINED EARNINGS	191,625,612.20	
Net Income	(5,252,055.61)	
Total Capital		186,373,556.59
Total Liabilities & Capital	\$	246,932,921.57

NORTH WELD COUNTY WATER DISTRICT
Income Statement
Detail

For the Eleven Months Ending November 30, 2023

	CURRENT MONTH	YTD	BUDGET	+ OR - BUDGET	% BUDGET
REVENUES					
3110 - METERED SALES	\$ 1,017,864.68	\$ 11,749,247.35	\$ 12,215,468.00	466,220.65	96.18
3111 - WATER ALLOC SURCHARGE	14,202.00	4,813,596.00	3,490,134.00	(1,323,462.00)	137.92
3112 - PLANT INVEST SURCHARGE	24,359.65	2,950,756.65	2,268,587.00	(682,169.65)	130.07
3113 - ADJUSTMENTS	363.65	(70,563.40)	0.00	70,563.40	0.00
3140 - CONST METER USAGE	11,143.20	226,107.21	209,100.00	(17,007.21)	108.13
3141 - CONSTR METER RENTAL	1,010.00	12,565.00	5,610.00	(6,955.00)	223.98
3142 - CONSTRUCT METER REPAIR	0.00	19,206.86	560.00	(18,646.86)	3,429.80
OPERATING	1,068,943.18	19,700,915.67	18,189,459.00	(1,511,456.67)	108.31
3210 INTEREST-COTRUST-GENERAL	246,838.67	2,443,656.49	130,384.00	(2,313,272.49)	1,874.20
3220 - PORT PARTONAGE AGFINITY	0.00	1,739.02	828.00	(911.02)	210.03
NON OPERATING	246,838.67	2,445,395.51	131,212.00	(2,314,183.51)	1,863.70
3310 - TAP (PI) FEES	40,500.00	2,142,750.00	3,000,000.00	857,250.00	71.43
3311 - DISTANCE FEES	4,200.00	237,450.00	176,653.00	(60,797.00)	134.42
3312 - WATER (ALLOCATION) FEE	0.00	(32,250.00)	300,000.00	332,250.00	(10.75)
3314 - INSTALLATION FEES	4,200.00	236,000.00	331,224.00	95,224.00	71.25
3315 - METER RELOCATION FEE	0.00	35,485.00	1,656.00	(33,829.00)	2,142.81
3316 - LINE EXTENSION FEE	0.00	0.00	153,000.00	153,000.00	0.00
3320 - NON-POTABLE TAP FEE	0.00	13,000.00	49,684.00	36,684.00	26.17
3321 - NON-POTABLE INSTALL	0.00	30,405.00	22,082.00	(8,323.00)	137.69
3330 - COMMITMENT LETTER FEE	0.00	0.00	828.00	828.00	0.00
3331 - REVIEW FEE	0.00	0.00	2,760.00	2,760.00	0.00
3340 - INSPECTION FEE	0.00	0.00	137,077.00	137,077.00	0.00
NEW SERVICE	48,900.00	2,662,840.00	4,174,964.00	1,512,124.00	63.78
3410 - WATER RENTAL	0.00	15,898.50	18,207.00	2,308.50	87.32
3415 - WSSC RETURN FLOW RENTAL	1,623.00	1,623.00	0.00	(1,623.00)	0.00
3420 - WATER LEASE	1,258.35	1,258.35	0.00	(1,258.35)	0.00
AG WATER	2,881.35	18,779.85	18,207.00	(572.85)	103.15
3500 - MISCELLANEOUS	0.00	316,781.23	0.00	(316,781.23)	0.00
3510 - CAR TIME	0.00	0.00	9,937.00	9,937.00	0.00
3520 - TRANSFER FEES	450.00	6,650.00	5,520.00	(1,130.00)	120.47
3530 - RISE TOWER RENT	300.00	3,300.00	8,060.00	4,760.00	40.94
3540 - SAFETY GRANT (CSD)	0.00	0.00	12,145.00	12,145.00	0.00
3560 - BACKFLOW TESTING FEE	0.00	1,094.00	0.00	(1,094.00)	0.00
MISCELLANEOUS	750.00	327,825.23	35,662.00	(292,163.23)	919.26
TOTAL REVENUES	1,368,313.20	25,155,756.26	22,549,504.00	(2,606,252.26)	111.56
OPERATING EXPENSE					
4110 - POTABLE WATER	523.04	2,971,663.66	3,224,486.36	252,822.70	92.16
4120 - RENTAL WATER	0.00	(11,375.00)	0.00	11,375.00	0.00
4130 - CARRYOVER	0.00	10,461.00	91,239.03	80,778.03	11.47
4140 - WINTER WATER	0.00	0.00	5,630.81	5,630.81	0.00
4150 - ASSESSMENTS	(2,450.00)	626,660.37	463,615.14	(163,045.23)	135.17
4160 - RULE 11 FEES	0.00	0.00	65,040.00	65,040.00	0.00
4170 - WATER QUALITY - TESTING	866.00	11,889.00	14,000.00	2,111.00	84.92
WATER	1,060.96	(3,609,299.03)	(3,864,011.34)	(254,712.31)	93.41
4210 - SALARIES, FIELD	145,751.54	1,237,211.52	1,527,998.00	290,786.48	80.97
4220 - SALARIES, ENGINEERING	15,349.34	123,571.15	189,998.66	66,427.51	65.04
4240 - INSURANCE HEALTH	10,666.39	166,061.74	193,471.00	27,409.26	85.83
4250 - RETIREMENT	2,399.53	75,204.64	84,313.00	9,108.36	89.20
4260 - AWARDS	0.00	0.00	1,358.00	1,358.00	0.00
4270 - UNIFORMS	0.00	9,241.02	6,500.00	(2,741.02)	142.17
4280 - MISCELLANEOUS	0.00	0.00	1,131.00	1,131.00	0.00
EMPLOYEES	(174,166.80)	(1,611,290.07)	(2,004,769.66)	(393,479.59)	80.37

For Management Purposes Only

NORTH WELD COUNTY WATER DISTRICT
Income Statement
Detail

For the Eleven Months Ending November 30, 2023

	CURRENT MONTH 0.00	YTD 0.00	BUDGET 0.00	+ OR - BUDGET 0.00	% BUDGET 0.00
REPAIRS					
4410 - FIELD	0.00	46,251.82	0.00	(46,251.82)	0.00
4411 - LOCATES	0.00	18,340.83	15,501.00	(2,839.83)	118.32
4412 - FARM PROPERTIES	0.00	14,761.36	2,760.00	(12,001.36)	534.83
4413 - SITE MAINTENANCE ANNUAL	0.00	4,053.74	5,698.00	1,644.26	71.14
4414 - CONSTRUCTION METER	0.00	17,566.14	0.00	(17,566.14)	0.00
4415 - WATER LINES (REPAIRS)	246.00	163,107.54	50,000.00	(113,107.54)	326.22
4416 - APPURTENANCE(REPAIR)	7,990.00	98,692.58	0.00	(98,692.58)	0.00
4417 - METER SETTING	0.00	185,491.86	600,000.00	414,508.14	30.92
4418 - MASTER METERS	0.00	18,245.90	5,000.00	(13,245.90)	364.92
4419 - SERVICE WORK	0.00	80,629.38	0.00	(80,629.38)	0.00
4420 - STORAGE TANKS (O & M)	0.00	40,341.98	0.00	(40,341.98)	0.00
4430 - PUMP STATIONS (O & M)	0.00	234,817.20	0.00	(234,817.20)	0.00
4435 - CHLORINE STATION	0.00	2,854.07	0.00	(2,854.07)	0.00
4440 - EQUIPMENT	7,890.82	43,019.13	205,000.00	161,980.87	20.98
4445 - SCADA EQUIPMENT	0.00	5,874.77	0.00	(5,874.77)	0.00
4446 - LOCATING EQUIPMENT	0.00	1,551.56	0.00	(1,551.56)	0.00
4450 - SHOP/YARD	1,930.41	87,255.44	0.00	(87,255.44)	0.00
4460 - VEHICLES	14,992.42	180,555.26	102,000.00	(78,555.26)	177.01
4470 - SAFETY	607.60	9,581.20	0.00	(9,581.20)	0.00
4480 - CONTROL VAULTS	0.00	1,305.15	29,226.00	27,920.85	4.47
OPERATION & MAINTENANCE	(33,657.25)	(1,254,296.91)	(1,015,185.00)	239,111.91	123.55
4500 - ENGINEERING	0.00	0.00	50,000.00	50,000.00	0.00
ENGINEERING	0.00	0.00	(50,000.00)	(50,000.00)	0.00
4600 - ELECTRICITY	12,691.00	175,511.87	181,100.00	5,588.13	96.91
4640 - METER VAULTS	0.00	9,009.75	0.00	(9,009.75)	0.00
ELECTRICITY	(12,691.00)	(184,521.62)	(181,100.00)	3,421.62	101.89
4700 - COMMUNICATIONS	100.49	1,102.98	0.00	(1,102.98)	0.00
COMMUNICATIONS	(100.49)	(1,102.98)	0.00	1,102.98	0.00
4810 - GENERAL	5,887.02	35,322.12	0.00	(35,322.12)	0.00
4820 - AUTO	1,936.90	13,332.40	0.00	(13,332.40)	0.00
4830 - WORKER'S COMP	59,182.92	89,217.52	0.00	(89,217.52)	0.00
INSURANCE	(67,006.84)	(137,872.04)	0.00	137,872.04	0.00
MISCELLANEOUS	0.00	0.00	0.00	0.00	0.00
TOTAL OPERATING EXPENSES	286,561.42	6,798,382.65	7,115,066.00	316,683.35	95.55
ADMINISTRATIVE EXPENSE					
5110 - OFFICE	63,563.13	499,166.83	932,658.00	433,491.17	53.52
SALARIES	63,563.13	499,166.83	932,658.00	433,491.17	53.52
5210 - FICA	15,917.85	143,036.93	130,000.00	(13,036.93)	110.03
5220 - UNEMPLOYMENT	939.78	3,231.60	4,968.00	1,736.40	65.05
PAYROLL TAXES	16,857.63	146,268.53	134,968.00	(11,300.53)	108.37
5300 - HEALTH INSURANCE	0.00	0.00	60,000.00	60,000.00	0.00
5310 - ADMIN HEALTH INSURANCE	4,358.39	44,569.40	0.00	(44,569.40)	0.00
HEALTH INSURANCE	4,358.39	44,569.40	60,000.00	15,430.60	74.28
5400 - OFFICE UTILITIES	0.00	2,694.41	0.00	(2,694.41)	0.00
5401 - ELECTRICITY	909.02	9,173.49	10,000.00	826.51	91.73
5402 - PROPANE	0.00	8,142.13	7,000.00	(1,142.13)	116.32
5403 - TELEPHONE	3,976.13	28,096.32	23,000.00	(5,096.32)	122.16
5404 - CELL PHONE SERVICE	0.00	16,448.76	20,000.00	3,551.24	82.24
5405 - CELL PHONE ACCESSORIES	0.00	9.77	500.00	490.23	1.95

For Management Purposes Only

NORTH WELD COUNTY WATER DISTRICT
Income Statement
Detail

For the Eleven Months Ending November 30, 2023

	CURRENT MONTH	YTD	BUDGET	+ OR - BUDGET	% BUDGET
5406 - OFFICE CLEANING SERVICE	1,360.00	15,980.00	20,000.00	4,020.00	79.90
5407 - INTERNET	0.00	0.00	600.00	600.00	0.00
5409 - SECURITY CAMERAS	1,690.00	18,265.00	0.00	(18,265.00)	0.00
5410 - OFFICE EQUIPMENT	0.00	135.45	0.00	(135.45)	0.00
5412 - PRINTERS	0.00	2,784.71	0.00	(2,784.71)	0.00
5413 - FURNITURE	0.00	0.00	2,760.00	2,760.00	0.00
5440 - COMPUTER	0.00	0.00	1,000.00	1,000.00	0.00
5441 - COMPUTER SUPPORT	5,542.00	70,194.84	66,245.00	(3,949.84)	105.96
5442 - HARDWARE (COMPUTERS)	0.00	7,795.00	0.00	(7,795.00)	0.00
5443 - SOFTWARE	0.00	1,166.00	7,000.00	5,834.00	16.66
5444 - LICENSES (ANNUAL)	0.00	29,726.45	30,000.00	273.55	99.09
5445 - SENSUS METER SUPPORT	0.00	4,876.00	3,000.00	(1,876.00)	162.53
OFFICE UTILITIES	13,477.15	215,488.33	191,105.00	(24,383.33)	112.76
5510 - OFFICE EXPENSES	7,705.62	169,739.69	175,107.00	5,367.31	96.93
5520 - POSTAGE	0.00	2,467.66	3,312.00	844.34	74.51
5530 - BANK / CREDIT CARD FEES	6,932.26	48,192.04	5,520.00	(42,672.04)	873.04
5540 - BUILDING MAINTENANCE	0.00	42,520.42	1,104.00	(41,416.42)	3,851.49
5560 - PRINTING	0.00	0.00	2,760.00	2,760.00	0.00
5580 - DUES & REGISTRATION	824.00	3,974.00	3,312.00	(662.00)	119.99
OFFICE EXPENSE	15,461.88	266,893.81	191,115.00	(75,778.81)	139.65
5610 - LEGAL	19,974.63	563,706.70	357,000.00	(206,706.70)	157.90
5620 - ACCOUNTING	0.00	44,946.42	50,000.00	5,053.58	89.89
5625 - EASEMENT FEES	0.00	9,465.00	0.00	(9,465.00)	0.00
5630 - WATER TRANSFER FEES	0.00	3,016.58	100.00	(2,916.58)	3,016.58
5640 - MAPPING - NORTHLINE	0.00	0.00	700.00	700.00	0.00
5650 - CONSULTANT FEES	5,615.66	46,515.11	204,000.00	157,484.89	22.80
5660 - MEMBERSHIP FEES	0.00	35,638.55	9,022.00	(26,616.55)	395.02
5670 - APPRAISALS	0.00	33,500.00	0.00	(33,500.00)	0.00
5680 - LAND ACQUISITION	0.00	109,431.64	0.00	(109,431.64)	0.00
PROFESSIONAL FEES	25,590.29	846,220.00	620,822.00	(225,398.00)	136.31
VEHICLES	0.00	0.00	0.00	0.00	0.00
5900 - MISCELLANEOUS	0.00	(406.94)	7,729.00	8,135.94	(5.27)
5920 - FIRE MITIGATION GRANT	3,156.45	23,084.50	0.00	(23,084.50)	0.00
MISCELLANEOUS	3,156.45	22,677.56	7,729.00	(14,948.56)	293.41
TOTAL ADMINISTRATIVE EXPENSE	142,464.92	2,041,284.46	2,138,397.00	97,112.54	95.46
CAPITAL IMPROVEMENTS					
6100 - SOLDIER CANYON	0.00	0.00	312,000.00	312,000.00	0.00
SOLDIER CYN FILTER PLANT	0.00	0.00	312,000.00	312,000.00	0.00
6200 - STORAGE TANKS	0.00	937,376.05	1,600,000.00	662,623.95	58.59
STORAGE TANKS	0.00	937,376.05	1,600,000.00	662,623.95	58.59
6300 - PUMP STATIONS	0.00	256,507.05	0.00	(256,507.05)	0.00
PUMP STATIONS	0.00	256,507.05	0.00	(256,507.05)	0.00
6400 - EQUIPMENT	0.00	0.00	25,700.00	25,700.00	0.00
6410 - VEHICLES	0.00	144,345.42	142,000.00	(2,345.42)	101.65
6420 - TRENCH BOX	0.00	204.02	0.00	(204.02)	0.00
6440 - OTHER EQUIPMENT	0.00	24,198.75	0.00	(24,198.75)	0.00
EQUIPMENT	0.00	168,748.19	167,700.00	(1,048.19)	100.63
6505 - ENGINEERING	35,448.15	1,192,592.00	300,000.00	(892,592.00)	397.53
6510 - WATER LINES	0.00	6,295,801.09	15,200,000.00	8,904,198.91	41.42
6515 - METER UPGRADES	0.00	0.00	240,000.00	240,000.00	0.00
6540 - AWIA & GENERATORS	0.00	0.00	350,000.00	350,000.00	0.00

For Management Purposes Only

NORTH WELD COUNTY WATER DISTRICT
Income Statement
Detail

For the Eleven Months Ending November 30, 2023

	CURRENT MONTH	YTD	BUDGET	+ OR - BUDGET	% BUDGET
6545 - SCADA EQUIPMENT	0.00	13,501.00	0.00	(13,501.00)	0.00
6547 - GPS EQUIPMENT	0.00	43,771.00	0.00	(43,771.00)	0.00
6548 - MAPPING/GPS	0.00	10,277.70	0.00	(10,277.70)	0.00
SYSTEM	35,448.15	7,555,942.79	16,090,000.00	8,534,057.21	46.96
661.09 - OTHER	0.00	892.82	0.00	(892.82)	0.00
6610 - WATER RESOURCE MANAGER	0.00	135,771.42	0.00	(135,771.42)	0.00
6615 - GRAVEL PITS	0.00	0.00	400,000.00	400,000.00	0.00
6620 - WATER RIGHTS	0.00	6,990,000.00	9,000,000.00	2,010,000.00	77.67
6630 - LEGAL (WRM)	6,363.75	58,571.29	310,000.00	251,428.71	18.89
6640 - STORAGE	0.00	116,301.66	0.00	(116,301.66)	0.00
WATER RIGHTS	6,363.75	7,301,537.19	9,710,000.00	2,408,462.81	75.20
6710 - EASEMENTS	155,761.00	855,818.90	165,000.00	(690,818.90)	518.68
6720 - LAND	0.00	0.00	190,000.00	190,000.00	0.00
6730 - SURVEYING	0.00	33,748.25	5,000.00	(28,748.25)	674.97
LAND/EASEMENTS	155,761.00	889,567.15	360,000.00	(529,567.15)	247.10
BUILDING/PAVING	0.00	0.00	0.00	0.00	0.00
OFFICE EQUIPMENT/MISC	0.00	0.00	0.00	0.00	0.00
TOTAL CAPITAL IMPROVEMENTS	197,572.90	17,109,678.42	28,239,700.00	11,130,021.58	60.59
BONDS					
BOND ISSUE	0.00	0.00	0.00	0.00	0.00
INTEREST	0.00	0.00	0.00	0.00	0.00
7250 - PLANT EXPANSION	0.00	0.00	1,231,000.00	1,231,000.00	0.00
PRINCIPLE	0.00	0.00	1,231,000.00	1,231,000.00	0.00
BOND ISSUANCE COST	0.00	0.00	0.00	0.00	0.00
INTEREST EXPENSE OTHER	0.00	0.00	0.00	0.00	0.00
TOTAL BONDS	0.00	0.00	(1,231,000.00)	(1,231,000.00)	0.00
DEPRECIATION & AMORT EXPENSES					
DEPRECIATION & AMORT EXPENSE	0.00	0.00	0.00	0.00	0.00
TOTAL REVENUES	1,369,453.65	25,289,386.43	22,624,387.00	(2,664,999.43)	111.78
TOTAL EXPENSES	627,951.24	30,539,457.04	42,679,435.00	12,139,977.96	71.56
PROFIT/LOSS	741,502.41	(5,250,070.61)	(20,055,048.00)	(14,804,977.39)	26.18

NORTH WELD COUNTY WATER DISTRICT
Account Reconciliation
As of Nov 30, 2023
1014 - 1014 - BANK OF COLORADO
Bank Statement Date: November 30, 2023

Filter Criteria includes: Report is printed in Detail Format.

Beginning GL Balance		1,627,213.50
Add: Cash Receipts		94,347.17
Less: Cash Disbursements		(1,255,825.35)
Add (Less) Other		<u>2,126,753.01</u>
Ending GL Balance		<u>2,592,488.33</u>
Ending Bank Balance		3,177,335.21
Add back deposits in transit		
Total deposits in transit		
(Less) outstanding checks		
	Nov 18, 2022	17106 (227.65)
	May 12, 2023	17640 (750.00)
	Jul 24, 2023	17898 (2,400.00)
	Aug 11, 2023	17963 (52.00)
	Aug 31, 2023	18008 (15,000.00)
	Sep 21, 2023	18082 (21.00)
	Oct 17, 2023	18150 (11,423.75)
	Oct 20, 2023	18163 (9,460.00)
	Oct 24, 2023	18173 (34,042.72)
	Oct 24, 2023	18177 (30,922.00)
	Nov 6, 2023	18201 (6,363.75)
	Nov 6, 2023	18209 (1,073.28)
	Nov 7, 2023	18215 (289.69)
	Nov 7, 2023	18219 (1,095.00)
	Nov 7, 2023	18221 (6,825.00)
	Nov 8, 2023	18230 (75.51)
	Nov 16, 2023	18239 (8,679.97)
	Nov 16, 2023	18241 (2,557.26)
	Nov 16, 2023	18243 (104.00)
	Nov 16, 2023	18245 (5,330.67)
	Nov 16, 2023	18246 (523.04)
	Nov 16, 2023	18248 (806.39)
	Nov 16, 2023	18249 (100.49)
	Nov 17, 2023	18251 (153,772.00)
	Nov 17, 2023	18252 (1,431.07)
	Nov 17, 2023	18254 (5,747.50)
	Nov 17, 2023	18255 (246.00)
	Nov 20, 2023	18256 (182.45)
	Nov 20, 2023	18257 (37.16)
	Nov 20, 2023	18258 (133.20)
	Nov 20, 2023	18259 (1,800.13)
	Nov 20, 2023	18260 (1,431.07)
	Nov 20, 2023	18261 (18,174.50)
	Nov 20, 2023	18262 (1,100.00)
	Nov 22, 2023	18263 (5,542.00)
	Nov 22, 2023	18264 (1,100.00)
	Nov 22, 2023	18265 (7,990.00)
	Nov 22, 2023	18266 (1,100.00)
	Nov 22, 2023	18267 (1,100.00)
	Nov 22, 2023	18268 (29,700.65)
	Nov 22, 2023	18269 (1,100.00)
	Nov 22, 2023	18270 (3,300.00)
	Nov 22, 2023	18271 (646.39)
	Nov 27, 2023	18272 (1,100.00)
	Nov 27, 2023	18273 (1,100.00)
	Nov 27, 2023	18274 (1,100.00)
	Nov 27, 2023	18275 (1,100.00)
	Nov 27, 2023	18276 (1,100.00)

NORTH WELD COUNTY WATER DISTRICT
Account Reconciliation
As of Nov 30, 2023
1014 - 1014 - BANK OF COLORADO
Bank Statement Date: November 30, 2023

Filter Criteria includes: Report is printed in Detail Format.

Nov 27, 2023	18277	(1,100.00)	
Nov 27, 2023	18278	(1,100.00)	
Nov 27, 2023	18279	(1,100.00)	
Nov 27, 2023	18280	(1,100.00)	
Nov 27, 2023	18281	(1,100.00)	
Nov 27, 2023	18282	(97.02)	
Nov 27, 2023	18283	(155,761.00)	
Nov 30, 2023	18284	(1,100.00)	
Nov 30, 2023	18285	(1,100.00)	
Nov 30, 2023	18286	(1,100.00)	
Nov 30, 2023	18287	(1,100.00)	
Nov 30, 2023	18288	(1,100.00)	
Nov 30, 2023	18289	(1,100.00)	
Nov 30, 2023	18290	(1,100.00)	
Nov 30, 2023	18291	(1,100.00)	
Nov 30, 2023	18292	(1,100.00)	
Nov 30, 2023	18293	(1,100.00)	
Nov 30, 2023	18294	(1,100.00)	
Nov 30, 2023	18295	(1,100.00)	
Nov 30, 2023	18296	(1,100.00)	
Nov 30, 2023	18297	(1,100.00)	
Nov 30, 2023	18298	(1,100.00)	
Nov 30, 2023	18299	(1,100.00)	
Nov 30, 2023	18300	(1,100.00)	
Nov 30, 2023	18301	(1,100.00)	
Nov 30, 2023	18302	(1,100.00)	
Nov 30, 2023	18303	(1,100.00)	
Nov 30, 2023	18304	(1,100.00)	
Nov 30, 2023	18305	(1,100.00)	
Nov 30, 2023	18306	(1,100.00)	
Nov 30, 2023	18307	(1,100.00)	
Nov 30, 2023	18308	(1,100.00)	
Nov 30, 2023	18309	(1,100.00)	
Nov 30, 2023	18310	(1,100.00)	
Jul 17, 2023	VOID 16682	(24,198.75)	
Total outstanding checks			(594,514.06)
Add (Less) Other			
Nov 29, 2023	CC1129	5,609.46	
Nov 30, 2023	CC1130	3,228.36	
Nov 29, 2023	CCIH1118	378.90	
Nov 30, 2023	CCIH1119	301.92	
Nov 21, 2023	MARS1121	148.54	
Total other			9,667.18
Unreconciled difference			0.00
Ending GL Balance			<u>2,592,488.33</u>

NORTH WELD COUNTY WATER DISTRICT
Account Reconciliation
As of Nov 30, 2023
1015 - 1015 - COLO TRUST - GENERAL
Bank Statement Date: November 30, 2023

Filter Criteria includes: Report is printed in Detail Format.

Beginning GL Balance	14,994,931.41
Add: Cash Receipts	
Less: Cash Disbursements	
Add (Less) Other	<u>65,538.64</u>
Ending GL Balance	<u>15,060,470.05</u>
Ending Bank Balance	15,060,470.05
Add back deposits in transit	_____
Total deposits in transit	
(Less) outstanding checks	_____
Total outstanding checks	
Add (Less) Other	_____
Total other	
Unreconciled difference	<u>0.00</u>
Ending GL Balance	<u><u>15,060,470.05</u></u>

NORTH WELD COUNTY WATER DISTRICT
Account Reconciliation
As of Nov 30, 2023
1019 - 1019 - COLO TRUST - 2019 BOND
Bank Statement Date: November 30, 2023

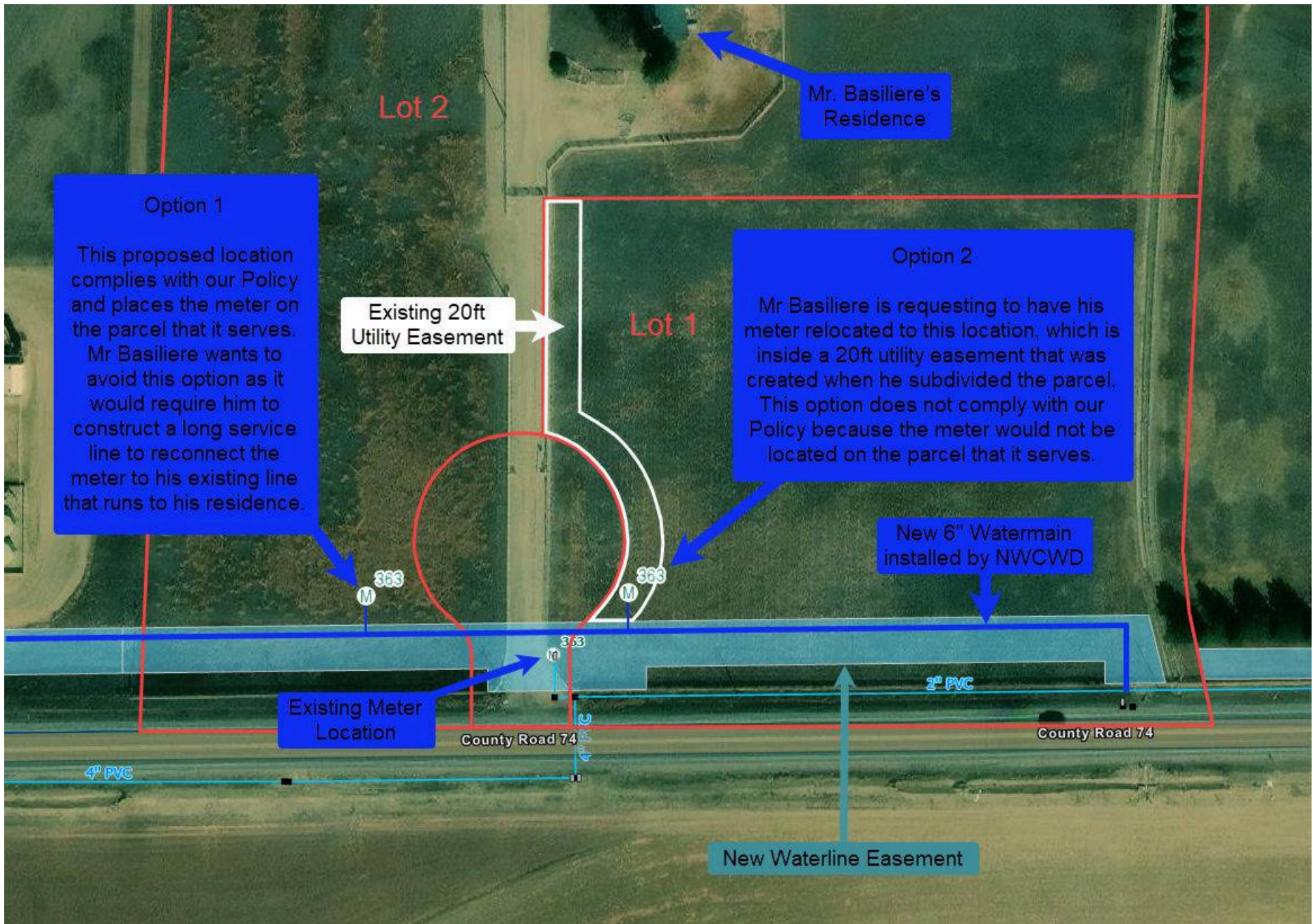
Filter Criteria includes: Report is printed in Detail Format.

Beginning GL Balance	2,265,672.91
Add: Cash Receipts	
Less: Cash Disbursements	
Add (Less) Other	<u>9,730.30</u>
Ending GL Balance	<u>2,275,403.21</u>
Ending Bank Balance	2,275,403.21
Add back deposits in transit	<u> </u>
Total deposits in transit	
(Less) outstanding checks	<u> </u>
Total outstanding checks	
Add (Less) Other	<u> </u>
Total other	
Unreconciled difference	<u>0.00</u>
Ending GL Balance	<u><u>2,275,403.21</u></u>

NORTH WELD COUNTY WATER DISTRICT
Account Reconciliation
As of Nov 30, 2023
1020 - 1020 - COLO TRUST - 2022 BOND
Bank Statement Date: November 30, 2023

Filter Criteria includes: Report is printed in Detail Format.

Beginning GL Balance	39,949,545.02
Add: Cash Receipts	
Less: Cash Disbursements	
Add (Less) Other	<u>171,569.73</u>
Ending GL Balance	<u>40,121,114.75</u>
Ending Bank Balance	40,121,114.75
Add back deposits in transit	<u> </u>
Total deposits in transit	
(Less) outstanding checks	<u> </u>
Total outstanding checks	
Add (Less) Other	<u> </u>
Total other	
Unreconciled difference	<u>0.00</u>
Ending GL Balance	<u><u>40,121,114.75</u></u>



Attachment A

Amendment 1 to Task Order No. 5 Water Court Opposition Support November 30, 2023

This Task Order sets forth the terms and conditions of services to be completed pursuant to communications between ELEMENT and CLIENT and serves to amend Attachment A to the Master Consulting Agreement between our firms dated October 21, 2019.

Scope of Services

ELEMENT is providing water resources services to CLIENT to support the review of water court applications in which CLIENT is an objector. The following is a summary of assumptions and general information about tasks to be completed under this Task Order, based on our understanding of the project and previous experience with similar projects.

- Review the applications, draft decrees, and engineering performed by the applicants.
- Assist CLIENT in preparing comments to the applicants.
- Assist CLIENT in preparing expert disclosures.
- Assist CLIENT in negotiating with the applicants regarding appropriate terms and conditions.
- Other tasks requested by CLIENT in connection with the water court process.

Currently, this task order is being used to support CLIENT in one active water court case filed by the City of Greeley under Case No. 22CW3042. This task order will be used to support CLIENT in other, if any, future cases that CLIENT opposes during the term of the task order. For budgeting purposes, ELEMENT has assumed that CLIENT will not be involved in any water court trials during the term of this task order. If such occurs, and as needed to support the associated services, ELEMENT may provide CLIENT with a task order amendment or separate task order request.

The estimated budget for this scope has been provided based on approximately 260 hours of effort, using the ELEMENT hourly rates stated below. Actual time spent will be billed at ELEMENT's then-current hourly rates

Additional services may be provided if authorized by CLIENT in writing and paid by CLIENT, as provided in the Agreement, in addition to the compensation for ELEMENT's services described above.

Deliverables and Project Schedule

The deliverables and associated deadlines for preparing the deliverables will be as mutually agreed to by ELEMENT and CLIENT, for the period from December 1, 2023 through December 31, 2025.

All deliverables, as well as participation in phone/conference calls, meetings, and communication via email, will be provided in a timely manner to meet critical deadlines and mutually agreed upon schedules. We are available to begin working on this project upon execution of the Agreement.

Fee Schedule

The fee estimate for the tasks described in the Scope of Services section above is \$50,000.00, based on the hourly rates provided in Table 1 below. No permitting, application, or similar project fees are included in the fee estimate and will be paid directly by CLIENT. Should CLIENT request ELEMENT to pay such fees on CLIENT's behalf, ELEMENT will also invoice the additional associated administrative staff time.

Payments for our services are based on the actual time spent on CLIENT's behalf and are measured by standard hourly rates based upon a 40-hour work week. Our current hourly rates are as provided in Table 1, below.

Table 1: Hourly Rates.

Professional Services	Hourly Rate
Administrative	\$80.00
Staff Engineer/Hydrologist	\$147.00
Project Engineer/Hydrologist	\$168.00
Senior Engineer/Hydrologist	\$194.00
Project Manager	\$205.00
Senior Project Manager	\$215.00

- Overtime, rush, and holiday work necessitated by CLIENT's directive is billed at an additional \$55 per hour.
- Sub-consultants to ELEMENT are billed at cost plus five percent (5%).
- ELEMENT reserves the right to adjust its hourly rates, which become effective upon written notice to CLIENT.

If scope changes or project specifications cause an increase or decrease in services, an equitable adjustment shall be made to ELEMENT's compensation and this Agreement shall be modified by change order accordingly. ELEMENT will treat as a change order any written or oral order (including directions, instructions, interpretations, or determinations) from CLIENT which requests changes in the services. ELEMENT will provide CLIENT notice within ten (10) days of the change order of any resulting increase in fee. Unless CLIENT objects in writing within five (5) days, the change order becomes part of this Agreement. If during the term of this Agreement material circumstances or conditions come to exist that were not originally contemplated by or known to a party, to the extent that they affect the scope of services, compensation, schedule, allocation of risks, or other material terms of this Agreement, either party may call for renegotiation of appropriate portions of this Agreement. Each party shall notify the other party of the changed conditions necessitating renegotiation, and the parties shall promptly and in good faith enter into renegotiation of this Agreement. If terms cannot be agreed to, either party may then terminate this Agreement.

In Witness Whereof, the parties execute and agree to this Task Order as of the Effective Date.

CLIENT

ELEMENT Water Consulting, Inc.

By: _____

By: _____

Name: _____

Name: Beorn A. Courtney, P.E., President

Date: _____

Date: _____

Work Change Directive

No. 01

Date of Issuance: November 17, 2023

Effective Date: November 17, 2023

Project: CR 84 Small Diameter Waterline Project	Owner: North Weld County Water District	Owner's Contract No.:
Contract: Task 09 - CR 84 Small Diameter Water Line under Master Services Agreement for On-Call Engineering Services		Date of Contract: 6/12/2023
Contractor: Trihydro Corporation		Engineer's Project No.: 0075Q-003-0010, Task 0009

You are directed to proceed promptly with the following change(s):

Item No.	Description
Task 0009, Subtask 2 Data Collection	Additional Fees associated with Weld County Right-of-Way Permit fee and geotechnical borings within CR 84 pavement

Attachments (list documents supporting change):

Trihydro Memo dated 11/17/2023

Purpose for Work Change Directive:

- Authorization for Work described herein to proceed on the basis of Cost of the Work due to:
- Nonagreement on pricing of proposed change.
- Necessity to expedite Work described herein prior to agreeing to changes on Contract Price and Contract Time.

Estimated change in Contract Price and Contract Times:

Contract Price \$ 3,373.50 (increase)

Contract Time 0 days (increase/decrease)

If the change involves an increase, the estimated amounts are not to be exceeded without further authorization.

Recommended for Approval by Engineer: Michelle Sell, P.E.	Date November 17, 2023
Authorized for Owner by:	Date
	D



memorandum

To: Mr. Eric Reckentine, North Weld County Water District
From: Trihydro Corporation
Date: November 17, 2023
Re: CR 84 Small Diameter Water Line
Work Change Directive No. 1 - Additional Fees for Right of
Way Permit and Geotechnical Boring

North Weld County Water District contracted Trihydro Corporation (Trihydro) to perform evaluation and design services for the County Road (CR) 84 Small Diameter Water Line Project. Trihydro's approved scope of work and fee estimate assumes replacing the existing 2.5-inch water line with a 4- or 6-inch water line parallel to CR 84. This work includes field investigation and water line design.

The initial proposal assumed the geotechnical boring activities would take place in the CR 84 roadway shoulder, outside of the surfacing section. However, a buried gas line running along the south side of CR 84 prevents boring in the south shoulder. Boring on the north side of CR 84 is not possible due to an overhead powerline preventing the necessary clearance for the boring rig. Therefore, the borings were completed within the roadway (CR 84) surfacing section. Drilling in the pavement increased the time the geotechnical engineering subcontractor, Terracon, was onsite due to the additional work required to patch the bore holes, thus increasing the required traffic control duration. Terracon has requested an additional fee of \$2,453.50 to complete the boring activities within the pavement section of CR 84.

The cost for the Weld County Right-of-Way Permit, \$800.00, was not included in Terracon's original proposal. Terracon was directed to pay for the Weld County Right-of-Way Permit and include the expense in their next invoice.

The total fee including the Weld County Right-of-Way Permit and additional work for boring in the pavement is \$19,173.50, resulting in an \$3,373.50 increase of Terracon's estimated fee. At this time, Trihydro believes this additional amount can be covered within Trihydro's overall design budget contract amount. Trihydro will continue to monitor the budget during these activities and provide updates to North Weld County Water District if overall budget concerns develop. Trihydro requests approval of Work Change Directive No. 1, in the amount of \$3,373.50, in the event that budget concerns develop, and a change order becomes necessary.

0075Q-003-0010, Task 0009



Stantec Consulting Services Inc.

3325 South Timberline Road
2nd Floor
Fort Collins CO 80525-3681

November 29, 2023

Project/File: North Weld County Water District Regional Master Plan

Eric Reckentine

North Weld County Water District
32825 Co Rd 39
Lucerne, CO 80646

Dear Eric Reckentine,

Reference: Regional Master Plan - Progress Update

We are writing to request a budget amendment for the Regional Water Master Plan contract. The original budget was based on the scope of work and level of effort agreed upon in the contract. However, during the course of the project, we encountered several unforeseen challenges and additional requests that required extra time and resources. These include:

- Discrepancies in the SCADA data when preparing to do the calibration
- Discussions surrounding the gallons per minute that come from residential non-pot irrigation
- Performing additional equipment testing when it had been assumed the equipment would be in good working order
- Performing an additional hydrant test in Zone 1 because the data logger blew off
- Completion of additional hydraulic modeling of Zone 1 to confirm replacement of transmission/distribution mains sizes near Tank 1
- Difficulty obtaining ELCO demand data from HDR, which delayed the calibration and validation of the hydraulic model and is currently impacting the development of future scenarios.
- Additional meetings above those scoped with District staff to address our questions regarding the project data.
- Additional time spent working on questions surrounding the NEWT III pipeline and its impact on the water supply and distribution system. Review of NEWT I/II and NEWT III pipeline design reports and attended meetings with Ditesco and the District, as well as with the District only
- Reviewing multiple documents associated with Saddler Ridge development and attended meetings with the District to review Zone 7/Saddler Ridge demands associated with the current master plan versus previous Zone 7/Saddler Ridge demands. Coordinated with Saddler Ridge engineer to confirm development assumptions. Completed hydraulic analysis of Zone 7
- Performing additional modeling scenarios and sensitivity analyses for the Greeley inter-connect to address unexpected issues

For these reasons, and particularly the issues surrounding the Ditesco and Saddler Ridge efforts, we have exhausted our budgets under Task 400: Model Update/Calibration and Task 600: Future System Evaluation. We are requesting a budget amendment to cover the additional costs incurred. We estimate that the total additional cost is \$ 45,000, which is approximately 60% of our current overruns in each of the subtasks highlighted. Below is a detailed breakdown of the additional costs for your review.



Stantec Consulting Services Inc.
3325 South Timberline Road
2nd Floor
Fort Collins CO 80525-3681

Task #	Task	Fee Budgeted (labor only)	Additional Fee Requested	Total for Subtask
400.3	Generation and Allocation of Water Demands	\$2,455	\$16,850.00	\$19,305.00
400.4	Field Testing	\$4,280	\$6,150.00	\$10,430.00
400.6	Model Calibration	\$7,933	\$11,100.00	\$19,033.00
600.1	Future System Evaluation	\$4,057	\$10,900.00	\$14,957.00
	Total	\$18,725	\$45,000.00	\$63,725.00

We appreciate your understanding and cooperation in this matter. We believe that these additional tasks were necessary to ensure the quality and accuracy of the project deliverables. Please sign below if you agree with the above amendment. We hope that you are satisfied with our work and we look forward to hearing from you soon.

Best regards,

STANTEC CONSULTING SERVICES INC.

NORTH WELD COUNTY WATER DISTRICT

Lisa Fardal PE, PMP
Project Manager
Phone: (970) 212-2773
Mobile: (970) 231-5538
lisa.fardal@stantec.com

SECTION 00941 CHANGE ORDER

No. 001

Date of Issuance: 2023-11-06

Effective Date: 2023-11-06

Project: Hwy 14 Recharge Basin (aka Longs Peak – PHASE 2)	Owner: North Weld County Water District	Owner's Contract No.:
Contract: Longs Peak – PHASE 2	Date of Contract: November 17, 2022	
Contractor: Quality Well and Pump	Engineer's Project No.: 227704354	

The Contract Documents are modified as follows upon execution of this Change Order:

Description:

The following changes have occurred during construction. Damages were incurred at the recharge basin on June 29, 2023, that required Contractor to complete emergency repairs (under warranty, Work Change Directive 001). Irrigation duty gate valves replaced the canal gates (Work Change Directive 001). The cross cut lateral was clay tile and at a lower elevation (Work Change Directive 002). Field measurements completed on September 15, 2023 found that the recharge basin storage volume below the flume is not meeting design intent (Work Change Directive 002). The contractor will replace the remaining 100LF of clay tile pipe located upstream of the NWCWD recharge basin diversion (Work Change Directive 003). Infiltration testing conducted on October 20, 2023 found that the recharge basin design must be modified to meet the recharge requirements. Stantec issued a stop work notice on November 6, 2023, so that the recharge basin design can be modified to meet the recharge requirements.

With work being added to the contract, the substantial completion certificate is no longer valid. The substantial completion certificate will be reissued when the Contractor achieves substantial completion.

This change order provides increases both the contract price and the contract dates to complete recharge basin repairs.

Attachments (list documents supporting change):

Updated Bid Form

CHANGE IN CONTRACT PRICE:

CHANGE IN CONTRACT TIMES:

Original Contract Price:

\$55,425.00

Increase from previously approved Change Orders No. 000 to No. 000:

\$0.00

Contract Price prior to this Change Order:

\$55,425.00

Increase of this Change Order:

\$36,115.00

Contract Price incorporating this Change Order:

\$91,540.00

Original Contract Times:

Substantial completion (date): 2023-04-19

Ready for final payment (date): 2023-05-04

Increase from previously approved Change Orders No. 000 to No. 000:

Substantial completion (date): 2023-04-19

Ready for final payment (date): 2023-05-04

Increase of this Change Order:

Substantial completion (date): 2024-03-29

Ready for final payment (date): 2024-04-19

Contract Times with all approved Change Orders:

Substantial completion (date): 2024-03-29

Ready for final payment (date): 2024-04-19

RECOMMENDED:

By: Massaro, Pamela
Engineer (Authorized Signature)

Date: 11/6/2023

ACCEPTED:

By: _____
Owner (Authorized Signature)

Date: _____

ACCEPTED:

By: Mitchell Davee
Contractor (Authorized Signature)

Date: 12/1/2023

CHANGE ORDER INSTRUCTIONS

A. GENERAL INFORMATION

This document was developed to provide a uniform format for handling contract changes that affect Contract Price or Contract Times. Changes that have been initiated by a Work Change Directive must be incorporated into a subsequent Change Order if they affect Price or Times.

Changes that affect Contract Price or Contract Times should be promptly covered by a Change Order. The practice of accumulating Change Orders to reduce the administrative burden may lead to unnecessary disputes.

If Milestones have been listed in the Agreement, any effect of a Change Order thereon should be addressed.

For supplemental instructions and minor changes not involving a change in the Contract Price or Contract Times, a Field Order should be used.

B. COMPLETING THE CHANGE ORDER FORM

Engineer normally initiates the form, including a description of the changes involved and attachments based upon documents and proposals submitted by Contractor, or requests from Owner, or both.

Once Engineer has completed and signed the form, all copies should be sent to Owner or Contractor for approval, depending on whether the Change Order is a true order to the Contractor or the formalization of a negotiated agreement for a previously performed change. After approval by one contracting party, all copies should be sent to the other party for approval. Engineer should make distribution of executed copies after approval by both parties.

If a change only applies to price or to times, cross out the part of the tabulation that does not apply.

TO:
 Mr. Eric Reckentine
 North Weld County Water District
 32825 County Road 39
 Lucerne, CO 80646

FOR:
 Project: Hwy 14 Recharge Basin (aka Longs Peak – PH
 Stantec Project #: 227704354

BID No.	BID No. Description	BID Unit	BID Quantity	BID Unit Cost		BID Amount	
1	MOBILIZATION AND DEMOBILIZATION	LS	1	\$	4,100.00	\$	4,100.00
2	EROSION CONTROL	LS	1	\$	6,210.00	\$	6,210.00
3	TOPSOIL STRIPPING AND REPLACEMENT	LS	1	\$	3,260.00	\$	3,260.00
4	SPLITTER BOX AND CANAL GATES	LS	1	\$	10,820.00	\$	10,820.00
5	3-IN PARSHALL FLUME, STILLING WELL AND SHAFT ENCODER	LS	1	\$	7,980.00	\$	7,980.00
6	EXCAVATION AND BACKFILL	LS	1	\$	6,545.00	\$	6,545.00
7	D-50 6-IN RIP RAP	LS	1	\$	10,785.00	\$	10,785.00
8	SURFACE RESTORATION	LS	1	\$	5,725.00	\$	5,725.00
	<i>Work Change Directive 001 - June 29 Repairs</i>				<i>Original Contract Price</i>	\$	55,425.00
Warranty repairs	Uninstall Splitter Box	LS	1	\$	-	\$	-
Warranty repairs	Sediment/Silt Removal	LS	1	\$	-	\$	-
Warranty repairs	F&I (temp) Totalizing Flow Meter	LS	1	\$	-	\$	-
ADD	F&I 15" Matco Gate Valve	LS	1	\$	12,000.00	\$	12,000.00
ADD	F&I 8" Irrigation Duty Gate Valve	LS	1	\$	5,800.00	\$	5,800.00
DEDUCT	Restock 15" Canal Gate	LS	2	\$	(1,035.00)	\$	(2,070.00)
DEDUCT	Restock 8" Canal Gate	LS	1	\$	(950.00)	\$	(950.00)
	<i>WCD 002 - 1.5-ft Deeper than Design</i>						
ADD	Recharge Basin Excavation	LS	1	\$	10,975.00	\$	10,975.00
ADD	Water for Operational Testing [20,000 gallons]	Trucks	3	\$	853.33	\$	2,560.00
	<i>WCD 003 - Clay Tile to PVC</i>						
ADD	15" PVC C900	LF	100	\$	78.00	\$	7,800.00

Change Order 001 Subtotal **\$ 36,115.00**
Contract Price incorporating this Change Order: **\$ 91,540.00**



**Backflow Prevention and Cross-Connection Control
Variance Request Form (Page 1 of 2)**

The NWCWD Backflow Prevention and Cross-Connection Control Regulation requires all non-single family service connections, and single-family service connections that pose a Backflow risk, to install an Approved RPZ Assembly immediately downstream of the water meter or as close to that location as deemed practical by NWCWD.

This form is for Tapholders requesting a Variance from the requirement described above.

NWCWD reserves the right to deny any Variance request.

The following is to be completed by the Tapholder:

Property Owner: <u>Martin Marietta</u>	Contact Name: <u>Joe Lee</u>
Property Address: <u>12184 County Rd 64 1/2 Greeley</u>	Contact Phone: <u>970-219-1231</u>
Meter Number: <u>80089097</u>	Contact Email: <u>Joe.Lee@MartinMarietta.COM</u>

Category of Property (check all that apply):

<input checked="" type="checkbox"/> Commercial	<input type="checkbox"/> Residential	<input type="checkbox"/> Agriculture	<input type="checkbox"/> Industrial
<input type="checkbox"/> Other (describe as necessary)			

Variance Criteria (check and describe all that apply):

<input type="checkbox"/>	There is not adequate drainage for an Approved RPZ Assembly.
<input checked="" type="checkbox"/>	An Approved RPZ Assembly would be subject to flooding.
<input checked="" type="checkbox"/>	Unreasonable Burden
<input type="checkbox"/>	Installation of an Approved RPZ Assembly would compromise the function of an existing fire sprinkler system.
<i>When submitting Variance request form, include supporting documentation, signed by a certified fire sprinkler designer, that installation of an Approved RPZ Assembly would compromise the functioning of the existing fire sprinkler system.</i>	

Describe applicable Variance Criteria below:

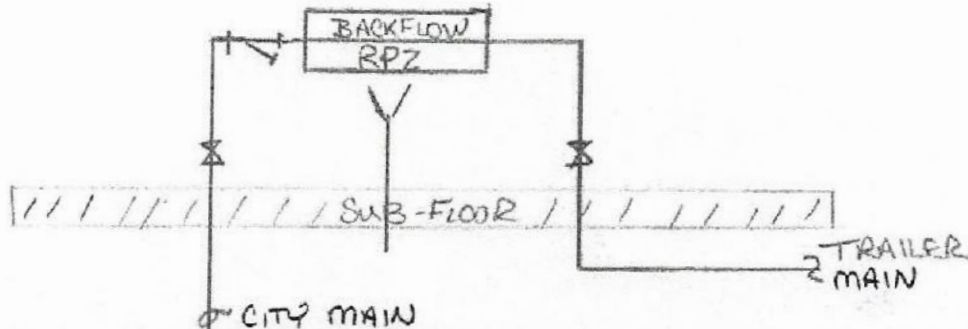
NO POWER OR HOT BOX NEAR METER VAULT



**Backflow Prevention and Cross-Connection Control
Variance Request Form (Page 2 of 2)**

Describe proposed alternative solution below:

WE RECOMMEND THAT THE BACKFLOW DEVICE IS INSTALLED AT THE MODULAR. WE WOULD INSTALL A NEW RPZ TYPE BACKFLOW IN THE BATHROOM SPACE SO THAT ALL CONNECTIONS ARE PROTECTED AND THE DEVICE IS IN A CONDITIONED SPACE THAT CANNOT BE FLOODED OR SUBMERGED.



Include sketch above or attach additional drawings and information as/if necessary.

	Name (Print)	Signature	Date
Tapholder			
Master Plumber	Josh Fair	<i>Joshua Fair</i>	11-21-23
Master Plumber Certification Information: MP-00600341			

For NWCWD Use Only:

Date Submitted:	Date Reviewed:	Status: <input type="checkbox"/> Approved <input type="checkbox"/> Unapproved
Comments:		
Authorized By:		

**NORTH WELD COUNTY WATER DISTRICT
ANNUAL ADMINISTRATIVE RESOLUTION
(2024)**

WHEREAS, North Weld County Water District (the “**District**”), was organized as a special district pursuant to an Order and Decree of the District Court in and for the County of Weld, Colorado (the “**County**”), and is located entirely within the Counties of Larimer and Weld, Colorado; and

WHEREAS, the Board of Directors (the “**Board**”) of the District has a duty to perform certain obligations in order to assure the efficient operation of the District and hereby directs its consultants to take the following actions.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

1. The Board directs the District’s Manager to cause an accurate map of the District’s boundaries to be prepared in accordance with the standards specified by the Division of Local Government (“**Division**”) and to be filed in accordance with § 32-1-306, C.R.S.

2. The Board directs the District’s Manager to notify the Board of County Commissioners, the County Assessor, the County Treasurer, the County Clerk and Recorder, the governing body of any municipality in which the District is located, and the Division of the name of the chairman of the Board, the contact person, telephone number, and business address of the District, as required by § 32-1-104(2), C.R.S.

3. The Board directs the District’s Manager to prepare and file with the Division, within thirty (30) days of a written request from the Division, an informational listing of all contracts in effect with other political subdivisions, in accordance with § 29-1-205, C.R.S.

4. The Board directs the District’s Manager to cause the preparation of and to file with the Department of Local Affairs the annual public securities report for nonrated public securities issued by the District within sixty (60) days of the close of the fiscal year, as required by §§ 11-58-101, et seq., C.R.S.

5. The Board directs the District’s Manager to: (a) obtain proposals for auditors to be presented to the Board; (b) cause an audit of the annual financial statements of the District to be prepared and submitted to the Board on or before June 30; and (c) cause the audit to be filed with the State Auditor by July 31, or by the filing deadline permitted under any extension thereof, all in accordance with §§ 29-1-603(1) and 606, C.R.S. Alternatively, if warranted by § 29-1-604, C.R.S., the Board directs the District’s accountant to apply for and obtain an audit exemption from the State Auditor on or before March 31 in accordance with § 29-1-604, C.R.S.

6. The Board directs the District’s Manager, if the District has authorized but unissued general obligation debt as of the end of the fiscal year, to cause to be submitted to the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the District the District’s audit report or a copy of its application for exemption from audit in accordance with § 29-1-606(7), C.R.S.

7. The Board directs the District's accountant to submit a proposed budget to the Board by October 15 and prepare the final budget and budget message, including any amendments thereto, if necessary. The Board also directs the District's accountant to perform the property tax limit calculation, if required by §§ 29-1-306, *et seq.*, C.R.S., and to inform the Board of the result of such calculation. The Board directs the District's Manager to schedule a public hearing on the proposed budget or amendments, as applicable, and to post or publish notices thereof. The Board directs legal counsel to prepare all budget resolutions. The Board directs legal counsel to file the budget, budget resolution, and budget message with the Division on or before January 30th, all in accordance with §§ 29-1-101, *et seq.*, C.R.S.

8. The Board directs the District's accountant to monitor all expenditures and, if necessary, to notify the District's legal counsel, the District's Manager, and the Board when expenditures are expected to exceed appropriated amounts. The Board directs the District's Manager to prepare all budget amendment resolutions. The Board directs the District's Manager to schedule a public hearing on a proposed budget amendment and post or publish notices thereof in accordance with § 29-1-106, C.R.S. The Board directs legal counsel to file the amended budget with the Division on or before the date of making such expenditure or contracting for such expenditure, all in accordance with §§ 29-1-101, *et seq.*, C.R.S.

9. The Board directs legal counsel to cause the preparation of the Unclaimed Property Act report and submission of the same to the State Treasurer by November 1st if there is property presumed abandoned and subject to custody as unclaimed property, in accordance with § 38-13-110, C.R.S.

10. The Board directs the District's accountant to prepare the mill levy certification form and directs legal counsel to file the mill levy certification form with the Board of County Commissioners on or before December 15th, in accordance with § 39-5-128, C.R.S.

11. The Board directs that all legal notices shall be published in accordance with § 32-1-103(15), C.R.S.

12. The Board determines that its directors shall not receive compensation for their services as directors subject to the limitations set forth in § 32-1-902(3)(a)(I), (II), C.R.S.

13. The District hereby acknowledges, in accordance with § 32-1-902, C.R.S., the following officers for the District:

Chairman/President:	Tad Stout
Treasurer:	Nels Nelson
Secretary:	Scott Cockroft
Assistant Secretary:	Matthew Pettinger
Assistant Secretary:	Anne Hennen
Recording Secretary:	Legal Counsel

14. The Board hereby determines that each member of the Board shall, for any potential or actual conflicts of interest, complete conflicts of interest disclosures and directs legal counsel to file the conflicts of interest disclosures with the Board and with the Colorado Secretary of State at least seventy-two (72) hours prior to every regular and special meeting of the Board, in accordance with § 32-1-902(3)(b) and § 18-8-308, C.R.S. Written disclosures provided by Board members required to be filed with the governing body in accordance with § 18-8-308, C.R.S., shall be deemed filed with the Board when filed with the Secretary of State. Additionally, at the beginning of each year, each Board member shall submit information to legal counsel regarding any actual or potential conflicts of interest and, throughout the year, each Board member shall provide legal counsel with any revisions, additions, corrections, or deletions to said conflicts of interest disclosures.

15. The Board confirms its obligations under § 24-10-110(1), C.R.S., with regards to the defense and indemnification of its public employees, which, by definition, includes elected and appointed officers.

16. The Board hereby appoints the District's Manager as the official custodian for the maintenance, care, and keeping of all public records of the District, in accordance with §§ 24-72-202, et seq., C.R.S. The Board hereby directs its legal counsel, accountant, manager, and all other consultants to adhere to the Colorado Special District Records Retention Schedule as adopted by the District.

17. The Board directs the District's Manager to post notice of all regular and special meetings in accordance with § 32-1-903(2) and § 24-6-402(2)(c), C.R.S. The Board hereby designates <https://nwcwd.org/> as the District's website for the posting of its regular and special meeting notices. The Board also hereby designates, unless otherwise designated by the Board, 32825 Weld County Road 39, Lucerne, Colorado as the location the District will post notices of meetings in the event of exigent or emergency circumstances which prevent the District from posting notice of the meeting on the District's website. The Board directs the District's Manager to provide the website address set forth above to the Department of Local Affairs for inclusion in the inventory maintained pursuant to § 24-32-116, C.R.S.

18. The Board determines to hold regular meetings on the second Monday of each month, at 8:30 a.m. by telephone, electronic, or other means not requiring physical presence. All notices of meetings shall designate whether such meeting will be held by electronic means, at a physical location, or both, and shall designate how members of the public may attend such meeting, including the conference number or link by which members of the public can attend the meeting electronically, if applicable.

19. In the event of an emergency, the Board may conduct a meeting outside of the limitations prescribed in § 24-6-402(2)(c), C.R.S., provided that any actions taken at such emergency meeting are ratified at the next regular meeting of the Board or at a special meeting conducted after proper notice has been given to the public.

20. The Board directs the District's Manager to maintain the District's website in compliance with state and federal requirements and to make such documents and information required by § 32-1-104.5, C.R.S. available to the public on the District's website.

21. For the convenience of the electors of the District, and pursuant to its authority set forth in § 1-13.5-1101, C.R.S., the Board hereby deems that all regular and special elections of the District shall be conducted as independent mail ballot elections in accordance with §§ 1-13.5-1101, *et seq.*, C.R.S., unless otherwise deemed necessary and expressed in a separate election resolution adopted by the Board.

22. Pursuant to the authority set forth in § 1-1-111, C.R.S., the Board hereby appoints Ashley B. Frisbie, as the Designated Election Official (the “**DEO**”) of the District for any elections called by the Board, or called on behalf of the Board by the DEO, and hereby authorizes and directs the DEO to take all actions necessary for the proper conduct of the election, including, if applicable, cancellation of the election in accordance with § 1-13.5-513, C.R.S.

23. In accordance with § 1-11-103(3), C.R.S., the Board hereby directs the DEO to certify to the Division the results of any elections held by the District and, pursuant to § 32-1-1101.5(1), C.R.S., to certify results of any ballot issue election to incur general obligation indebtedness to the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the District and file a copy of such certification with the Division of Securities.

24. The Board directs legal counsel to cause a notice of authorization of or notice to incur general obligation debt to be recorded with the County Clerk and Recorder within thirty (30) days of authorizing or incurring any indebtedness, in accordance with § 32-1-1604, C.R.S.

25. Pursuant to the authority set forth in § 24-12-103, C.R.S., the Board hereby designates, in addition to any officer of the District, Kristine N. Stone of the law firm of White Bear Ankele Tanaka & Waldron, Attorneys at Law, as a person with the power to administer all oaths or affirmations of office and other oaths or affirmations required to be taken by any person upon any lawful occasion.

26. The Board directs the District's Manager to cause the preparation of and filing with the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the District, if requested, the application for quinquennial finding of reasonable diligence in accordance with § 32-1-1101.5(1.5), (2), C.R.S.

27. The Board directs the District's Manager to cause the preparation of and the filing with the Board of County Commissioners or the governing body of any municipality in which the District is located, the Division, the State Auditor, the County Clerk and Recorder, and any interested parties entitled to notice pursuant to § 32-1-204(1), C.R.S., an annual report in accordance with § 32-1-207(3)(c), C.R.S.

28. The Board directs the District's Manager to obtain proposals and/or renewals for insurance, as applicable, to insure the District against all or any part of the District's liability, in accordance with §§ 24-10-115, *et seq.*, C.R.S. The Board directs the District's Manager to review and update the District's property schedule as needed, and no less than annually. The Board directs the District's accountant to pay the annual SDA membership dues, agency fees, and insurance premiums, as applicable, in a timely manner. The Board appoints the District's Manager as its proxy for the SDA Annual meeting for voting and quorum purposes.

29. The Board hereby opts to include elected or appointed officials as employees within the meaning of § 8-40-202(1)(a)(I)(A), C.R.S., and hereby directs the District's Manager to obtain workers' compensation coverage for the District.

30. The Board hereby directs legal counsel to prepare the disclosure notice required by § 32-1-809, C.R.S., and to disseminate the information to the electors of the District accordingly. Further, the Board hereby designates the following website as the District's official website for the purposes thereof: <https://nwcwd.org/>.

31. The Board hereby directs legal counsel to prepare and record with the County Clerk and Recorder updates to the disclosure statement notice and map required by § 32-1-104.8, C.R.S., if additional property is included within the District's boundaries.

32. In accordance with § 38-35-109.5(2), C.R.S., the District hereby designates the President of the Board as the official who shall record any instrument conveying title of real property to the District within thirty (30) days of any such conveyance.

33. In accordance with § 8-13.3-202, et seq., C.R.S., and to the extent not previously approved, the Board directs the District's legal counsel to prepare an appropriate resolution for adoption by the Board declaring the District's intentions relative to participation in the Family and Medical Leave Insurance Act. Further, to the extent the Board adopts a resolution declining to participate, the Board directs to bring the matter of revisiting the decision to decline participation before a future Board by no later than eight (8) years from the date of the vote on such resolution.

34. The Board hereby affirms the adoption of the corporate seal in substantially the form appearing on the signature page of this resolution in accordance with § 32-1-902, C.R.S., regardless of whether initially produced electronically or manually. The requirement of any District resolution, proceeding or other document to "affix" the District seal thereto, including for the purpose of satisfying any applicable State law, shall be satisfied by manual impression or print, facsimile reproduction or electronic reproduction, or inclusion of the image of such seal. Without limiting the foregoing, any electronic production or reproduction of the image of the seal shall constitute an electronic record of information, as defined in the Uniform Electronic Transactions Act, and the Board hereby authorizes its use in accordance with the authority provided by § 24-71.3-118, C.R.S.

35. The Board directs the District's Accountant to prepare and submit the documentation required by any continuing disclosure obligation signed in conjunction with the issuance of debt by the District.

36. The Board directs legal counsel to monitor, and inform the Board of, any legislative changes that may occur throughout the year.

[Remainder of Page Intentionally Left Blank, Signature Page Follows]

ADOPTED DECEMBER 11, 2023.

(SEAL)

DISTRICT:

NORTH WELD COUNTY WATER DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado

By: _____
Officer of the District

Attest:

By: _____

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

CERTIFICATION OF RESOLUTION

I hereby certify that the foregoing constitutes a true and correct copy of the resolution of the Board adopted at a meeting held on December 11, 2023, via teleconference.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 11th day of December, 2023.

Signature

Printed Name

October 10, 2023

Serfer Ventures, LLC
c/o Jeff Johnson
Johnson Muffly & Dauster, PC
323 South College Avenue, Suite 1
Fort Collins, Colorado 80524
(970) 692-5886
jjohnson@nocolawgroup.com

RE: **North Weld County Water District Permanent Easement and Temporary Construction Easement**

Dear Mr. Johnson:

Serfer Ventures, LLC (“**Grantor**”) has simultaneously with the execution of this letter agreement, executed a Permanent Easement and Temporary Construction Easement (collectively, “**Easements**”) in favor of North Weld County Water District (“**District**”). The purpose of this letter agreement is to set forth our understanding regarding certain matters concerning the Easements. This letter agreement shall not be recorded in the real estate records or any other public records. In the event Grantor (or any party claiming by, through or under Grantor) records this letter agreement, the agreements and covenants running for the benefit of Grantor set forth herein shall automatically terminate and thereafter the District may seek other available remedies at law or equity. Terms capitalized in this letter, and not otherwise defined herein, shall have the meanings given in the Easements.

The District shall be responsible for payment in the total amount of \$135,761.00 made payable to Serfer Ventures, LLC (“**Payment**”), for the construction of an eight-foot privacy screening wall (“**Wall**”) as set forth in the Miller Wall Co. estimate attached as *Exhibit 1* (“**Estimate**”). The Grantor shall bear sole responsibility for construction of the Wall. The District’s sole responsibility related to the construction of the Wall is making the Payment. To the extent that the ultimate cost of the Wall is more than the Estimate, the District shall have no further responsibility for payment of any amounts. In addition, the Wall must be constructed on Grantor’s property that is unencumbered by the Easements and may be constructed within 2 feet of the western edge of the Easements.

In the event a party is in default of its obligations hereunder, before seeking relief, the non-defaulting party will deliver written notice thereof to defaulting party and defaulting party will have ten (10) days following receipt of such written notice to cure such default thereafter, or if such default cannot be cured within such ten (10) day period, a reasonable period of time (not to exceed forty-five (45) days) so long as the defaulting party diligently pursues the cure.

If the foregoing accurately states our understanding, please sign a copy of this letter where indicated and return it to the undersigned at the address on the letterhead. The District will hand deliver or Fed-Ex the Payment to Serfer Ventures, LLC within Twenty (20) days following receipt of this signed letter and an executed W-9 (enclosed).

Very truly yours,

NORTH WELD COUNTY WATER DISTRICT

By: _____

Name: _____

Title: _____

Accepted and agreed to this ____ day of _____, 2023

GRANTOR:

SERFER VENTURES, LLC,
a Colorado limited liability company

By: _____

Name: _____

Its: _____

MILLER WALL Co.

DATE: 8/10/2023

PROJECT: TINMATH PROJECT

BID ITEM: 8' TALL SCREEN WALL

BID PRICE:	MOBILIZATION	\$	6,000.00
	ENGINEERING AND PERMITTING	\$	7,990.00
	8' TALL ALLAN BLOCK FENCE WALL - 440 LINEAR FEET	\$	121,771.00
	TOTAL =	\$	135,761.00

	ADD SLEEVE-ITS FOR RAIL PLACEMENT	\$	145.00	EACH
	ADDITIONAL MOBILIZATION	\$	7,500.00	EACH

• QUANTITIES BASED OFF OF PRELIMINARY QUANTITIES PROVIDED BY CONNELL RESOURCES

WORK INCLUDES:

- 1 MOBILIZATION
- RETAINING WALL PERMIT (ALL OTHER PERMITS EXCLUDED)
- ENGINEERING AND SHOP DRAWINGS BY LICENSED P.E.
- CONFORMANCE LETTER - IF REQUIRED FOR PERMIT CLOSE-OUT.
- BLOCKS AND CAPS
- FURNISH AND 8' TALL ALLAN BLOCK FENCE WALL
- 1-YEAR WARRANTY
- SALES TAX - 6.70%

WORK EXCLUDES:

- RETAINING WALL EXCAVATION (FACE OF WALL TO TAIL OF GEO-GRID AND 1:1 SLOPE FROM TAIL OF GEOGRID)
- LEVELING PAD TRENCH EXCAVATION AND STEPS WITHIN LEVELING PAD
- IF EXCAVATION - MUD, FROST, ROCK, UTILITIES, ETC.
- SUB GRADE IMPROVEMENT - MILLER WALL ASSUMES A COMPETENT SUBGRADE WILL BE PROVIDED AND APPROVED BY THE PROJECT GEOTECHNICAL ENGINEER.
- ALL CAST-IN-PLACE RETAINING WALLS
- ALL SURVEYING - INCLUDING ELEVATIONS, STATIONING AND MONITORING.
- HEADWALLS / PIPE PENETRATIONS - HEADWALLS ARE REQUIRED FOR PIPES GREATER THAN 12". HEADWALLS TO BE PROVIDED BY THE CLIENT. HEADWALLS ARE CRITICAL FOR OPTIMAL PERFORMACE OF THE MSE
- TANDEM TRUCKING - ASSUMES SITE IS ACCESSIBLE TO SEMI TRUCKS.
- WATER METER - CONSTRUCTION WATER TO BE PROVIDED BY CLIENT.
- FENCING OR GUARD RAIL - ANY FENCE OR GUARDRAIL INSTALLED WITHIN THE FOOTPRINT OF THE RETAINING WALL WILL NEED TO BE COORDINATED WITH THE RETAINING WALL ENGINEER.
- SOIL TESTING - INCLUDING SUBGRADE TESTING AND COMPACTION REPORTS.
- FINISH GRADING - MILLER WALL WILL PLACE AND COMPACT MATERIAL LEVEL TO THE TOP OF WALL. ANY FINISH GRADING OR SLOPING ADJACENT TO THE RETAINING WALL IS BY OTHERS.
- SITE DRAINAGE AND SWALE
- GLOBAL STABILITY
- SHORING
- AS BUILT DRAWINGS
- BOND - MILLER WALL IS BONDABLE AT 1.44%
- DAVIS BACON WAGES - SCALE WAGES
- OCIP / WRAP INSURANCE COSTS
- STREET SWEEPING / MUD CLEAN UP
- WINTER PROTECTION
- DE-WATERING
- POLLUTION COVERAGE
- TRAFFIC CONTROL
- DUMPSTERS
- RESTROOMS
- LANDSCAPING
- EROSION CONTROL

Exhibit "1"

ASSUMPTIONS:

- NO MSE RETAINING WALL SPECIFIC SOILS INFORMATION OR PARAMETERS WERE PROVIDED IN THE PROJECT SOILS REPORT.
- PLANS, SPECIFICATIONS, AND GEOTECHNICAL REPORT DO NOT ADDRESS GLOBAL STABILITY, HIGH WATER LEVELS, SUBGRADE, ETC. THESE ITEMS ARE LEGITIMATE CONCERNS AND HAVE NOT BEEN ADDRESSED IN THE PROJECT DOCUMENTS. THE PROJECT TEAM, INCLUDING OWNER, SHOULD CONSIDER THESE ISSUES PRIOR TO AWARDDING A CONTRACT TO AVOID CHANGE ORDERS.
- ASSUMES SECTIONS OF WALL SUPPORTING STAIRCASES ARE CAST-IN-PLACE AND THAT MSE WALLS WILL ABUT TO THESE CAST-IN-PLACE STRUCTURES. PLEASE REFER TO WALL KEY.
- ASSUMES CLIENT PROVIDED BACKFILL MATERIAL HAS A 28 DEGREE PHI ANGLE OR BETTER.
- ASSUMES ON-SITE FOUNDATION AND RETAINED ZONE SOILS HAVE A 28 DEGREE PHI ANGLE OR BETTER.
- ASSUMES A COMPETENT SUBGRADE WILL BE PROVIDED BY OTHERS.
- CLIENT PROVIDED SURVEY TO INCLUDE ALL TOW/BOW ELEVATIONS, STATIONING AND ALIGNMENT FROM CIVIL GRADING PLANS. SURVEY TO INCLUDE HUB ELEVATIONS AND WALL STATIONING ON EVERY STAKE.
- ASSUMES EXCAVATIONS AT TAIL ENDS OF GEOGRID REINFORCEMENT ARE EXCAVATED AT A 1:1 OR STEEPER.
- ASSUMES SITE IS ACCESSABLE TO SEMI TRUCKS.

CONDITIONS:

- THIS PROPOSAL ASSUMES THE MSE RETAINING WALLS WILL BE CONSTRUCTED PRIOR TO ANY STRUCTURES ADJACENT - (ANYTHING WITHIN 2X WALL HEIGHT OR WITHIN 30' OF THE WALL, WHICHEVER IS GREATER)
- THIS PROPOSAL IS CONDITIONED ON MILLER WALL AND THE CLIENT REACHING A MUTUALLY AGREED UPON SCHEDULE FOR THIS WORK.
- THE PRICE IS BASED ON THE CURRENT PRICE OF RETAINING WALL MATERIALS INCLUDING STRUCTURAL AGGREGATES, FUEL AND FREIGHT.
- MILLER WALL RESERVES THE RIGHT TO BE COMPENSATED FOR ANY INCREASE IN COST OF THESE MATERIALS WHICH OCCUR BETWEEN THE DATE OF THIS PROPOSAL AND THE DATE THE MATERIAL IS PROCURED.
- MSE WALL CONSTRUCTION WILL BEGIN AT THE LOWEST ELEVATION OF ANY RETAINING WALL IN OUR SCOPE.
- CLIENT TO PROVIDE PARKING AREA, STAGING AREA, ACCESS TO STAGING AREA AND ACCESS FOR MATERIAL DELIVERIES TO BE WITHIN 100 FT OF THE WALL.
- CLIENT TO PROVIDE AND MAINTAIN HEAVY EQUIPMENT ACCESS TO THE FRONT AND REAR OF ANY RETAINING WALLS IN OUR SCOPE.
- CLIENT TO LOCATE UTILITIES WITHIN AND ADJACENT TO THE WORK AREA. MILLER WALL IS NOT RESPONSIBLE FOR THE COSTS OF MARKING, PROTECTING OR RELOCATING UTILITIES OR STRUCTURES IN CONFLICT WITH THE RETAINING WALL CONSTRUCTION.
- ANY PROPOSED STORM SEWER LINES THAT PENETRATE THROUGH THE FACING OF THE RETAINING WALLS EXCEEDING 12" WILL REQUIRE A HEADWALL BY OTHERS.
- DAMAGE TO RETAINING WALLS DURING OR AFTER CONSTRUCTION DUE TO RUNOFF, WATERLINE BLOWOUT, ROOF DRAINS, ETC. IS NOT THE RESPONSIBILITY OF THE SUBCONTRACTOR.
- WE WILL FILL LEVEL TO THE TOP OF EACH WALL.
- BACKFILL MATERIAL STOCKED AT EACH WALL LOCATION.
- RETAINAGE TO BE RELEASED UPON COMPLETION OF OUR SCOPE OF WORK.
- BID IS CONTINGENT ON ENGINEERING, CONTRACT, AND SCHEDULE APPROVAL.
- ESTIMATE IS VALID FOR 10 DAYS AND WE ARE BONDABLE.
- ANY ITEMS NOT SPECIFICALLY INCLUDED ARE EXCLUDED FROM PROPOSAL.
- PROPOSAL EXCLUDES TEXTURA, BASECAMP AND OTHER BILLING PLATFORM FEES.
- IN THE EVENT EITHER PARTY IS REQUIRED TO ENFORCE ITS RIGHTS AND/OR COLLECT MONEY UNDER THIS AGREEMENT, THE PREVAILING PARTY SHALL BE ENTITLED TO REASONABLE ATTORNEY'S FEES, COSTS RELATED EXPENSES AND INTEREST (RATE 12%).

THE QUOTED PRICES ARE BASED OFF OF CURRENT FUEL RATE COSTS. IN THE EVENT THESE COSTS INCREASE, MILLER WALL COMPANY HAS THE OPTION TO INCREASE RATES ACCORDINGLY. ANY RATE INCREASE WILL BE SUBSTANTIATED WITH APPLICABLE DOCUMENTATION.

Exhibit "1"

AGREEMENT TERMS

MILLER WALL SHALL PROVIDE CONSTRUCTION SERVICES TO THE CLIENT IN ACCORDANCE WITH THE FOLLOWING TERMS AND CONDITIONS. AS USED IN THE FOLLOWING AGREEMENT "CLIENT" AND "OWNER" REFER TO THE PROPERTY OWNER AND/OR THE CLIENT OF MILLER WALLS' SERVICES, AS APPROPRIATE.

1.0 PROPOSAL VALIDITY

- 1.1 THE PRICE IS BASED ON THE CURRENT PRICE OF RETAINING WALL MATERIALS INCLUDING STRUCTURAL AGGREGATES, FUEL AND FREIGHT. MILLER WALL RESERVES THE RIGHT TO BE COMPENSATED FOR ANY INCREASE IN COST OF THESE MATERIALS WHICH OCCUR BETWEEN THE DATE OF THIS PROPOSAL AND THE DATE THE MATERIAL IS PROCURED.
- 1.2 FOLLOWING (30) DAYS OF THE DATE OF PROPOSAL, MILLER WALL RESERVES THE RIGHT TO MODIFY OR WITHDRAW THIS PROPOSAL FOR ANY REASON.

2.0 TERMS OF PAYMENT

- 2.1 MOBILIZATION (AND BONDING COSTS, IF APPLICABLE) WILL BE INVOICED UPON MILLER WALL'S INITIAL MOBILIZATION TO THE PROJECT AND SHALL BE PAYABLE BY THE WITHIN (30) DAYS FROM THE INVOICE DATE.
- 2.2 EACH MONTH AN INVOICE WILL BE RENDERED FOR ALL COSTS REGARDING THE SERVICES PERFORMED DURING THE PRECEDING MONTH. PAYMENT BY CLIENT OF INVOICES IS TO BE MADE WITHIN (30) DAYS OF INVOICE RECEIPT.
- 2.3 ALL OTHER AMOUNTS DUE, INCLUDING RETENTION, WILL BE PAID BY CLIENT IN FULL WITHIN (30) DAYS OF SUBSTANTIAL COMPLETION AND ACCEPTANCE OF MILLER WALLS' SCOPE OF WORK, REGARDLESS OF THE ANTICIPATED PROJECT COMPLETION DATE.

3.0 INSURANCE

- 3.1 DURING THE COURSE OF THE WORK, MILLER WALL WILL MAINTAIN:

3.1A WORKMEN'S COMPENSATION INSURANCE FOR ALL MILLER WALL EMPLOYEES EMPLOYED AT THE SITE OF WORK.	
BODILY INJURY BY ACCIDENT	1,000,000 EACH ACCIDENT
BODILY INJURY BY DISEASE	1,000,000 EACH EMPLOYEE
BODILY INJURY BY DISEASE	1,000,000 POLICY LIMIT

STATUTORY LIMITS:

- 3.1B EMPLOYERS LIABILITY INSURANCE - \$1,000,000 LIMIT
- 3.1C COMPREHENSIVE GENERAL LIABILITY INSURANCE:
 - BODILY INJURY - \$1,000,000/\$2,000,000 AGGREGATE
 - PROPERTY DAMAGE - \$1,000,000/\$2,000,000 AGGREGATE
- 3.1D AUTOMOBILE LIABILITY INSURANCE - \$1,000,000 COMBINED SINGLE LIMIT.

- 3.2 CLIENT AND MILLER WALL WAIVE ALL RIGHTS TO RECOVER DAMAGES AGAINST EACH OTHER, THEIR CONSULTANTS, CONTRACTORS, AGENTS AND EMPLOYEES, BUT ONLY TO THE EXTENT COVERED BY INSURANCE DURING CONSTRUCTION.
- 3.3 DAMAGES OR LOSS TO ANY OF THE OWNER AND/OR CLIENT'S ADJACENT PROPERTY TO WILL BE INSURED UNDER THE CLIENT'S AND/OR OWNER'S BUILDERS RISK, PROPERTY OR OTHER INSURANCE COVERAGE THEREFORE, MILLER WALL EXCLUDES THIS LIABILITY.
- 3.4 FURTHER, REGARDING THE CLIENT'S AND OR OWNER'S INSURANCE, MILLER WALL WILL BE GRANTED A WAIVER OF SUBROGATION BY THE INSURERS: BE NAMED AS AN ADDITIONAL INSURED ON THE ABOVE POLICIES: AND WILL NOT BE RESPONSIBLE FOR ANY APPLICABLE DEDUCTIBLES.

4.0 WARRANTY

- 4.1 MILLER WALL SHALL PERFORM ITS WORK AS SET FORTH IN THIS PROPOSAL WITH DUE AND REASONABLE DILLIGENCE IN ACCORDANCE WITH PRACTICES AND PRINCIPLES ACCEPTED IN THE INDUSTRY.
- 4.2 IF SUCH WORK CONTAINS DEFICIENCIES OR DEFECTS IN THE MATERIALS AND/OR WORKMANSHIP, MILLER WALLS' SOLE OBLIGATION SHALL BE TO FURNISH SUCH REPLACEMENT MATERIALS AND/OR WORK AS NECESSARY TO REPAIR OR REPLACE ITS WORK.
- 4.3 THIS WARRANTY SHALL EXPIRE TWELVE (12) MONTHS AFTER THE SUBSTANTIAL COMPLETION OF MILLER WALL'S WORK.
- 4.4 IN NO CIRCUMSTANCE SHALL MILLER WALL OR ANY OF ITS AFFILIATES, THEIR OFFICERS, AGENTS, EMPLOYEES, SUBCONTRACTORS OR SUPPLIERS OF ANY TIER TO BE LIABLE TO THE CLIENT AND/OR OWNER, ITS SUCCESSORS AND ASSIGNS, FOR INCIDENTAL, LIQUIDATED, INDIRECT OR CONSEQUENTIAL DAMAGES INCLUDING COST AND DAMAGES FOR THE WORK OF OTHERS.

5.0 IDEMNIFICATION

- 5.1 MILLER WALL AGREES, TO THE FULLEST EXTENT PERMITTED BY LAW, TO IDEMNIFY AND HOLD THE CLIENT HARMLESS FROM ANY DAMAGE, LIABILITY OR COST (INCLUDING REASONABLE ATTORNEY'S FEES AND COSTS OF DEFENSE) ARISING FROM ANY AND ALL CLAIMS AGAINST THE CLIENT BY REASON OF INJURY OR DEATH TO ANY PERSON OR DAMAGE TO PROPERTY TO THE EXTENT CAUSED BY MILLER WALLS' NEGLIGENCE, ACTS, ERRORS OR OMISSIONS IN THE PERFORMANCE OF UNDER ANY RESULTING AGREEMENT AND THOSE OF ITS SUBCONTRACTORS OR SUB CONSULTANTS OR ANY ONE FOR WHOM MILLER WALL IS LEGALLY LIABLE.

6.0 DELAYS

- 6.1 SHOULD MILLER WALL BE DELAYED IN THE PERFORMANCE OF THE WORK AS THE RESULT OF INCREASES IN THE SCOPE OF WORK, VARIATION OF THE SUBSURFACE CONDITIONS, OBSTRUCTIONS, ADDITIONAL WORK, DESIGN CHANGES, LOAD REQUIREMENTS OR FIRE, LIGHTING, EARTHQUAKE OR OTHER NATURAL DISASTER OR OR AS A RESULT OF LABOR DISPUTES, STRIKES, CIVIL INSURRECTION, GOVERNMENTAL ACTION OR FOR ANY REASON WHICH IS BEYOND THE CONTROL OF MILLER WALL THEN (1) THE TIME HEREIN FIXED FOR COMPLETION OF THE WORK SHALL BE EXTENDED FOR A PERIOD EQUIVALENT TO THE TIME LOST BY REASON OF THE CAUSE(S) AFORE SAID AND (2) CLIENT SHALL PAY TO MILLER WALL THAT AMOUNT OF COSTS, MARK-UPS, FEES AND EXPENSES RESULTING FROM SUCH DELAY INCLUDING, THOSE ASSOCIATED WITH THE SHUTDOWN, INTERRUPTION AND RESUMPTION OF THE WORK.

Exhibit "1"

7.0 HAZARDOUS MATERIALS

- 7.1 TO THE FULLEST EXTENT PERMITTED BY LAW, THE CLIENT HEREBY ASSUMES EXCLUSIVE LIABILITY FOR, AND SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS MILLER WALL AND ITS SUBSIDIARIES AND AFFILIATED COMPANIES FROM AND AGAINST ANY AND ALL CLAIMS, SUITS, LOSSES, OR DAMAGES, INCLUDING ATTORNEY'S FEES ARISING OUT OF OR RELATING TO CLAIMS MADE AGAINST MILLER WALL IN CONNECTION WITH THE PROVISION OF SERVICES PURSUANT TO THIS AGREEMENT ARISING UNDER AND OUT OF ANY AND ALL ENVIRONMENTAL STATUTES, RULES AND REGULATIONS.

8.0 SELLING PRICE ADJUSTMENTS

- 8.1 INCREASE OR DECREASES IN THE SCOPE OF SERVICES.
- 8.2 CHANGES REQUESTED BY CLIENT AFTER DRAWINGS AND OTHER DOCUMENTS HAVE BEEN DEVELOPED WITH PREVIOUSLY AGREED PLANNING.
- 8.3 ACCELERATION OF THE PROJECT SCHEDULE THAT DEMANDS OVERTIME FROM MILLER WALL PERSONNEL.
- 8.4 MILLER WALL HAS NOT PERFORMED AN INDEPENDENT GEOTECHNICAL INVESTIGATION OF THE SUBSURFACE GROUND CONDITIONS ON OR NEAR THE WORK SITE BUT HAS RELIED ON THE INFORMATION SUPPLIED WITH THE BID DOCUMENTS AS REASONABLY SUFFICIENT ON WHICH TO BASE ITS PROPOSAL. IF THE GROUND, STRUCTURE, OR SITE CONDITIONS DIFFER FROM THOSE IN THE PROJECT DOCUMENTS, OR UNDERGROUND OBSTRUCTIONS (I.E. WOOD/STEEL/CONCRETE PILES, UTILITIES) ARE ENCOUNTERED HAVING REGARD TO THE INFORMATION SUPPLIED TO IT AND REFERRED TO IN THIS PROPOSAL.
- 8.5 INADEQUATE OR NON-PERFORMANCE OF SERVICES OR FACILITIES TO BE PROVIDED BY CLIENT AND/OR OWNER AS CALLED FOR, BUT NOT LIMITED TO, THOSE ITEMS LISTED IN THE PROPOSAL.
- 8.6 CHANGES IN THE SERVICES NECESSITATED BY THE ENACTMENT OR REVISION OF CODES, LAWS OR REGULATIONS SUBSEQUENT TO THE DATE OF THE AGREEMENT BETWEEN THE PARTIES.
- 8.7 IF DURING THE PROPOSAL/AWARD PERIOD OR DURING THE COURSE OF THE PROJECT, A CONSTRUCTION MATERIAL IS IMPACTED IN ITS AVAILABILITY, DELIVERY AND/OR PRICE WHICH RESULTS FROM A CERTAIN MATERIAL MARKET EXPERIENCING SIGNIFICANT, INDUSTRY-WIDE ECONOMIC FLUCTUATION (EVENT) THEN MILLER WALL WILL NOTIFY CLIENT IN WRITING WITHIN 30 DAYS FROM THE DATE OF IMPACT. IN THE EVENT OF AN INCREASE IN MATERIAL PRICE, THE CONTRACT OR UNIT PRICE SHALL BE INCREASED TO REFLECT THE INCREASED COST TO MILLER WALL CAUSED BY THE EVENT, BUT SUCH COST ASSOCIATED WITH THE INCREASE SHALL NOT INCLUDE AND OVERHEAD AND PROFIT. IF THERE IS UNAVAILABILITY OF A MATERIAL DUE TO AN EVENT, THEN MILLER WALL SHALL BE ENTITLED TO A TIME EXTENSION AND ADJUSTMENT IN THE CONTRACT PRICE. MILLER WALL SHALL NOT BE LIABLE TO THE CLIENT FOR ANY EXPENSES, LOSSES, EXTENSION AND ADJUSTMENT IN THE CONTRACT PRICE. MILLER WALL SHALL NOT BE LIABLE TO THE CLIENT FOR AND/OR DAMAGES (INCLUDING LIQUIDATED) FROM A DELAY RESULTING FROM AN EVENT.

9.0 AUDIT PRIVILEGES

- 9.1 CLIENT HAS NO RIGHT TO AUDIT ANY WORK PERFORMED UNDER AN AGREEMENT THAT IS PAID ON THE BASIS OF LUMP-SUM OR THE MAKE-UP OF ANY UNIT-PRICE(S) (I.E., EXTRA WORK, CHANGE ORDERS, AGREEMENT).

10.0 TAXES

- 10.1 OWNER AND/OR CLIENT SHALL PROVIDE MILLER WALL WITH ALL AVAILABLE LOCAL AND STATE TAX EXEMPTION CERTIFICATES WHICH MAY BE APPLICABLE TO THE PROJECT. IF OWNER AND/OR CLIENT FAILS TO PROVIDE SUCH TAX EXEMPTION CERTIFICATE OR CERTIFICATES, THEN CLIENT WILL REIMBURSE MILLER WALL FOR ALL COSTS INCURRED BY MILLER WALL RESULTING FROM FAILURE OF CLIENT TO PROVIDE SUCH TAX EXEMPTION CERTIFICATE, INCLUDING ANY OBLIGATION TO PAY SALES, USE OR OTHER TAX THAT IS APPLICABLE OR MAY BECOME APPLICABLE TO THE RENDERING OF SERVICES OR COLLECTION OF SERVICES OR COLLECTION OF FEES PURSUANT TO THIS PROPOSAL.

11.0 TERMINATION OF AGREEMENT

- 11.1 IF FOR ANY REASON, CLIENT SHOULD WISH TO DISCONTINUE MILLER WALL'S SERVICES, CLIENT IS AT LIBERTY AFTER (30) CALENDAR DAYS' NOTICE IN WRITING, TO TERMINATE MILLER WALL'S AGREEMENT. IN THE EVENT THAT MILLER WALL IS IN BREACH OF AGREEMENT, THE CLIENT SHALL NOTIFY MILLER WALL AND IF THE BREACH STILL REMAINS AFTER (7) CALENDAR DAYS NOTICE, THE CLIENT IS AT LIBERTY TO IMMEDIATELY TERMINATE MILLER WALL'S AGREEMENT. IN THE EVENT THAT THIS AGREEMENT IS TERMINATED BY EITHER PARTY HEREIN, CLIENT SHALL PAY TO MILLER WALL ALL BILLINGS FOR WORK COMPLETED THROUGH THE DATE OF TERMINATION, PLUS ANY AMOUNTS COMMITTED BY MILLER WALL AS OF THE TERMINATION DATE, PLUS MILLER WALL'S REASONABLE BILLINGS FOR WORK OCCASIONED BY THE TERMINATION, LESS THE SUMS MILLER WALL SHALL HAVE ALREADY BEEN PAID ON ACCOUNT OF THE WORK PERFORMED.

12.0 CONFLICTING TERMS AND CONDITIONS

- 12.1 THE CLIENT'S ACCEPTANCE OF THIS PROPOSAL, ISSUANCE OF A PURCHASE ORDER IN RESPONSE TO THIS PROPOSAL, ACCEPTANCE OF THE SERVICES RENDERED PURSUANT TO THIS PROPOSAL OR PAYMENT THEREFORE WILL CONSTITUTE ACCEPTANCE OF AND AGREEMENT TO ALL OF THE TERMS AND CONDITIONS CONTAINED IN MILLER WALL'S PROPOSAL. IN THE EVENT OF A CONFLICT BETWEEN THE TERMS AND CONDITIONS CONTAINED IN ANY PURCHASE ORDER OR ANY OTHER DOCUMENT AND THE TERMS AND CONDITIONS IN THE PROPOSAL, CLIENT AGREES THAT THE TERMS AND CONDITIONS IN THIS PROPOSAL WILL GOVERN AND BE ENFORCEABLE.

13.0 UTILITIES

- 13.1 MILLER WALL WILL NOT BE LIABLE FOR ANY DAMAGE TO ANY UTILITIES NOT PROPERLY LOCATED, MARKED, OR PROTECTED.

14.0 VIBRATION

- 14.1 MILLER WALL CAN NOT ACCEPT ANY LIABILITY FOR DISTURBANCE TO EXISTING STRUCTURES AND THEIR INHABITANTS. CLIENT AND/OR OWNER SHOULD TAKE PRECAUTIONS AS NECESSARY TO AVOID ANY SUCH CLAIMS; THIS MAY INCLUDE PRE-PERFORMANCE PROPERTY SURVEYS, VIBRATION MONITORING, EXCAVATING TRENCHES, ETC.

Exhibit "1"

15.0 DAMAGES

- 15.1 UNDER NO CIRCUMSTANCE SHALL MILLER WALL OR ANY OF ITS AFFILIATES, THEIR OFFICERS, AGENTS, EMPLOYEES, SUBCONTRACTORS OR SUPPLIERS OF ANY TIER BE LIABLE TO THE CLIENT, OWNER, OR ANY THIRD PARTY FOR INCIDENTAL, LIQUIDATED, INDIRECT, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, LOST BUSINESS, LOST PROFITS OR ANY COSTS OR DAMAGES FOR THE WORK OF OTHERS.

16.0 ARBITRATION

- 16.1 ANY DISPUTE, CLAIM OR CONTROVERSY ARISING OUT OF OR RELATING TO THE WORK PERFORMED BY MILLER WALL OR THIS PROPOSAL, THE BREACH, TERMINATION, ENFORCEMENT, INTERPRETATION OR VALIDITY THEREOF, INCLUDING THE DETERMINATION OF THE SCOPE OF APPLICABILITY OF THE AGREEMENT TO ARBITRATE, SHALL BE DETERMINED BY ARBITRATION IN DENVER, COLORADO BY THE JUDICIAL ARBITER GROUP ("JAG") AND IN ACCORDANCE WITH THE JAG RULES OF ARBITRATION IN FORCE AT THE TIME OF THE OPENING OF THE PROCEEDINGS BEFORE ONE ARBITRATOR. THE ARBITRATOR SHALL HAVE SUBSTANTIAL EXPERIENCE IN RESOLVING COMPLECT COMMERCIAL CONTRACT DISPUTES AND MAY BE SELECTED BY THE PARTIES FROM THE APPROPRIATE LIST OF JAG ARBITRATORS. IF THE PARTIES CANNOT AGREE UPOIN THE IDENTITY OF THE ARBITRATOR WITHIN FIFTEEN (15) CALENDAR DAYS FOLLOWING THE ARBITRATION DATE, THEN THE ARBITRATOR SHALL BE SELECTED ON AN EXPIDITED BASIS IN ACCORDANCE WITH THE JAG RULES AND PROCEDURES. THE ARBITRATION SHALL BE ADMINISTERED IN ACCORDANCE WITH THE JAG PROCEDURES FOR EXPEDITED HEARINGS, IF ANY. THE OBLIGATION OF THE PARTIES TO SUBMIT ANY DISPUTE ARISING UNDER OR RELATED TO THIS PROPOSAL TO ARBITRATION AS PROVIDED IN THE SECTION SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION OF THIS PROPOSAL. JUDGEMENT ON THE AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION. THE ARBITRATOR'S DECISION SHALL BE DELIVERED IN WRITING AND SHALL DISCLOSE THE ESSENTIAL FINDINGS AND CONCLUSION ON WHICH THE ARBITRATOR'S DECISION IS BASED.

17.0 MISCELLANEOUS

- 17.1 THE AGREEMENT FORMED BY THE ACCEPTANCE OF THIS PROPOSAL CONTAINS AND REFLECTS THE ENTIRE RELATIONSHIP BETWEEN THE PARTIES, AND SUPERSEDES ALL PRIOR AGREEMENTS AND UNDERSTANDINGS, WHETHER ORAL OR WRITTEN, BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF.
- 17.2 IN THE EVENT OF ANY LITIGATION ARISING FROM OR RELATING TO THE SERVICES PROVIDED UNDER THE TERMS AND CONDITIONS OR OF THIS PROPOSAL, THE PREVAILING PARTY WILL BE ENTITLED TO RECOVERY OF ALL REASONABLE COSTS INCURRED, INCLUDING STAFF TIME, COURT COSTS, ATTRONEY'S FEES AND OTHER RELATED EXPENSES.
- 17.3 ANY AGREEMENT RESULTING FROM THE PROPOSAL SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE PROJECT LOCATION.
- 17.4 IN THE EVENT THAT ANY OF THE PROVISIONS OF THESE TERMS AND CONDITIONS OR OF THIS PROPSOAL ARE FOUND TO BE INVALID OR UNENFORCEABLE, THE VALIDITY AND ENFORCEABILITY OF THE REMAINING PROVISIONS SHALL NOT BE AFFECTED.
- 17.5 MILLER WALL, AT ITS DISCRETION, MAY ENTER INTO SUBCONTRACTS WITH SUBCONTRACTORS FOR THE PERFORMANCE OF SERVICES WITHIN THE SCOPE OF WORK HEREUNDER.
- 17.6 MINORITY HIRING AND D/WBE REQUIREMENTS - MILLER WALL WILL COMPLY WITH APPLICABLE LAWS REGARDING NONDISCRIMINATORY HIRING PRACTICES. HOWEVER, MILLER WALL, WILL NOT BE RESPONSIBLE TO CLIENT OR ANY THIRD PARTY FOR ANY FINES, COSTS OR CHARGES INCURRED AS A RESULT OF NOT MEETING ANY STATED GOALS.

AUTHORIZED BY:

DATE:

PERMANENT WATER EASEMENT AGREEMENT
(North Weld County Water District)

THIS PERMANENT WATER EASEMENT AGREEMENT (“Agreement”) is made this _____ day of _____, 2023, by and between SERFER VENTURES LLC, a Colorado limited liability company, whose address is 6776 County Road 74, Windsor, CO 80550 (“Grantor”), and NORTH WELD COUNTY WATER DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado, whose address is 32825 County Road 39, Lucerne, Colorado 80646 (the “District”).

1. Grantor’s Property. Grantor is the owner of that certain parcel of real property located in Weld County, Colorado, known by Weld County parcel number 080706100032 and legally described as:

The NE1/4 of Section 6, Township 6 North, Range 67 West of the 6TH P.M., County of Weld, State of Colorado, Except those parcels conveyed in deeds recorded January 22, 2001 at Reception No. 2820620 and September 26, 2019 at Reception No. 4526933 (“Property”).

Grantor represents that it is the fee simple owner of the Property. Grantor also represents that it has reviewed the July 7, 2023 ALTA report and has no knowledge of any additional easements, interests, and/or encumbrances against the Property in addition to those listed therein, other than the terms and conditions of that certain Commercial Lease Agreement dated November 1, 2022, by and between Landowner, as landlord, and Red Truck Tree Farms, Inc., as tenant (“Tree Farm Lease”).

Grantor intends to develop the Property for either residential or commercial use or combination thereof (collectively, “Future Development Activities”).

2. Grant of Easement. For and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration paid by the District to Grantor, the receipt and sufficiency of which are hereby acknowledged, Grantor has granted, bargained, sold and conveyed, and by this Agreement does grant, bargain, sell, convey and confirm unto the District, its successors and assigns, an exclusive perpetual easement (the “Easement”) in, on, under, over, across and upon the real property legally described and depicted on Exhibit A attached hereto and incorporated herein by reference (the “Easement Area”).

3. Purpose and Uses of Easement. The Easement herein granted may be used by the District for the purposes of:

- (a) Surveying, locating, installing, constructing, reconstructing, using, operating, maintaining, inspecting, repairing, altering, removing, and replacing a water pump station and associated equipment, including but not limited to one or more buried water pipelines, electric lines, system communication lines, and all necessary subsurface and surface appurtenances for the transportation of water and the operation and control of such water facilities (the “Improvements”). Grantor shall use appropriate and sound engineering principles in executing the purpose and uses of the Easement Area;
- (b) Marking the location of the Easement Area and Improvements therein by

suitable markers set and maintained in the ground at locations which shall not unreasonably interfere with Grantor's use of the Easement Area under the terms of this Agreement; and

- (c) Cutting and clearing trees, brush, debris and other obstructions on the Easement Area as reasonably necessary for the operation and maintenance of the District's activities and facilities related to the Improvements on the Easement Area.

4. Additional Rights of the District. Grantor further grants to the District, its successors and permitted assigns:

- (a) The right of ingress to and egress from the Temporary Easement Area over, across and upon the Property by means of any roads and lanes now or hereafter located thereon;
- (b) The right to grade the Easement Area as determined by the District to be reasonably necessary or advisable for the proper use thereof for the purposes set forth in Section 3 above; and
- (d) The District shall have and exercise the right of subjacent and lateral support to whatever extent is necessary for the operation and maintenance of the Improvements. It is specifically agreed to between and among the parties that, except as provided in this Easement, the Grantor, its successors and assigns, shall not take any action which would impair the lateral or subjacent support for the Improvements. The Grantor, its successors and assigns, shall have and exercise the right of subjacent and lateral support to whatever extent is necessary for the operation and maintenance of any improvements on the property adjoining the Easement Area. It is specifically agreed by and between the Grantor and the District that, except as provided in this Agreement, the District shall not take any action which would impair the lateral or subjacent support for such improvements adjacent to the Easement Area. This paragraph is not intended to prohibit the development of the private property located adjoining the Easement Area.

5. The District's Obligations. In connection with the District's use of the Easement Area, the District shall:

- (a) Insofar as practicable, bury Improvements to a sufficient depth at the time of construction so as not to interfere unreasonably with the cultivation of the Easement Area for agricultural purposes, with the exception of the pump station;
- (b) Insofar as practicable, restore the surface of the ground to its condition prior to installation, construction, maintenance, alteration, or replacement of the Improvements and appurtenances thereto;

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- (c) Insofar as practicable, restore existing fences, drain tile, irrigation systems, landscaping, private roads and other improvements, to the conditions existing prior to the District's activities related to the Improvements within the Easement Area; provided, however, all components of the Irrigation Systems are to remain active, and bypasses established as needed so that excess irrigation water can continue to convey to the storage pond and pumping system for recycled use of irrigation water. Final repairs made to satisfaction of Grantor; and
- (e) Restore or replace improvements made by Grantor on the Easement Area that were made with the written consent of the District, as provided in Section 6 below in the event those improvements are disturbed by the District, on the condition that Grantor pays the costs for such restoration or replacement.

6. Grantor's Rights in Easement Area. Grantor reserves the right to use and occupy the Easement Area for any purposes consistent with the rights and privileges granted herein which will not interfere with or endanger any of the District's facilities on or under the Easement Area or the District's use thereof. The District acknowledges that the Grantor, as landlord, has leased the property to Red Truck Tree Farms, Inc. ("RTTF"), as tenant, for purposes including an operating tree farm on the Property until the Future Development Activities proceed. Tree farm activities require the active use of existing irrigation systems, including ditches, irrigation pipes, center pivot systems and a storage pond with pumping system (collectively, "Irrigation Systems"). Grantor, its successor and assigns, shall have unobstructed travel along access roads at all times to maintain the Irrigation Systems and other Property elements. In addition, Grantor, its successors and assigns shall not:

- (a) Construct or allow the construction of any buildings or other structures on or under the Easement Area;
- (b) Impound water or other substances on or over the Easement Area;
- (c) Store or dispose of any dangerous, toxic, or hazardous substance on or under the Easement Area;
- (d) Alter or replace any fence on the Easement Area without the prior written consent of the District which shall not be unreasonably withheld, conditioned or delayed;
- (e) Plant or allow any trees, shrubs or other landscaping to exceed three (3) feet at mature growth to grow on the Easement Area, or alter ground level, without the prior written consent of the District;
- (f) Add or remove soil or alter the grade of the land within the Easement Area;
- (g) Use the Easement Area for any purpose without the prior written consent of the District; provided, however, the written consent of the District shall not

DE 8050757.1

be unreasonably withheld, delayed, or conditioned for the following uses:

- (1) Open space areas with or without landscaping but excluding fences (other than along property lines), retaining walls, and trees;
- (2) Paved, gravel-surfaced, or unsurfaced parking areas except use involving long-term storage;
- (3) Temporary covers or enclosures not requiring the construction of a foundation and not to be used for long-term storage;
- (4) Utility service crossings at near right angles of the Improvements, with 10 degrees of deflection allowed, with a minimum two (2) feet of clearance from actual pot-holed elevations of the pipe. Other appropriate and sound engineering principals for crossings may apply and would be addressed during the plan review for each crossing; and
- (5) Installation and maintenance of the westerly portion of a Screening Wall and Screening Wall Gate (defined below) within the Easement Area and across the future access road to the Improvements. The District acknowledges that the Grantor, its successors and assigns, anticipates the construction and maintenance, at the Grantor's cost and expense, of an eight (8) foot high permanent cinder block/masonry wall surrounding the Easement Area to screen the Improvements from the adjoining Property intended for the Future Development Activities ("Screening Wall"). The northerly, easterly, and southerly segments of the Screening Wall shall be constructed along the outside perimeters of the Easement Area. The westerly portion of the Screening Wall shall be constructed within the westerly 2 feet of the Easement Area which shall include a decorative wrought gate, or other commercial grade fence and gate across the future access road to the Improvements ("Screening Wall Gate"). Grantor will provide the District with keys and applicable access codes to open the Screening Wall Gate so that the District may have unimpeded access to the Improvements.

7. Maintenance of Easement Area.

- (a) The District will maintain the surface of the Easement Area, and the District's improvements permitted thereon in a sanitary condition in compliance with any applicable weed, nuisance or other legal requirements.
- (b) Grantor will not deposit, or permit or allow to be deposited, earth, rubbish, debris, or any other substance or material, whether combustible or noncombustible, on the Easement Area.

8. Additional Terms and Conditions.

- (a) Construction. Whenever used herein, the singular includes the plural, the plural the singular; and the use of any gender is applicable to all genders.
- (b) Validity. If any term of this Agreement is determined by any court to be unenforceable, the other terms of this Agreement shall nonetheless remain in full force and effect; provided, however, that if the severance of any such provision materially alters the rights or obligations of the parties, the parties shall engage in good faith negotiations in order to adopt mutually agreeable amendments to this Agreement as may be necessary to restore the parties as closely as possible to the initially agreed upon relative rights and obligations.
- (c) Binding Effect. All of the covenants herein contained are binding upon and inure to the benefit of the parties hereto and their respective heirs, administrators, personal representatives, successors and assigns.
- (d) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same agreement.
- (e) Recordation. This Agreement shall be recorded in the real property records of Weld County.
- (f) Runs with the Land. The rights and responsibilities set forth in this Agreement are intended to be covenants on the Property and are to run with the land.
- (g) Benefits and Burdens. Each and every one of the benefits and burdens of this Agreement shall inure to and be binding upon the respective legal representatives, administrators, successors and permitted assigns of the Grantor and the District.
- (h) Abandonment. The District agrees that at such time and in the event that the Improvements or Easement described herein are abandoned by the District and any successor or permitted assignee, the Easement will terminate automatically and the real property interest represented by the Easement will revert to the Grantor, its heirs, successors and/or assigns.
- (i) Assignability. It is expressly acknowledged and agreed that the District shall have the right and authority to assign the Easement to any appropriative local governmental entity or to any public utility provider, including but not limited to all rights to use, and all obligations associated with, the Easement as are granted to and assumed by the District herein, subject to such assignee assuming the obligations set forth herein, the District shall have the right and authority to grant temporary construction easements to any appropriative

local governmental entity or public utility provider for purposes of construction, reconstruction, operation, use, maintenance, repair, replacement and/or removal of the Improvements, subject to all the terms and conditions of this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have set their hands and seals the day and year first written above.

GRANTOR:
Serfer Ventures LLC,
a Colorado limited liability company

By: _____
Christopher J. Serbousek, Member

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2023, by Christopher J. Serbousek, as Member for Serfer Ventures LLC, a Colorado limited liability company.

WITNESS my hand and official seal.

My commission expires: _____

Notary Public

CONSENT AND SUBORDINATION BY LIENHOLDER

The undersigned, having a Security Interest (defined below) in the real property described in the foregoing Temporary Construction Easement, hereby approves, ratifies, confirms, consents and subordinates its lien to said Temporary Construction Easement.

For the purpose of this Consent and Subordination by Lienholder to the Temporary Construction Easement, the "Security Interest" is defined to include:

- (i) Deed of Trust dated June 15, 2021 from Serfer Ventures LLC, a Colorado limited liability company to the Public Trustee of Weld County for the use of Colorado Lending Source, Ltd., a Colorado non-profit corporation to secure the sum of \$1,850,000.00 recorded June 16, 2021, under Reception No. 4726350 to the easement to be insured herein; and,
- (ii) Colorado UCC Financing Statement by the U.S. Small Business Administration, the Secured Party, recorded June 16, 2021, under Reception No. 4726435 to the easement to be insured herein.

Dated this _____ day of _____, 2023.

Colorado Lending Source, Ltd.,
a Colorado non-profit corporation

By: _____

Name: _____

Title: _____

STATE OF _____)

) ss.

COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2023, by _____ as _____ of

Colorado Lending Source, Ltd., a Colorado non- profit corporation.

WITNESS my hand and official seal.

Notary Public

My commission expires: _____

EXHIBIT A

Legal Description of Easement Area

EXHIBIT "A"

WELD COUNTY RD. 74 (R/W VARIES) NE COR. SEC. 6 T6N, R67W, 6TH P.M.

N1/4 COR. SEC. 6 T6N, R67W, 6TH P.M.
FOUND 2.5" ALUMINUM CAP STAMPED "L.S. #38209"

POINT OF BEGINNING

W. LINE NE1/4 SEC. 6

S08°33'38"E 381.68'(TIE)

S'LY R/W
TEMP CONSTRUCTION ESMT REC. NO. 4526943

N. LINE NE1/4 SEC. 6 BASIS OF BEARING S88°44'26"W 2,483.58'

40' TOWN OF WINDSOR ESMT
40' SANITARY SEWER ESMT REC. NO. 3439782 & 3464127

LOT 2 HARMONY GARDENS REC. NO. 4833060

NW1/4 SECTION 6 T6N, R67W, 6TH P.M. WELD COUNTY

NE1/4 SECTION 6 T6N, R67W, 6TH P.M. WELD COUNTY

OWNER:
SERFER VENTURES LLC
REC. NO. 4677839

LINE TABLE		
NO.	BEARING	DISTANCE
L1	N88°58'02"E	110.00'
L2	S01°01'58"E	110.00'
L3	S88°58'02"W	110.00'
L4	N01°01'58"W	110.00'

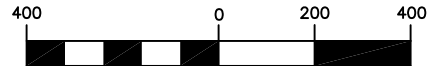
PERMANENT EASEMENT
AREA=12,100 S.F.±
OR 0.278 ACRES±



40' UTILITY ESMT REC. NO. 4383185

35' WATER LINE ESMT REC. NO. 3251762

25' TEMP ESMT REC. NO. 4383185



1 inch = 400 ft.

SW1/4 SECTION 6 T6N, R67W, 6TH P.M. WELD COUNTY

SE1/4 SECTION 6 T6N, R67W, 6TH P.M. WELD COUNTY

- 1.) PARCEL OWNERSHIP IS BASED ON THE RECORDS OF THE COUNTY ASSESSOR.
- 2.) ACCORDING TO COLORADO LAW, YOU MUST COMMENCE ANY LEGAL ACTION BASED UPON ANY DEFECT IN THIS SURVEY WITHIN THREE YEARS AFTER YOU FIRST DISCOVER SUCH DEFECT. IN NO EVENT MAY ANY ACTION BASED UPON ANY DEFECT IN THIS SURVEY BE COMMENCED MORE THAN TEN YEARS AFTER THE DATE OF THE CERTIFICATION SHOWN HEREON.
- 3.) THE ONLY PURPOSE OF THIS EXHIBIT IS TO SHOW THE LOCATION OF THE EASEMENT(S).
- 4.) THIS DOCUMENT SHALL BE CONSIDERED NULL AND VOID IF IT DOES NOT BEAR THE ORIGINAL SIGNATURE AND SEAL OF THE PROFESSIONAL LAND SURVEYOR OR IF ALTERED IN ANY WAY.

PRECISION SURVEY & MAPPING
PROFESSIONAL LAND SURVEYING CONSULTANTS
9025 E. KENYON AVENUE, SUITE 150
DENVER, COLORADO 80237
TEL: 303-753-9799

DRN. BY: R.U.
CHKD. BY: J.L.
DATE: 11/02/22
SCALE: 1" = 400'

FILE: R13628-SERFER
SHEET: 1 OF 2
W/O #: _____

PERMANENT EASEMENT

LEGAL DESCRIPTION

A PARCEL OF LAND LOCATED IN THE EAST HALF OF SECTION 6, TOWNSHIP 6 NORTH, RANGE 67 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF WELD, STATE OF COLORADO, ALSO BEING A PORTION OF LANDS, DESCRIBED AT RECEPTION NO. 4677839, FILED IN THE WELD COUNTY CLERK AND RECORDER'S OFFICE, SAID PARCEL OF LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

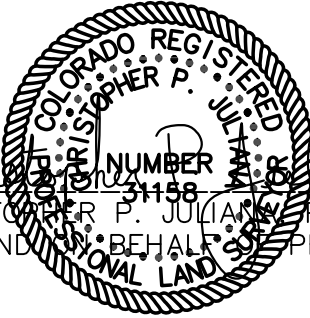
BASIS OF BEARING OF THIS DESCRIPTION IS ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SECTION 6, ASSUMED TO BEAR S88°44'26"W A DISTANCE OF 2,483.58 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 6 TO A 2.5" ALUMINUM CAP STAMPED "L.S. #38209" FOUND AT THE NORTH QUARTER CORNER OF SAID SECTION 6;

BEGINNING AT A POINT WHICH BEARS S08°33'38"E A DISTANCE OF 381.68 FEET FROM SAID NORTH QUARTER CORNER;

THENCE N88°58'02"E A DISTANCE OF 110.00 FEET; THENCE S01°01'58"E A DISTANCE OF 110.00 FEET; THENCE S88°58'02"W A DISTANCE OF 110.00 FEET; THENCE N01°01'58"W A DISTANCE OF 110.00 FEET TO THE POINT OF BEGINNING, WHENCE SAID NORTHEAST CORNER OF SECTION 6 BEARS N79°54'12"E A DISTANCE OF 2464.33 FEET.

SAID PARCEL CONTAINS 12,100 SQUARE FEET OR 0.278 ACRES, MORE OR LESS.

I, THE UNDERSIGNED, A REGISTERED LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY STATE THAT THIS EXHIBIT WAS PREPARED BY ME OR UNDER MY SUPERVISION AND IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.



Christopher P. Julian
NUMBER 31158 DATE 12/14/22
CHRISTOPHER P. JULIAN, P.L.S. 31158
FOR AND ON BEHALF OF PRECISION SURVEY & MAPPING, INC.

TEMPORARY CONSTRUCTION EASEMENT AGREEMENT
(North Weld County Water District)

THIS TEMPORARY CONSTRUCTION EASEMENT AGREEMENT (“Agreement”) is made this ____ day of _____, 2023, by and between SERFER VENTURES, LLC, a Colorado limited liability company, whose address is 6776 County Road 74, Windsor, CO 80550 (“Grantor”), and NORTH WELD COUNTY WATER DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado, whose address is 32825 Weld CR 39, Lucerne, Colorado 80646 (the “District”).

1. Grantor’s Property. Grantor is the owner of that certain parcel of real property located in Weld County, Colorado, which is legally described on a portion of the West ½ of Section 6, Township 6 North, Range 67 West described as Parcel One and Parcel Two in the Special Warranty Deed recorded April 4, 2016, at Reception No. 4192695, Less and Except that portion described in the Special Warranty Deed recorded October 22, 2018 at Reception No. 4440386. County of Weld, State of Colorado (the “Property”). The District acknowledges that the Grantor, as landlord, has leased the property to Red Truck Tree Farms, Inc. (“RTTF”), as tenant, for purposes including an operating tree farm on the Property. Tree farm activities require the active use of existing irrigation systems, including ditches, irrigation pipes, center pivot systems and a storage pond with pumping system (collectively, “Irrigation Systems”). In addition, RTTF maintenance and operating crews need to have unobstructed travel along access roads at all times to maintain the Irrigation Systems and other Property elements.

2. Grant of Temporary Easement. For and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration paid by Grantee to Grantor, the receipt and sufficiency of which are hereby acknowledged, Grantor has granted, bargained, sold and conveyed, and by this Agreement does grant, bargain, sell, convey and confirm unto Grantee, its successors and assigns, a temporary construction easement (the “Temporary Easement”) in, on, under, over, across and upon the real property legally described and depicted on Exhibit A attached hereto and incorporated herein by reference (the “Temporary Easement Area”).

3. Purpose and Uses of Temporary Easement. The Temporary Easement herein granted may be used by the District for the purposes of:

- (a) Surveying, locating, installing, constructing, reconstructing, using, operating, maintaining, inspecting, repairing, altering, removing, and replacing one (1) or more buried water pipelines, one (1) pump station, in whole or in part, electric lines, system communication lines, and all necessary subsurface and surface appurtenances for the transportation of water and the operation of water control facilities; (the “Improvements”), including supporting pipelines located within the Temporary Easement Area across ravines and water courses with such structures as the District shall reasonably determine to be necessary or advisable;
- (b) Cutting and clearing trees, brush, debris and other obstructions on the Temporary Easement Area that might interfere with the District’s activities on the Temporary Easement Area;

- (c) Allowing the District's contractors, agents and employees to enter upon the Temporary Easement Area with machinery, trucks, materials, tools and other equipment which may be used or required in the construction of a water pipeline, pump station; and
- (e) Marking the location of the Temporary Easement Area by suitable markers set in the ground.

4. Term. The Temporary Easement shall begin fifteen (15) days after Grantor receives written notice from Grantee of the start of construction and shall terminate thirty (30) days following completion of construction of the Improvements and related facilities within the Temporary Easement Area or one (1) year following the start of construction, whichever shall first occur.

The District, at its sole discretion, shall have the option to extend the Temporary Easement for one additional 12-month term. To extend, the District shall provide a minimum of 30 days' written notice to the Grantor of the District's intent to extend the Temporary Easement and remit one thousand forty-two and 32/100 dollars (\$1,042.32) to Grantor prior to the expiration of the term of the Temporary Easement. In the event the Grantor's Property has been conveyed by Grantor during the term of the Temporary Easement, the successor in title to Grantor's Property, subject to this Temporary Easement, will provide the District with an executed IRS Form W-9, Request for Taxpayers Identification Number and Certification ("W-9") to facilitate payment of consideration for the Temporary Easement extension.

If receipt of a W-9 from successor in title to Grantor's Property delays payment processing by the District beyond the expiration date of the original term of the Temporary Easement, such condition shall not serve to invalidate the District's option or extension of the Temporary Easement.

5. Additional Rights of the District. Grantor further grants to the District, its successors and permitted assigns:

- (a) The right of ingress to and egress from the Temporary Easement Area over, across and upon the Property by means of any roads and lanes now or hereafter located thereon;
- (b) The right to install, maintain and use gates or other livestock barriers in all fences which now cross or shall hereafter cross the Temporary Easement Area;
- (c) The right to grade the Temporary Easement Area as determined by the District to be reasonably necessary or advisable for the proper use thereof for the purposed set forth in Section 3 above;
- (d) The District shall have and exercise the right of subjacent and lateral support to whatever extent is necessary for the operation and maintenance of the Improvements. It is specifically agreed to between and among the parties that, except as provided in this Easement, the Grantor, its successors and assigns, shall not take any action which would impair the lateral or subjacent support for the Improvements. The Grantor, its successors and assigns, shall have and exercise the right of subjacent and lateral support to whatever extent is necessary for the operation and maintenance of any improvements on the

property adjoining the Property. It is specifically agreed by and between the Grantor and the District that, except as provided in this Agreement, the District shall not take any action which would impair the lateral or subjacent support for such improvements. This paragraph is not intended to prohibit the development of the private property located adjacent to the Property; and

- (e) The District shall have the right to use so much of the adjoining premises of the Grantor, its successors or assigns, during surveying, construction, reconstruction, use, maintenance, repair, replacement and/or removal of the Improvements as may be reasonably required; provided, however that such activities shall not interfere unreasonably with Grantor's, its successors' or assigns' use and enjoyment of such adjoining premises. The District and its permitted assignees and licensees shall repair any damage caused to any adjoining premises and the improvements thereon, and shall be liable for any injury to any person or damage to property, to the extent arising out of the District's, its permitted assignee's or licensee's use of the Easement.

6. The District's Obligations. In connection with the District's use of the Temporary Easement Area, the District shall:

- (a) Insofar as practicable, restore the surface of the ground to its condition prior to the District's activities related to the Improvements on the Temporary Easement Area;
- (b) Insofar as practicable, restore existing fences, drain tile, irrigation systems, landscaping, private roads and other improvements, to the conditions existing prior to the District's activities related to the Improvements within the Temporary Easement Area; provided, however, all components of the Irrigation Systems are to remain active, and bypasses established as needed so that excess irrigation water can continue to convey to the storage pond and pumping system for recycled use of irrigation water. Final repairs made to satisfaction of Grantor;
- (c) Pay Grantor the fair market value for any growing crops, livestock and other items which are damaged by the District's activities related to the Improvements within the Temporary Easement Area; and
- (d) Use best efforts in all activities to minimize disruption to the business activities of SiteOne and RTTF.

7. Livestock Crossing During the District's Operations on Temporary Easement Area. In the event Grantor's Property is being used for grazing purposes, the District agrees that, during the period of construction activities related to the Improvements within the Temporary Easement Area, the District shall leave or arrange for reasonable crossing over the Temporary Easement Area for cattle and livestock of Grantor and its tenants and lessees. Further, whenever it becomes necessary for the District, its agents or contractors to cut a fence on Grantor's Property during its operations, the District shall, at its option, either keep the gate closed or guarded in such a manner so as to prevent the entrance and exit of cattle or livestock through such opening, or construct in any

one (1) or more places, substantial gates with dual locks and to furnish Grantor with one (1) set of keys thereto. Before any of Grantor's fences are cut by the District, the fence shall be braced in order to prevent slackening of wires along the fence in each direction from the District's temporary opening.

8. Maintenance of Temporary Easement Area.

- (a) Grantor will maintain the surface of the Temporary Easement Area (except for any of the District's Improvements permitted thereon) in a sanitary condition in compliance with any applicable weed, nuisance or other legal requirements; however, Grantor is not responsible for any conditions directly caused by the District's use and occupancy of the Temporary Easement Area.
- (b) Grantor will not deposit, or permit or allow to be deposited, earth, rubbish, debris, or any other substance or material, whether combustible or noncombustible, within the Temporary Easement Area.
- (c) Upon completion of construction activities, the District will make such repairs or take such other action as may be reasonably necessary to restore the Temporary Easement Area to a condition comparable to its prior condition as of the start of construction, including, but not limited to, re-seeding and re-planting of any disturbed areas in a manner reasonably satisfactory to Grantor, correction of any subsidence and restoration of any other improvements or conditions impacted by the District's activities related to the Improvements.

9. Representations of Grantor. Grantor represents that it is the fee simple owner of the Property. Grantor also represents that it has reviewed the July 7, 2023 ALTA report and has no knowledge of any additional easements, interests, and/or encumbrances against the Property in addition to those listed therein, other than the terms and conditions of that certain Commercial Lease Agreement dated November 1, 2022, by and between Grantor, as landlord, and RTTF, as tenant.

10. Additional Terms and Conditions.

- (a) Construction. Whenever used herein, the singular includes the plural, the plural the singular; and the use of any gender is applicable to all genders.
- (b) Validity. If any term of this Agreement is determined by any court to be unenforceable, the other terms of this Agreement shall nonetheless remain in full force and effect; provided, however, that if the severance of any such provision materially alters the rights or obligations of the parties, the parties shall engage in good faith negotiations in order to adopt mutually agreeable amendments to this Agreement as may be necessary to restore the parties as closely as possible to the initially agreed upon relative rights and obligations.
- (c) Binding Effect. All of the covenants herein contained are binding upon and inure to the benefit of the parties hereto and their respective heirs, administrators, personal representatives, successors and assigns.

- (d) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same agreement.
- (e) Recordation. This Agreement shall be recorded in the real property records of Weld County.
- (f) Assignability. It is expressly acknowledged and agreed that the District shall have the right and authority to assign the Easement to any appropriative local governmental entity or to any public utility provider, including but not limited to all rights to use, and all obligations associated with, the Easement as are granted to and assumed by the District herein, subject to such assignee assuming the obligations set forth herein, the District shall have the right and authority to grant temporary construction easements to any appropriative local governmental entity or public utility provider for purposes of construction, reconstruction, operation, use, maintenance, repair, replacement and/or removal of the Improvements, subject to all the terms and conditions of this Agreement.
- (g) Benefits and Burdens. Each and every one of the benefits and burdens of this Agreement shall inure to and be binding upon the respective legal representatives, administrators, successors and permitted assigns of the Grantor and the District.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have set their hands and seals the day and year first written above.

GRANTOR:
Serfer Ventures, LLC
a Colorado limited liability company

By: _____
Christopher J. Serbousek, Member

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2023, by Christopher J. Serbousek, as Member for Serfer Ventures, LLC, a Colorado limited liability company.

WITNESS my hand and official seal.

My commission expires: _____

Notary Public

DISTRICT:
NORTH WELD COUNTY WATER
DISTRICT, a Political Subdivision of the
State of Colorado

ATTEST:

Scott Cockroft, Secretary

Tad Stout, President

STATE OF COLORADO
) ss.
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____,
2023, by Tad Stout, as President of the NORTH WELD COUNTY WATER DISTRICT, a Political
Subdivision of the State of Colorado.

WITNESS my hand and official seal.

My commission expires: _____

Notary Public

CONSENT AND SUBORDINATION BY LIENHOLDER

The undersigned, having a Security Interest (defined below) in the real property described in the foregoing Temporary Construction Easement, hereby approves, ratifies, confirms, consents and subordinates its lien to said Temporary Construction Easement.

For the purpose of this Consent and Subordination by Lienholder to the Temporary Construction Easement, the “Security Interest” is defined to include:

- (i) Deed of Trust dated June 15, 2021 from Serfer Ventures LLC, a Colorado limited liability company to the Public Trustee of Weld County for the use of Colorado Lending Source, Ltd., a Colorado non-profit corporation to secure the sum of \$1,850,000.00 recorded June 16, 2021, under Reception No. 4726350 to the easement to be insured herein; and,
- (ii) Colorado UCC Financing Statement by the U.S. Small Business Administration, the Secured Party, recorded June 16, 2021, under Reception No. 4726435 to the easement to be insured herein.

Dated this _____ day of _____, 2023.

Colorado Lending Source, Ltd.,
a Colorado non-profit corporation

By: _____

Name: _____

Title: _____

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2023, by _____ as _____ of Colorado Lending Source, Ltd., a Colorado non-profit corporation.

WITNESS my hand and official seal.

Notary Public
My commission expires: _____

EXHIBIT A

Legal Description of Temporary Easement Area

EXHIBIT "A"

WELD COUNTY RD. 74
(R/W VARIES)

N1/4 COR. SEC. 61
T6N, R67W, 6TH P.M.
FOUND 2.5" ALUMINUM
CAP STAMPED "L.S. #38209"

NE COR. SEC. 6
T6N, R67W, 6TH P.M.

S13°22'55"E
233.80'(TIE)

POINT OF BEGINNING
PARCEL 'A'

POINT 'A'

S01°01'58"E
110.00'(TIE)

POINT OF BEGINNING
PARCEL 'B'

40' TOWN OF WINDSOR ESMT
40' SANITARY SEWER ESMT
REC. NO. 3439782 & 3464127

LOT 2
HARMONY GARDENS
REC. NO. 4833060

NW1/4 SECTION 6
T6N, R67W, 6TH P.M.
WELD COUNTY

W. LINE NE1/4

NE1/4 SECTION 6
T6N, R67W, 6TH P.M.
WELD COUNTY

OWNER:
SERFER VENTURES LLC
REC. NO. 4677839

40' UTILITY ESMT
REC. NO. 4383185

25' TEMP ESMT
REC. NO. 4383185

35' WATER LINE ESMT
REC. NO. 3251762

SW1/4 SECTION 6
T6N, R67W, 6TH P.M.
WELD COUNTY

SE1/4 SECTION 6
T6N, R67W, 6TH P.M.
WELD COUNTY

- 1.) PARCEL OWNERSHIP IS BASED ON THE RECORDS OF THE COUNTY ASSESSOR.
- 2.) ACCORDING TO COLORADO LAW, YOU MUST COMMENCE ANY LEGAL ACTION BASED UPON ANY DEFECT IN THIS SURVEY WITHIN THREE YEARS AFTER YOU FIRST DISCOVER SUCH DEFECT. IN NO EVENT MAY ANY ACTION BASED UPON ANY DEFECT IN THIS SURVEY BE COMMENCED MORE THAN TEN YEARS AFTER THE DATE OF THE CERTIFICATION SHOWN HEREON.
- 3.) THE ONLY PURPOSE OF THIS EXHIBIT IS TO SHOW THE LOCATION OF THE EASEMENT(S).
- 4.) THIS DOCUMENT SHALL BE CONSIDERED NULL AND VOID IF IT DOES NOT BEAR THE ORIGINAL SIGNATURE AND SEAL OF THE PROFESSIONAL LAND SURVEYOR OR IF ALTERED IN ANY WAY.

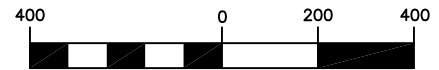
 **PRECISION SURVEY & MAPPING**
PROFESSIONAL LAND SURVEYING CONSULTANTS
9025 E. KENYON AVENUE, SUITE 150
DENVER, COLORADO 80237
TEL: 303-753-9799

DRN. BY: R.M.
CHKD. BY: J.L.
DATE: 12/14/22
SCALE: 1" = 400'

FILE: R13628-SERFER
SHEET: 1 OF 2
W/O #: _____

TEMPORARY EASEMENT

LINE TABLE		
NO.	BEARING	DISTANCE
L1	N88°58'02"E	50.00'
L2	S01°01'58"E	150.00'
L3	S88°58'02"W	50.00'
L4	N01°01'58"W	150.00'
L5	N88°58'02"E	50.00'
L6	S01°01'58"E	150.00'
L7	S88°58'02"W	50.00'
L8	N01°01'58"W	150.00'



1 inch = 400 ft.

LEGAL DESCRIPTION

TWO PARCELS OF LAND LOCATED IN THE EAST HALF OF SECTION 6, TOWNSHIP 6 NORTH, RANGE 67 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF WELD, STATE OF COLORADO, ALSO BEING A PORTION OF LANDS, DESCRIBED AT RECEPTION NO. 4677839, FILED IN THE WELD COUNTY CLERK AND RECORDER'S OFFICE, SAID PARCEL OF LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARING OF THIS DESCRIPTION IS ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SECTION 6, ASSUMED TO BEAR S88°44'26"W A DISTANCE OF 2,483.58 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 6 TO A 2.5" ALUMINUM CAP STAMPED "L.S. #38209" FOUND AT THE NORTH QUARTER CORNER OF SAID SECTION 6;

PARCEL 'A'

BEGINNING AT A POINT WHICH BEARS S13°22'55"E A DISTANCE OF 233.80 FEET FROM SAID NORTH QUARTER CORNER;

THENCE N88°58'02"E A DISTANCE OF 50.00 FEET; THENCE S01°01'58"E A DISTANCE OF 150.00 FEET; THENCE S88°58'02"W A DISTANCE OF 50.00 FEET TO POINT 'A'; THENCE N01°01'58"W A DISTANCE OF 150.00 FEET TO THE POINT OF BEGINNING, WHENCE SAID NORTHEAST CORNER OF SECTION 6 BEARS N83°22'35"E A DISTANCE OF 2445.19 FEET.

SAID PARCEL CONTAINS 7,500 SQUARE FEET OR 0.172 ACRES, MORE OR LESS.

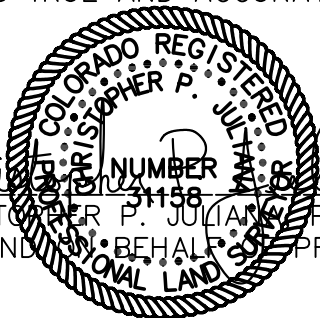
PARCEL 'B'

BEGINNING AT A POINT WHICH BEARS S01°01'58"E A DISTANCE OF 110.00 FEET FROM SAID POINT 'A';

THENCE N88°58'02"E A DISTANCE OF 50.00 FEET; THENCE S01°01'58"E A DISTANCE OF 150.00 FEET; THENCE S88°58'02"W A DISTANCE OF 50.00 FEET TO POINT 'A'; THENCE N01°01'58"W A DISTANCE OF 150.00 FEET TO THE POINT OF BEGINNING, WHENCE SAID NORTHEAST CORNER OF SECTION 6 BEARS N77°23'50"E A DISTANCE OF 2484.04 FEET.

SAID PARCEL CONTAINS 7,500 SQUARE FEET OR 0.172 ACRES, MORE OR LESS.

I, THE UNDERSIGNED, A REGISTERED LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY STATE THAT THIS EXHIBIT WAS PREPARED BY ME OR UNDER MY SUPERVISION AND IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.



Christopher P. Julian
CHRISTOPHER P. JULIAN, P.L.S. 31158
FOR AND ON BEHALF OF PRECISION SURVEY & MAPPING, INC.

12/14/22

DATE

 **PRECISION SURVEY & MAPPING**
PROFESSIONAL LAND SURVEYING CONSULTANTS
9025 E. KENYON AVENUE, SUITE 150
DENVER, COLORADO 80237
TEL: 303-753-9799

DRN. BY: R.M.
CHKD. BY: J.L.
DATE: 12/14/22
SCALE: 1" = 400'

FILE: R13628-SERFER
SHEET: 2 OF 2
W/O #: _____

TEMPORARY EASEMENT

CROSSING AND ACCESS AGREEMENT
(NEWT Phase 3 Water Pipeline and Ridgewood Meadows Irrigation Ditch)

This CROSSING AGREEMENT (“Agreement”), made this 21st day of November, 2023, by and between EAST LARIMER COUNTY WATER DISTRICT, a quasi-municipal corporation and a political subdivision of the State of Colorado AND THE NORTH WELD COUNTY WATER DISTRICT, a Political Subdivision of the State of Colorado (collectively the “Districts”), and RIDGEWOOD MEADOWS WATER AND HOMEOWNERS ASSOCIATION, a Colorado nonprofit corporation (hereinafter “Ridgewood Meadows”). The Districts and Ridgewood Meadows are hereinafter referred to as the “Parties” or individually as a “Party”.

FACTUAL RECITALS

A. Ridgewood Meadows is the owner of a certain lateral irrigation ditch (the “Ditch”) delivering water from Larimer County for irrigation of lands within the Ridgewood Meadows subdivision in the SW $\frac{1}{4}$ of Section 12, Township 7 North, Range 68 West, 6th P.M. The Ditch transports water under an existing access road via an underground siphon (the “Siphon”) as approximately shown on the map attached hereto and incorporated herein as **Exhibit A**.

B. Ridgewood Meadows has a prescriptive easement for the historical and statutorily imposed rights to use the Ditch and Siphon (the “Ditch Easement”).

C. The Districts intend to cross the Ditch Easement through the installation of a 42-inch underground water transmission pipeline (the “NEWT 3 Pipeline”). Pursuant to this Agreement, Ridgewood Meadows gives the Districts permission to modify the Siphon by replacing it with a new 24-inch pipeline (the “Ridgewood Pipeline”) to convey water from the Ditch to the Ridgewood Meadows subdivision as shown on the plans attached hereto as **Exhibit B**. The NEWT 3 Pipeline and Ridgewood Pipeline are collectively referred to herein as the “Improvements”.

D. Ridgewood Meadows consents to the construction of the Improvements subject to the terms and conditions of this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties mutually agree as follows:

AGREEMENT

1. The above Factual Recitals are incorporated herein as if fully set forth.
2. The Districts hereby agree as part of the construction of the NEWT 3 Pipeline to remove the existing Siphon and install the Ridgewood Pipeline as shown on **Exhibit B**. Construction of the Ridgewood Pipeline shall include removal of the existing headwall

structures on the north and south side of the existing access road, and pouring of new headwall structures capable of supporting the Ridgewood Pipeline and conveying water in and out of said pipeline. The Districts shall mark the Ridgewood Pipeline and NEWT 3 Pipeline with suitable markers. Upon satisfactory completion of the Ridgewood Pipeline, said pipeline shall be the sole property of Ridgewood Meadows. Ridgewood Meadows shall have right to maintain and/or replace the Ridgewood Pipeline provided that doing so does not adversely affect the NEWT 3 Pipeline. Any such maintenance and/or replacement shall be at Ridgewood Meadow's sole expense. The Districts shall reimburse Ridgewood for the reasonable legal and engineering fees associated with this Agreement, including negotiation, plan review and approval, in an amount not to exceed \$2,500.

The Districts shall be responsible for obtaining any other necessary consents, authorizations and permits for the construction and installation of the Improvements and shall perform such construction and installation of the Improvements in accordance with all applicable laws, rules, regulations, plans and specifications for the design, construction, repair and maintenance of the Improvements. Construction of the Ridgewood Pipeline shall include burial to a depth sufficient to prevent damage from crossing vehicles and equipment. Ridgewood Meadow's review of any plans and specifications for the Improvements and any observation of the work by Ridgewood Meadows representatives shall not constitute an engineering review or supervision of the Districts or its agents and contractors, and does not affect, release and/or limit the Districts from any obligation, responsibility or liability to conduct such work in accordance with this Agreement and with all applicable governmental rules and regulations for the design, construction, repair and/or maintenance of the Improvements. The Districts and Ridgewood Meadows agree to cooperate in good faith to coordinate any construction, maintenance, operation and/or repair of the Improvements.

3. Ridgewood Meadows shall have and retain the full power to operate, maintain, alter, enlarge, relocate, clean and manage the Ditch, Ditch Easement, Ridgewood Pipeline, and any appurtenances or facilities thereto as if this Agreement had not been made but provided that doing so does not adversely affect the NEWT 3 Pipeline. In the event that any such action on the part of Ridgewood Meadows could reasonably be expected to affect the Districts or the NEWT 3 Pipeline, except in the event of emergency repairs, Ridgewood Meadows must give thirty (30) days' prior notice to the Districts and reasonably cooperate with the Districts to avoid injuries or damages to the Newt 3 Pipeline.

4. The Districts shall notify Ridgewood Meadows forty-eight (48) hours prior to commencing construction on the Improvements and thereafter shall notify Ridgewood Meadows forty-eight (48) hours prior to commencing any subsequent work on the Improvements.

5. Except for the initial construction and installation described above, and for emergencies involving potential loss of life or damage or destruction to property, the Districts shall give Ridgewood fourteen (14) days' notice before commencing any activities pursuant to this Agreement involving the Ridgewood Pipeline.

6. This Agreement and all the terms and conditions thereof shall extend to and be binding upon the successors and assigns of the parties hereto. Upon transfer of its interests in this Agreement, the Districts and Ridgewood Meadows, and their successors and assigns, agree to inform the other Party of the name of the transferee.

7. Any notice required or permitted hereunder shall be deemed effective when deposited in the United States mail, postage prepaid, first class and addressed, or when delivered via email if no notice of delivery failure is received within twenty-four (24) hours of transmittal, to the party to whom notice is to be given, as follows:

If to Ridgewood: Ridgewood Meadows Water and HOA
Attn: Anne Hudgens, President
108 BLUERIDGE CT
Fort Collins, CO 80524

If to the Districts: East Larimer County Water District
Attn: General Manager
P.O. Box 2044
Fort Collins, CO 80522

North Weld County Water District
Attn: General Manager
32825 County Road 39
Lucerne, CO 80646

8. The Districts shall promptly record this Agreement with the Clerk and Recorder of Larimer County, Colorado and tender the original recorded agreement to Ridgewood Meadows.

9. This Agreement shall be interpreted and enforced under the laws of the State of Colorado. In the event of litigation, venue shall be exclusively proper in Larimer County, Colorado.

10. A copy of this Agreement may be executed by each party, separately, and when each party has executed a copy thereof, such copies taken together shall be deemed to be a full and complete contract between the parties.

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be duly executed by the proper officers or agents, and have affixed their seals hereto on the day and year first above written.

EAST LARIMER COUNTY WATER DISTRICT, a Political Subdivision of the State of Colorado

By: Loren Maxey
Loren Maxey, President

STATE OF COLORADO)
) ss.
COUNTY OF LARIMER)

NET The above and foregoing Agreement was acknowledged before me this 21st day of November, 2023, by Loren Maxey as President of East Larimer County Water District, a Political Subdivision of the State of Colorado.

WITNESS my hand and official seal.

Melissa M. Tremelling
Notary Public

MY commission expires: {SEAL}

MELISSA M. TREMELLING
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 19984015362
MY COMMISSION EXPIRES 01/05/2024

**NORTH WELD COUNTY WATER DISTRICT,
a Political Subdivision of the State of Colorado**

DocuSigned by:
Tad Stout
By: _____
778A9E9FAF95042A...
Tad Stout, President

ATTEST:

Scott Cockroft

Scott Cockroft, Secretary

STATE OF COLORADO)
) ss.
COUNTY OF WELD)

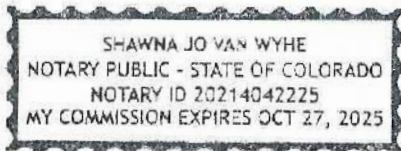
The above and foregoing Agreement was acknowledged before me this 6th day of December, 2023, by Tad Stout, as President of North Weld County Water District, a Political Subdivision of the State of Colorado.

WITNESS my hand and official seal.

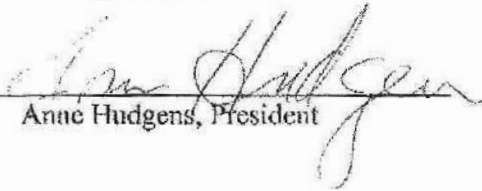
Shawna VanWyle

Notary Public

MY commission expires: 10/27/2025 {SEAL}



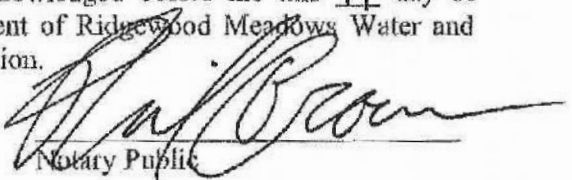
**RIDGEWOOD MEADOWS WATER AND
HOMEOWNERS ASSOCIATION, a Colorado
nonprofit corporation**

By: 
Anne Hudgens, President

STATE OF COLORADO)
) ss.
COUNTY OF WELD)

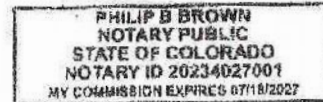
The above and foregoing Agreement was acknowledged before me this 17 day of November, 2023, by Anne Hudgens as President of Ridgewood Meadows Water and Homeowners Association, a Colorado nonprofit corporation.

WITNESS my hand and official seal.


Notary Public

MY commission expires:

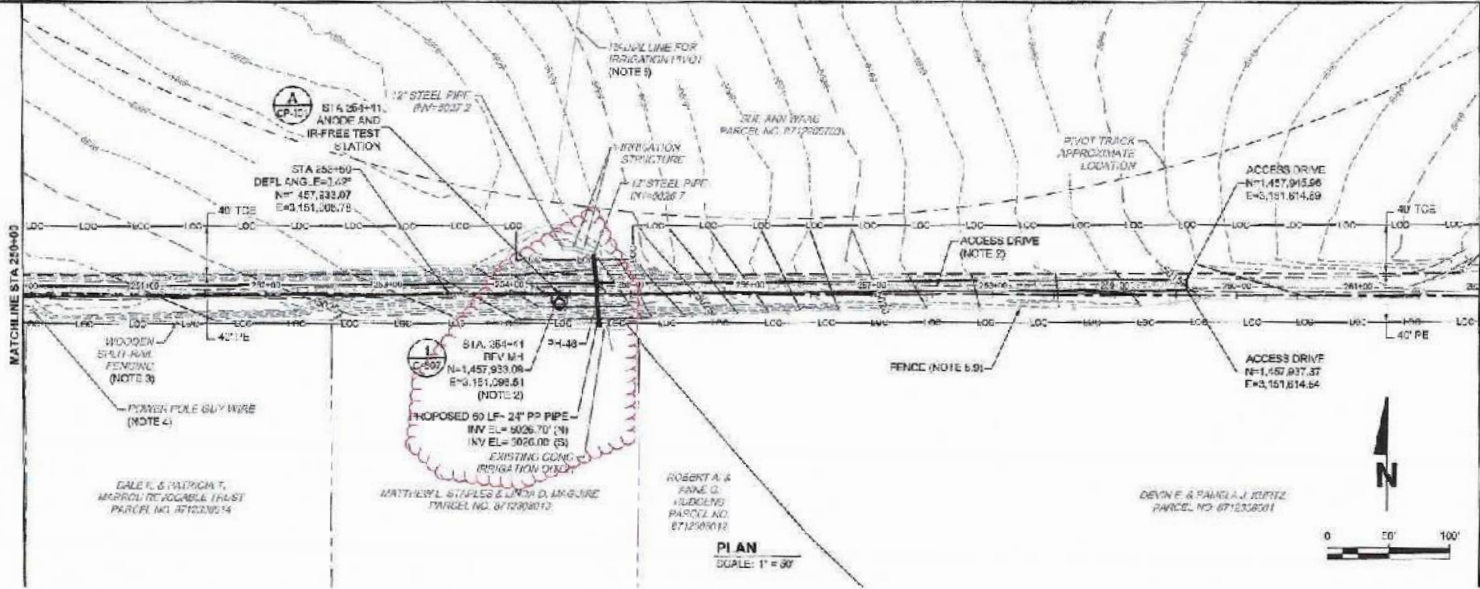
{SEAL}



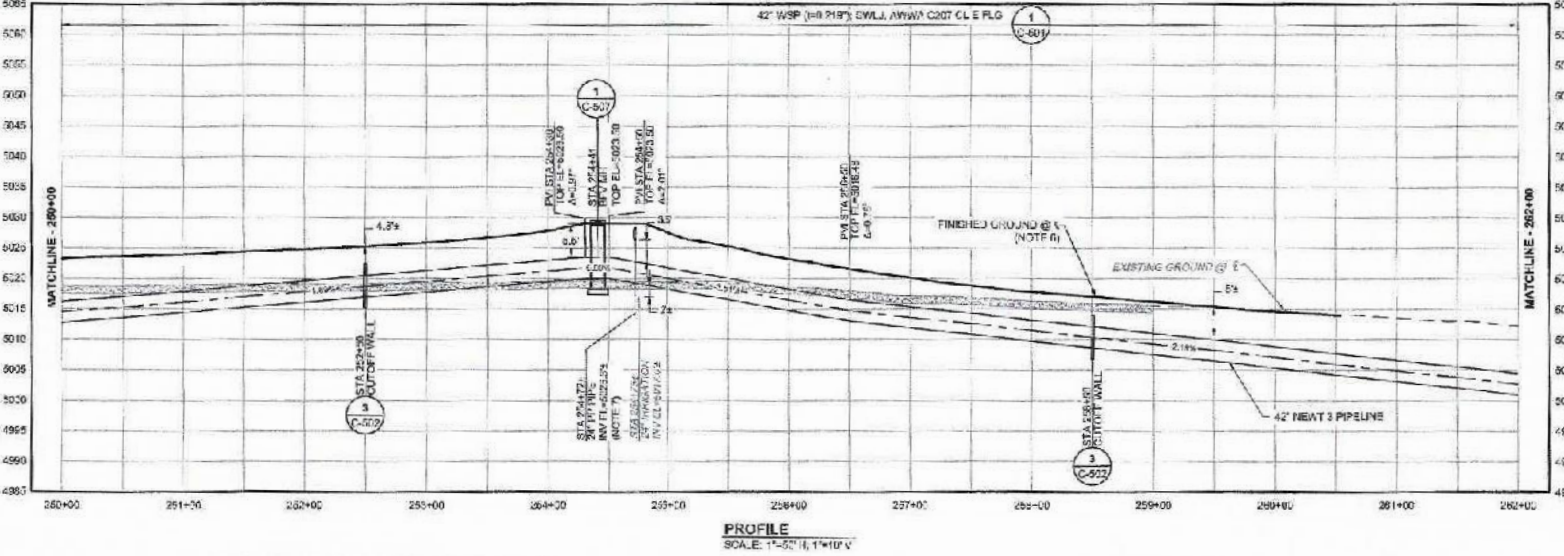


700 ft

EXHIBIT 7B



- NOTES:**
- SEE SHEET SECTION 01 41 10 AND 32 90 10 FOR PROPERTY SETBACK NOTES AND RESTORATION REQUIREMENTS.
 - RESTORE ACCESS DRIVE UNDER CONSTRUCTION IS COMPLETE. RELOCATE DRIVE 3' TO THE NORTH AS SHOWN TO AVOID EFTV W/L
 - PROTECT IN PLACE PRIVATE FENCE WITHIN CONSTRUCTION CORRIDOR.
 - COORDINATE WITH POWER COMPANY FOR REMOVAL AND RESETTLEMENT OF GUY WIRE IF NECESSARY.
 - CONTRACTOR TO COORDINATE WITH PROPERTY OWNER ON AGRICULTURAL OPERATIONS.
 - FILL MATERIAL MUST BE PLACED AND PROPERLY COMPACTED TO FINISHED GRADES PRIOR TO INSTALLATION OF PIPELINE.
 - REMOVE EXISTING GWP IRRIGATION SIPHON AND REPLACE WITH 24" HIGH DENSITY POLYETHYLENE DUAL WALL POLYPROPYLENE PIPE (ADS IP DIRM DUAL WALL PIPE) AS PART OF THE INSTALLATION. EXISTING HEADWALLS SHALL BE REMOVED AND REPLACED. PIPE SHALL BE INSTALLED IN THE SAME MANNER AS THE 42" WELDED STEEL PIPE, IN ACCORDANCE WITH DETAIL 110-891 AND SPECIFICATION SECTION 3: 25.45.
 - RELOCATE 5-STRAND GARB WIRE FENCE TO PROPERTY LINE.
 - REMOVE OR TRIM TREES AS REQUIRED FOR CONSTRUCTION.



PROVIDENCE INFRASTRUCTURE CONSULTANTS
 500 PLAZA DRIVE, SUITE 200
 ISLANDIC TOWN, CO 80120
 801.597.6274
 WWW.PICCONSULTANTS.COM



REVISION	DESCRIPTION OF ISSUES/REVISION	DATE

FINAL FOR CONSTRUCTION
 JUNE 28, 2023



NEW PIPELINE PROJECT PHASE 3 WORK PACKAGE NO. 2

PLAN AND PROFILE STA 250+00 TO STA 262+00

PROJECT	17816.12
DRAWN BY	L. WATKINS
APPROVED BY	D. WATKINS
DATE	06/28/23
SHEET	25 OF 106
DRAWING	PP-121

LICENSE AGREEMENT

1. **PARTIES.** The parties to this License Agreement is entered into to be effective as of the 14th day of November, 2023, between **LONGS PEAK DAIRY, LLC**, a Colorado limited liability company, ("Licensor") and **NORTH WELD COUNTY WATER DISTRICT**, a Colorado special district, ("Licensee"),
2. **RECITALS AND PURPOSES.** Licensor is the owner of certain real property described on **Exhibit A**, Weld County, Colorado. (hereinafter referred to as the "**Property**"). Licensee owns an easement on the Property as described in that certain Recharge Pond Easement Agreement dated October 24, 2022 and recorded at Reception No. 4868649 located on the Property (hereinafter referred to as the "**Easement**").

Licensor desires to permit Licensee to enter the Property outside of the Easement area to perform necessary testing for maintenance and permitting of the recharge pond located on the Easement (the "**Testing Rights**").
4. **PRIVILEGES.** Licensor hereby grants to Licensee, and to Licensee's permittees, the right, privilege, and permission to enter upon the Property in order to exercise the Testing Rights. However, Licensee shall have no use of the agricultural ground also owned by Licensor.
5. **LICENSOR'S TITLE.** Licensee acknowledges the legal title of Licensor to the Property and agrees never to deny such title or to claim title to such property in the name of Licensee.
6. **INDEMNIFICATION.** Licensee shall exercise the privilege granted in this agreement at Licensee's own risk, and agrees that Licensee shall never claim any damages against Licensor for any injuries or damages suffered on account of the exercise of such privilege, regardless of the fault or negligence of Licensor, and Licensee shall indemnify Licensor against any and all liability for damages and expenses resulting from, arising out of, or in any way connected with, the exercise of the privilege by Licensee, and Licensee's permittees, or other persons entering the Property at the invitation of Licensee.
7. **LICENSE NOT ASSIGNABLE.** The license hereby granted is personal to Licensee and is not assignable *provided however* that if the Easement is transferred to any third-party, this license shall automatically be deemed to transfer to such party simultaneously therewith. Permittees of Licensee may not exercise the rights granted under this license except when accompanied by Licensee.
9. **LICENSEE'S OBLIGATIONS.** Licensee agrees that Licensee and/or Licensee's agents will exercise the license granted under and pursuant to this agreement in a manner reasonable and without injury to Licensor's activities on the Property. Licensee further agrees that all activities will be conducted in a legal and ethical manner and will comply with all local, state and federal laws and regulations.
10. **ATTORNEYS' FEES.** If any party breaches this Agreement, the breaching party shall pay all of the non-breaching party's reasonable attorneys' fees and costs in enforcing this Agreement whether or not legal proceedings are instituted.
11. **GOVERNING LAW.** This Agreement shall be governed by the laws of Colorado.

DATED: 11/17/2023

LICENSOR:

LONGS PEAK DAIRY, LLC,
a Colorado limited liability company

By: Wade Podtburg
Wade Podtburg, Owner

By: _____
_____, _____

LICENSEE:

NORTH WELD COUNTY WATER DISTRICT,
a Colorado special district

By: _____
Eric Reckentine, District Manager

By:  _____
Tad R. Stout, Board President

EXHIBIT A

LEGAL DESCRIPTION:

A PARCEL OF LAND, LOCATED IN THE SOUTHEAST QUARTER OF SECTION 7, TOWNSHIP 7 NORTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF WELD, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARING: THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 7, AS MONUMENTED BY A NO. 6 REBAR WITH A 2-1/2 INCH ALUMINUM CAP STAMPED PLS 23513 AT THE CENTER OF SAID SECTION 7 AND A NO. 4 REBAR WITH A 2 INCH ALUMINUM CAP STAMPED PLS 15606 AT THE SOUTH QUARTER CORNER OF SAID SECTION 7, ASSUMED TO BEAR SOUTH 00°15'22" EAST, BEING A GRID BEARING OF THE COLORADO STATE PLANE COORDINATE SYSTEM, NORTH ZONE, NORTH AMERICAN DATUM 1983/2007, A DISTANCE OF 2644.96 FEET WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO.

BEGINNING AT THE CENTER OF SAID SECTION 7;

THENCE SOUTH 88°48'19" EAST ON THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 7, A DISTANCE OF 162.00 FEET;

THENCE SOUTH 00°15'22" EAST, A DISTANCE OF 120.00 FEET;

THENCE NORTH 88°48'19" WEST, A DISTANCE OF 162.00 FEET TO THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 7;

THENCE NORTH 00°15'22" WEST ON THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 7, A DISTANCE OF 120.00 FEET TO THE POINT OF BEGINNING.

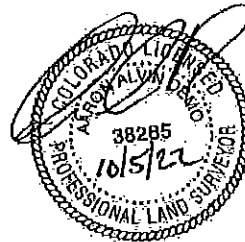
SAID PARCEL CONTAINS 19,434 SQUARE FEET OR 0.45 ACRES MORE OR LESS.

SURVEYOR'S STATEMENT

I, AARON ALVIN DEMO, A PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO DO HEREBY STATE THAT THIS EASEMENT DESCRIPTION WAS PREPARED UNDER MY PERSONAL SUPERVISION AND CHECKING, AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, BELIEF, AND IN MY PROFESSIONAL OPINION, AND THAT IT IS NOT A MONUMENTED LAND SURVEY.

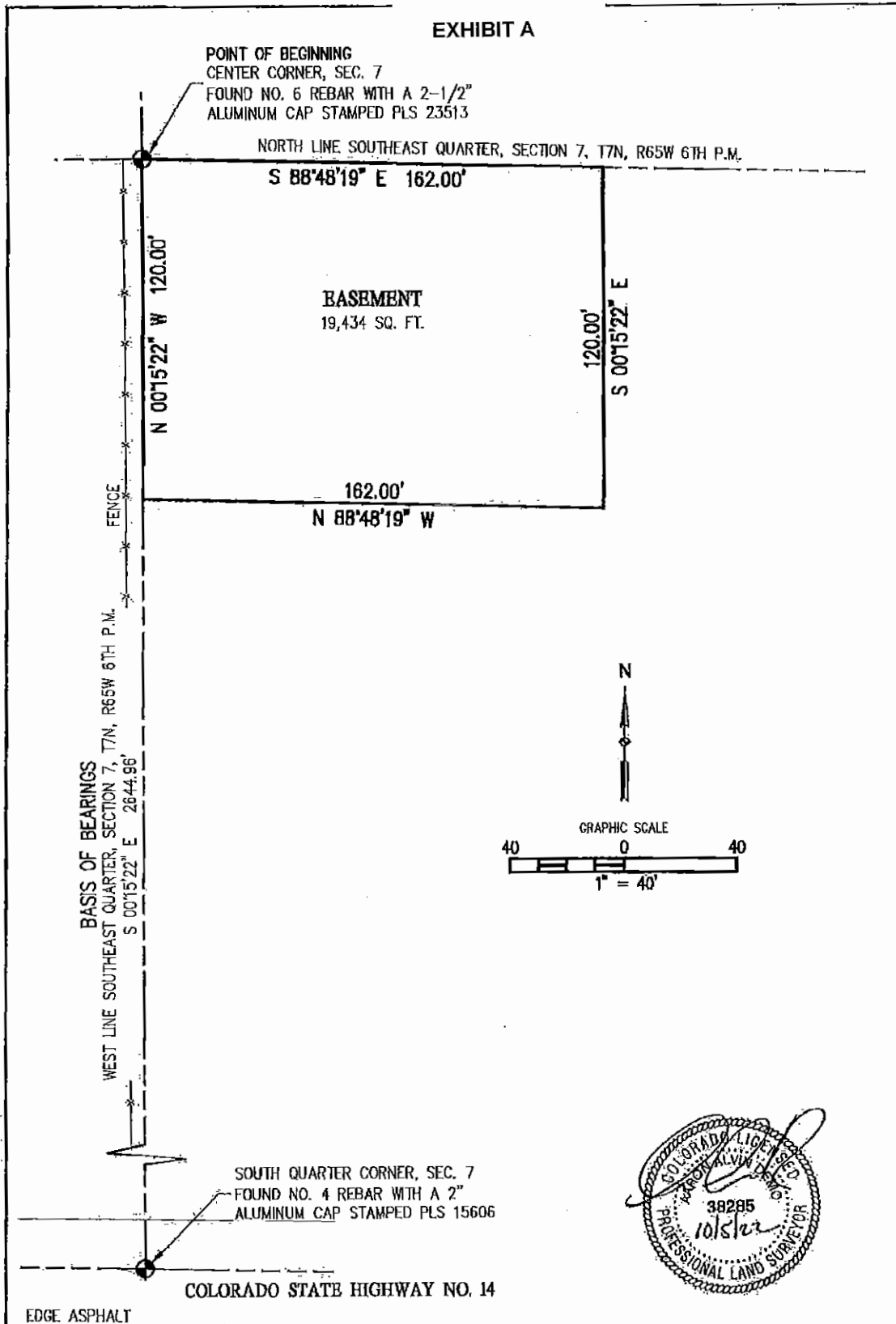
AARON ALVIN DEMO, PROFESSIONAL LAND SURVEYOR
COLORADO PLS NO. 38285
FOR AND ON BEHALF OF BASELINE ENGINEERING CORP.

BASELINE ENGINEERING CORP.
4007 SOUTH LINCOLN AVE, SUITE 405
LOVELAND, COLORADO 80537
(970) 353-7600



H:\ca-15565-Lowry Peak Dairy\Drawings\15565 - EASEMENTS.dwg, 10/5/2022 7:14:35 AM, Doug Lancaster

EXHIBIT A



NOTE: THIS EXHIBIT DOES NOT REPRESENT A MONUMENTED LAND SURVEY, IT IS INTENDED ONLY TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

AARON ALVIN DEMO, PLS
 COLORADO LICENSED PROFESSIONAL LAND SURVEYOR NO. 38285.
 FOR AND ON BEHALF OF BASELINE CORPORATION

BASELINE
 Engineering · Planning · Surveying
 4000 E. LAKESIDE AVENUE, SUITE 470 • DENVER, COLORADO 80237
 P. 303.551.7100 F. 303.551.0661 S. www.baselinecorp.com

NORTH WELD COUNTY WATER DISTRICT
 COUNTY OF WELD
POND EASEMENT
 SOUTHEAST QUARTER SECTION 7, T7N, R65W OF THE 6TH P.M.

APPROVED BY	METAL 3/8" DIA. 10/10/2022
DRAWING NO.	8" X 11"
PROJECT NAME	WELLY BASIN
DATE	08/17/2022
JOB NO.	15045
DRAWING DATE	10/05/2022
ISSUED BY	15565 - EASEMENTS
CHECKED BY	SHEET 2 OF 2
AAD	

FIRST AMENDMENT TO
SECOND AMENDED OPTION AGREEMENT
(Knox Pit Option Agreement)

THIS FIRST AMENDMENT TO SECOND AMENDED OPTION AGREEMENT (“Agreement”) is made and entered into as of _____, 2023 (“Effective Date”), by and between LOVELAND READY-MIX CONCRETE, INC., a Colorado corporation (“LRM”); NORTH WELD COUNTY WATER DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado (“District”); and POUUDRE FIRE AUTHORITY, a political subdivision of the State of Colorado (“PFA”)

RECITALS

A. LRM and the District are parties to that certain Second Amended Option Agreement (Knox Pit) with an Effective Date of May 16, 2022, as extended by that certain letter from Buyer dated January 16, 2023, and as otherwise amended which amended and superseded that certain Option Agreement between Seller and Buyer with an Effective Date of November 12, 2019, as amended by that certain Agreement to Amend/Extend Option Agreement (Knox Pit) between Seller and Buyer dated April 13, 2021, (altogether the “Option Agreement”).

B. LRM is the owner of the 125-Acre Parcel, as defined in the Option Agreement.

C. Pursuant to the Option Agreement, LRM granted to the District an exclusive, irrevocable Option to purchase a portion of the 125-Acre Parcel, namely the “Reservoir Parcels,” as that term is defined in the Option Agreement.

D. Under the terms of the Option Agreement, any portion of the 125-Acre Parcel not encompassed by the Reservoir Parcels will remain in LRM’s ownership as “Retained Property,” as that term is defined in the Option Agreement. The Reservoir Parcels and the Retained Property are located as depicted on Exhibit “B” attached to the Option Agreement.

E. As of even date herewith, LRM is donating a portion of the 125-Acre Parcel to PFA, located in the southwest corner of the 125-Acre Parcel and known as Lot 4 (“Lot 4”) pursuant to that certain Loveland Ready Mix (2nd Phase) Boundary Line Adjustment, #22-LAND4290 recorded February 8, 2023 at Reception No. 20230005317 in the Office of the Clerk and Recorder of Larimer County, Colorado (“Lot 4 BLA”), as shown on **Exhibit A**.

F. The Parties desire to enter into this Agreement to set forth their mutual understanding of the Parties’ respective interests in and to Lot 4, as related to the Option Agreement.

NOW, THEREFORE, for and in consideration of the foregoing Recitals, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Retained Property. Article 2 of the Option Agreement requires LRM to subdivide the 125-Acre Parcel to create two Reservoir Parcels and two parcels that will remain in LRM's ownership as Retained Property. Since entering into the Option Agreement, LRM has subdivided the 125-Acre Parcel on several occasions, including in the Lot 4 BLA. Although additional subdivision will be required to fully satisfy the requirements of Article 2 of the Operating Agreement, the District agrees that Lot 4 is located outside of the Reservoir Parcels, and therefore constitutes part of the Retained Property. Consequently, the District acknowledges and agrees that the Option granted in Section 3.1.A of the Option Agreement does not apply to Lot 4.

2. Easements. The Option Agreement requires LRM to grant to the District several easements, including without limitation a Subdrain Easement(s), and easements for ingress, egress, utilities, and pipelines as necessary for the proper operation the District's pumping facilities and use of Reservoir Parcels for municipal water storage (collectively, "Easements"). Nothing in this Agreement modifies, limits, or nullifies LRM's obligations to grant and the District's rights in and to said Easements in accordance with the terms of the Option Agreement, except as provided below:

- a. As depicted in Exhibit A2 of the Option Agreement, the Subdrain Easement is currently located on and will encumber a portion of the Retained Property, including Lot 4. Notwithstanding the foregoing, Section 3.2 of the Option Agreement contemplates that the District and LRM will determine the exact location of the Subdrain Easement after construction of the Subdrain.
 - b. LRM represents, covenants, and agrees that the Subdrain will not be constructed on Lot 4; however, nothing herein prevents LRM from constructing the Subdrain on the Reservoir Parcels or on any other Retained Property (other than Lot 4). The location and extent of the Subdrain Easement will be determined in accordance with Section 3.2 of the Option Agreement.
 - c. To the extent the District is entitled to the Subdrain Easement being located on Lot 4, the District and LRM will cooperate with PFA to attempt to minimize any impacts to Lot 4 and PFA's operations on Lot 4 that may result from the District's use of the Subdrain Easement. In such event, LRM and PFA will grant to the District the Subdrain Easement without additional consideration, unless otherwise stated in the Option Agreement.
3. Water Rights. The District holds an Option on the Water Rights, as described in Section 3.1.E of the Option Agreement. LRM shall retain the Water Rights associated with Lot 4 and shall subsequently convey said Water Rights to the District in accordance with the Option Agreement. Any deed or other instrument conveying Lot 4 to PFA will expressly reserve all Water Rights to LRM.
4. Definitions.

- a. The definition of the “125-Acre Parcel,” as that term is used in the Option Agreement, is hereby amended to exclude Lot 4. The 125-Acre Parcel is legally described in **Exhibit B**, attached hereto and incorporated hereby, which replaces Exhibit A to the Option Agreement.
 - b. As of the Effective Date, the Parties agree that the definition of “Property” set forth in Article 3.1 of the Option Agreement does not include Lot 4, except to the limited extent the Subdrain Easement is actually ultimately located on Lot 4 in accordance with Section 2(c), above. Nothing herein affects the District’s right to acquire any easements, rights of way, or other appurtenances that run with the land benefitting the Reservoir Parcels and located on Lot 4 at the time of Closing.
 - c. In no event shall PFA be deemed to have made any of the representations and warranties set forth in the Option Agreement, including, without limitation, those set forth in Articles 12 and 13.
5. Future Amendments to the Option Agreement. LRM and the District may negotiate, draft, and execute any future amendments, modification, or other changes to the Option Agreement as LRM and the District deem appropriate to implement the terms of that Option Agreement. PFA need not review, approve, or be a signatory to any such amended, modified, or changed agreement except and to the extent that any proposed amended, modified, or other changed terms would directly impact Lot 4, including but not limited to the Subdrain Easement, and/or otherwise affect the Parties’ ability to mutually perform under the terms of this Agreement.
6. No Waiver. By entering into this Agreement, neither the District, LRM, or PFA waive any instances of default under the terms of the Option Agreement and each party reserves all claims and causes of action arising from or in anyway pertaining to the Option Agreement.
7. Interpretation; Successor Entity. Upon acquiring Lot 4, PFA will become a partial successor to LRM’s rights and obligations under the Option Agreement. Except as specifically modified by this Agreement, the terms and conditions of the Option Agreement shall remain in full force and effect. In the event of a conflict between any term or provision of the Option Agreement and this Agreement, the terms and provisions of this Agreement shall control.
8. Defined Terms. All capitalized terms not defined in this Agreement shall have the meanings set forth in the Option Agreement.
9. Counterparts. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed an original and all of which together shall constitute one and the same agreement.

10. Applicable Law. This Agreement shall be interpreted, construed, and governed by the laws of the State of Colorado.

11. Miscellaneous. All captions are for reference purposes only and shall not be used in the construction or interpretation of this Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

**NORTH WELD COUNTY WATER DISTRICT,
a quasi-municipal corporation and
political subdivision of the State of Colorado**

By: _____
Name: _____
Title: _____

Address:

STATE OF COLORADO)
) ss.
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this ____ day of _____, 2023,
by _____ as _____ of NORTH WELD COUNTY WATER DISTRICT, a quasi-
municipal corporation and political subdivision of the State of Colorado.

Witness my hand and official seal.

My commission expires: _____

Notary Public

**[District Signature Page to First Amendment
to Second Amended Option Agreement]**

LOVELAND READY-MIX CONCRETE, INC.,
a Colorado corporation

By: _____
Name: _____
Title: _____

Address: PO Box 299
 Loveland, CO 80539

STATE OF COLORADO)
) ss.
COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this ____ day of _____, 2023,
by _____ as _____ of Loveland Ready-Mix Concrete, Inc., a
Colorado corporation.

Witness my hand and official seal.

My commission expires: _____

Notary Public

**[LRM Signature Page to First Amendment
to Second Amended Option Agreement]**

**POUDRE FIRE AUTHORITY,
a political subdivision of the State of Colorado**

By: _____

Name: _____

Title: _____

Address:

STATE OF COLORADO)

) ss.

COUNTY OF LARIMER)

The foregoing instrument was acknowledged before me this ____ day of _____, 2023,
by _____ as _____ of Poudre Fire Authority, a political
subdivision of the State of Colorado.

Witness my hand and official seal.

My commission expires: _____

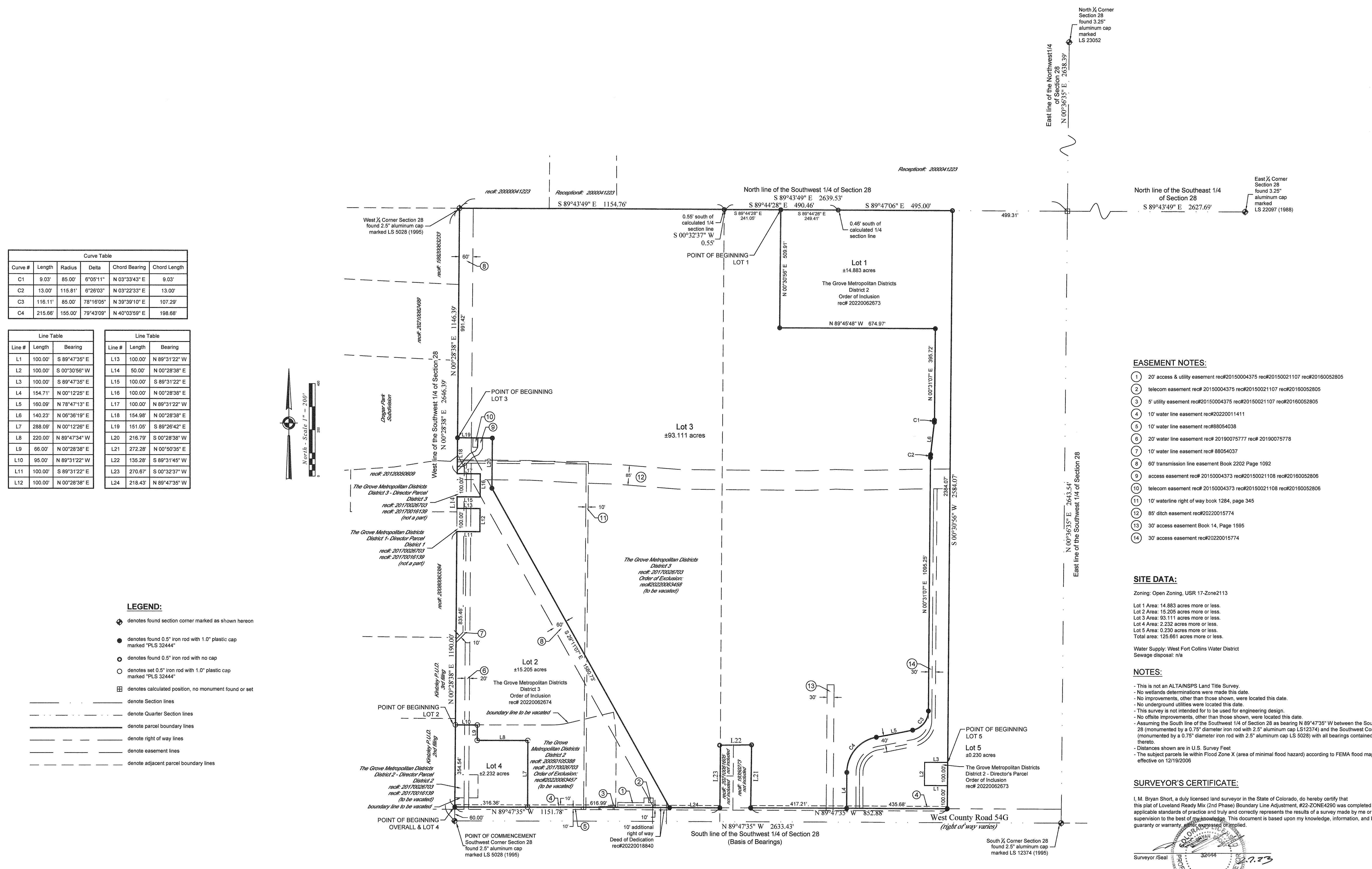
Notary Public

**[PFA Signature Page to First Amendment
to Second Amended Option Agreement]**

Exhibit A

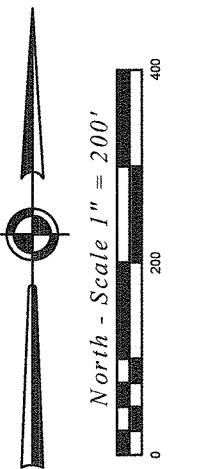
Lot 4

Loveland Ready Mix (2nd Phase) Boundary Line Adjustment, #22-LAND4290



Curve Table				
Curve #	Length	Radius	Delta	Chord Bearing
C1	9.03'	85.00'	6°05'11"	N 03°33'43" E 9.03'
C2	13.00'	115.81'	6°26'03"	N 03°22'33" E 13.00'
C3	116.11'	85.00'	78°16'05"	N 38°39'10" E 107.29'
C4	215.66'	155.00'	79°43'09"	N 40°03'59" E 198.68'

Line Table			Line Table		
Line #	Length	Bearing	Line #	Length	Bearing
L1	100.00'	S 89°47'35" E	L13	100.00'	N 89°31'22" W
L2	100.00'	S 00°30'56" W	L14	90.00'	N 00°28'38" E
L3	100.00'	S 89°47'35" E	L15	100.00'	S 89°31'22" E
L4	154.71'	N 00°12'26" E	L16	100.00'	N 00°28'38" E
L5	160.09'	N 78°47'13" E	L17	100.00'	N 89°31'22" W
L6	140.23'	N 06°36'19" E	L18	154.98'	N 00°28'38" E
L7	288.09'	N 00°12'26" E	L19	151.05'	S 89°28'42" E
L8	220.00'	N 89°47'34" W	L20	216.79'	S 00°28'38" W
L9	66.00'	N 00°28'38" E	L21	272.28'	N 00°50'35" E
L10	95.00'	N 89°31'22" W	L22	135.28'	N 89°31'45" W
L11	100.00'	S 89°31'22" E	L23	270.67'	S 00°32'37" W
L12	100.00'	N 00°28'38" E	L24	218.43'	N 89°47'35" E



- LEGEND:**
- ⬇ denotes found section corner marked as shown hereon
 - denotes found 0.5" iron rod with 1.0" plastic cap marked "PLS 32444"
 - denotes found 0.5" iron rod with no cap
 - denotes set 0.5" iron rod with 1.0" plastic cap marked "PLS 32444"
 - ⊠ denotes calculated position, no monument found or set
 - denotes Section lines
 - - - - - denote Quarter Section lines
 - denote parcel boundary lines
 - denote right of way lines
 - denote easement lines
 - - - - - denote adjacent parcel boundary lines

EASEMENT NOTES:

- 1) 20' access & utility easement rec#20150004375 rec#20150021107 rec#20160052805
- 2) telecom easement rec# 20150004375 rec#20150021107 rec#20160052805
- 3) 5' utility easement rec#20150004375 rec#20150021107 rec#20160052805
- 4) 10' water line easement rec#20220011411
- 5) 10' water line easement rec#88054038
- 6) 20' water line easement rec# 20190075777 rec# 20190075778
- 7) 10' water line easement rec# 88054037
- 8) 60' transmission line easement Book 2202 Page 1092
- 9) access easement rec# 20150004373 rec#20150021108 rec#20160052806
- 10) telecom easement rec# 20150004373 rec#20150021108 rec#20160052806
- 11) 10' waterline right of way book 1284, page 345
- 12) 85' ditch easement rec#20220015774
- 13) 30' access easement Book 14, Page 1595
- 14) 30' access easement rec#20220015774

SITE DATA:

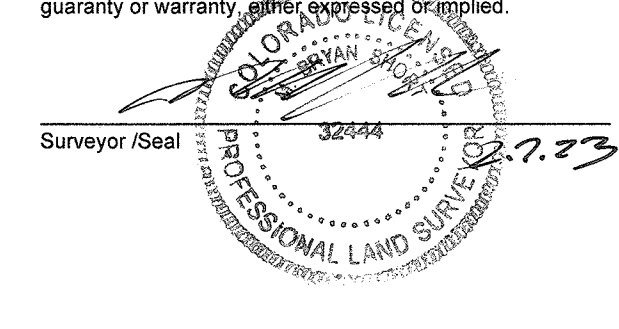
Zoning: Open Zoning, USR 17-Zone2113
 Lot 1 Area: 14.883 acres more or less.
 Lot 2 Area: 15.205 acres more or less.
 Lot 3 Area: 93.111 acres more or less.
 Lot 4 Area: 2.232 acres more or less.
 Lot 5 Area: 0.230 acres more or less.
 Total area: 125.661 acres more or less.
 Water Supply: West Fort Collins Water District
 Sewage disposal: n/a

NOTES:

- This is not an ALTA/NSPS Land Title Survey.
- No wetlands determinations were made this date.
- No improvements, other than those shown, were located this date.
- No underground utilities were located this date.
- This survey is not intended for to be used for engineering design.
- No offsite improvements, other than those shown, were located this date.
- Assuming the South line of the Southwest 1/4 of Section 28 as bearing N 89°47'35" W between the South 1/4 Corner of Section 28 (monumented by a 0.75" diameter iron rod with 2.5" aluminum cap LS 12374) and the Southwest Corner of Section 28 (monumented by a 0.75" diameter iron rod with 2.5" aluminum cap LS 5028) with all bearings contained herein being relative thereto.
- Distances shown are in U.S. Survey Feet
- The subject parcels lie within Flood Zone X (area of minimal flood hazard) according to FEMA flood map number 08069C0744F, effective on 12/19/2006

SURVEYOR'S CERTIFICATE:

I, M. Bryan Short, a duly licensed land surveyor in the State of Colorado, do hereby certify that this plat of Loveland Ready Mix (2nd Phase) Boundary Line Adjustment, #22-ZONE4290 was completed in accordance with the applicable standards of practice and truly and correctly represents the results of a survey made by me or under my direct supervision to the best of my knowledge. This document is based upon my knowledge, information, and belief and is not a warranty or representation of any kind.



NOTICE: According to Colorado law you must commence any legal action based upon any defect in this survey within three years after you first discover such defect. In no event, may any action based upon any defect in this survey be commenced more than ten years from the date of the certification shown hereon.

REVISIONS		Field Date: <u>June 9, 2022</u>	ST: <u>n/a</u>	CLIENT Loveland Ready-Mix Concrete	PLS Corporation 1205 Des Moines Avenue, Loveland, Colorado 80537 970.669.2100 • info@plscorporation.com	TITLE Boundary Line Adjustment LCR-54G, Sect 28-8N-69W, 126 ac (Laporte Pit) Section 28, Township 8 North, Range 69 West, 6th P.M., Larimer County, Colorado	PROJECT NO. 16104.015	SHEET NO. 2	NO. OF SHEETS 2
Date: _____	By: _____	Party Chief: <u>ADS</u>	PM: <u>ZSW</u>						
Date: _____	By: _____	Print Date: <u>February 07, 2023</u>	PLS: <u>MBS</u>						

Exhibit B

125-Acre Parcel

Description – Lot 1:

A parcel of land situated in the Southwest 1/4 of Section 28, Township 8 North, Range 69 West of the 6th P.M., Larimer County, State of Colorado, being more particularly described as follows:

Considering the South line of the Southwest 1/4 of Section 28, Township 8 North, Range 69 West of the 6th P.M., Larimer County, State of Colorado as bearing N 89°47'35" W with all bearings herein relative thereto.

COMMENCE at the Southwest Corner of Section 28, Township 8 North, Range 69 West of the 6th P.M., Larimer County, State of Colorado;
thence N 00°28'38" E for a distance of 2646.39 feet along the West line of the Southwest 1/4 of said Section 28 to the Northwest corner of said Southwest 1/4, aka the West 1/4 Corner of Section 28;;
thence S 89°43'49" E for a distance of 1154.76 feet along the North line of said Southwest 1/4;
thence S 00°32'37" W for a distance of 0.55 feet;
thence S 89°44'28" E for a distance of 241.05 feet to the POINT OF BEGINNING LOT 1;
thence continue S 89°44'28" E for a distance of 249.41 feet;
thence S 89°47'06" E for a distance of 495.00 feet to aforesaid North line;
thence S 00°30'56" W for a distance of 2384.07 feet;
thence N 89°47'35" W for a distance of 100.00 feet;
thence S 00°30'56" W for a distance of 100.00 feet;
thence S 89°47'35" E for a distance of 100.00 feet;
thence S 00°30'56" W for a distance of 100.00 feet to the North right of way line of West County Road 54G;
thence N 89°47'35" W for a distance of 435.68 feet along said North right of way line;
thence N 00°12'25" E for a distance of 154.71 feet to the beginning of a tangent curve, concave to the Southeast, having a radius of 155.00 feet, a chord which bears N 40°03'59" E, and a chord distance of 198.68 feet;
thence Northeasterly along the arc of said curve through a central angle of 79°43'09" for a distance of 215.66 feet to the end of said curve;
thence N 78°47'13" E for a distance of 160.09 feet to the beginning of a tangent curve, concave to the Northwest, having a radius of 85.00 feet, a chord which bears N 39°39'10" E, and a chord distance of 107.29 feet;
thence Northeasterly along the arc of said curve through a central angle of 78°16'05" for a distance of 116.11 feet to the end of said curve;
thence N 00°31'07" E for a distance of 1095.25 feet to the beginning of a tangent curve, concave to the East, having a radius of 115.81 feet, a chord which bears N 03°22'33" E, and a chord distance of 13.00 feet;
thence Northerly along the arc of said curve through a central angle of 6°26'03" for a distance of 13.00 feet to the end of said curve;

thence N 06°36'19" E for a distance of 140.23 feet to the beginning of a tangent curve, concave to the West, having a radius of 85.00 feet, a chord which bears N 03°33'43" E, and a chord distance of 9.03 feet;
thence Northerly along the arc of said curve through a central angle of 6°05'11" for a distance of 9.03 feet to the end of said curve;
thence N 00°31'07" E for a distance of 395.72 feet;
thence N 89°45'48" W for a distance of 674.97 feet;
thence N 00°30'56" E for a distance of 509.91 feet to the POINT OF BEGINNING LOT 1.

AND

Description – Lot 2:

A parcel of land situated in the Southwest 1/4 Section 28, Township 8 North, Range 69 West of the 6th P.M., Larimer County, State of Colorado, being more particularly described as follows:

Considering the South line of the Southwest 1/4 of Section 28, Township 8 North, Range 69 West of the 6th P.M., Larimer County, State of Colorado as bearing N 89°47'35" W with all bearings herein relative thereto.

COMMENCE at the Southwest Corner of Section 28, Township 8 North, Range 69 West of the 6th P.M., Larimer County, State of Colorado;

thence N 00°28'38" E for a distance of 60.00 feet along the West line of the Southwest 1/4 of said Section 28 to the North right of way line of West County Road 54G;
thence continue N 00°28'38" E for a distance of 354.54 feet along said West line to the POINT OF BEGINNING LOT 2;
thence continue N 00°28'38" E for a distance of 835.46 feet along said West line;
thence S 89°31'22" E for a distance of 100.00 feet;
thence N 00°28'38" E for a distance of 100.00 feet;
thence N 89°31'22" W for a distance of 100.00 feet to a point on said West line;
thence N 00°28'38" E for a distance of 50.00 feet along said West line;
thence S 89°31'22" E for a distance of 100.00 feet;
thence N 00°28'38" E for a distance of 100.00 feet;
thence N 89°31'22" W for a distance of 100.00 feet to a point on said West line;
thence N 00°28'38" E for a distance of 154.98 feet along said West line;
thence S 89°25'42" E for a distance of 151.05 feet;
thence S 00°28'38" W for a distance of 216.79 feet;
thence S 29°11'07" E for a distance of 1580.73 feet to the aforesaid North right of way line of West County Road 54G;
thence N 89°47'35" W for a distance of 616.99 feet along said North right of way line;
thence N 00°12'26" E for a distance of 288.09 feet;
thence N 89°47'34" W for a distance of 220.00 feet;
thence N 00°28'38" E for a distance of 66.00 feet;
thence N 89°31'22" W for a distance of 95.00 feet to the POINT OF BEGINNING LOT 2.

AND

Description – Lot 3:

A parcel of land situated in the Southwest 1/4 of Section 28, Township 8 North, Range 69 West of the 6th P.M., Larimer County, State of Colorado, being more particularly described as follows:

Considering the South line of the Southwest 1/4 of Section 28, Township 8 North, Range 69 West of the 6th P.M., Larimer County, State of Colorado as bearing N 89°47'35" W with all bearings herein relative thereto.

COMMENCE at the Southwest Corner of Section 28, Township 8 North, Range 69 West of the 6th P.M., Larimer County, State of Colorado;

thence N 00°28'38" E for a distance of 1654.98 feet along the West line of the Southwest 1/4 of said Section 28 to the POINT OF BEGINNING LOT 3;

thence continue N 00°28'38" E for a distance of 991.42 feet along said West line to the Northwest corner of said Southwest 1/4, aka the West 1/4 Corner of Section 28;

thence S 89°43'49" E for a distance of 1154.76 feet along the North line of said Southwest 1/4;

thence S 00°32'37" W for a distance of 0.55 feet;

thence S 89°44'28" E for a distance of 241.05 feet;

thence S 00°30'56" W for a distance of 509.91 feet;

thence S 89°45'48" E for a distance of 674.97 feet;

thence S 00°31'07" W for a distance of 395.72 feet to the beginning of a tangent curve, concave to the West of having a radius of 85.00 feet, a chord which bears S 03°33'43" W, and a chord distance of 9.03 feet;

thence Southerly along the arc of said curve through a central angle of 6°05'11" for a distance of 9.03 feet to the end of said curve;

thence S 06°36'19" W for a distance of 140.23 feet to the beginning of a tangent curve, concave to the East, having a radius of 115.81 feet, a chord which bears S 03°22'33" W, and a chord distance of 13.00 feet;

thence Southerly along the arc of said curve through a central angle of 6°26'03" for a distance of 13.00 feet to the end of said curve;

thence S 00°31'07" W for a distance of 1095.25 feet to the beginning of a tangent curve, concave to the Northwest, having a radius of 85.00 feet, a chord which bears S 39°39'10" W, and a chord distance of 107.29 feet;

thence Southwesterly along the arc of said curve through a central angle of 78°16'05" for a distance of 116.11 feet to the end of said curve;

thence S 78°47'13" W for a distance of 160.09 feet to the beginning of a tangent curve, concave to the Southeast, having a radius of 155.00 feet, a chord which bears S 40°03'59" W, and a chord distance of 198.68 feet;

thence Southwesterly along the arc of said curve through a central angle of 79°43'09" for a distance of 215.66 feet to the end of said curve;

thence S 00°12'25" W for a distance of 154.71 feet to a point on the North right of way line of West County Road 54G;

thence N 89°47'35" W for a distance of 417.21 feet along said North right of way line

thence N 00°50'35" E for a distance of 272.28 feet;

thence S 89°31'45" W for a distance of 135.28 feet;

thence S 00°32'37" W for a distance of 270.67 feet to a point on the aforementioned North right of way line of West County Road 54G;
thence N 89°47'35" W for a distance of 218.43 feet along said right of way line;
thence N 29°11'07" W for a distance of 1580.73 feet;
thence N 00°28'38" E for a distance of 216.79 feet;
thence N 89°25'42" W for a distance of 151.05 feet to the POINT OF BEGINNING LOT 3.

AND

Description – Lot 5:

A parcel of land situated in the Southwest 1/4 of Section 28, Township 8 North, Range 69 West of the 6th P.M., Larimer County, State of Colorado, being more particularly described as follows:

Considering the South line of the Southwest 1/4 of Section 28, Township 8 North, Range 69 West of the 6th P.M., Larimer County State of Colorado as bearing N 89°47'35" W with all bearings herein relative thereto.

COMMENCE at the Southwest corner of Section 28, Township 8 North, Range 69 West of the 6th P.M., Larimer County, State of Colorado;

thence N 00°28'38" E for a distance of 2646.39 feet along the West line of the of the Southwest 1/4 of Section 28 to the Northwest corner of said Southwest 1/4, aka the West 1/4 Corner of Section 28;
thence S 89°43'49" E for a distance of 1154.76 feet along the North line of said Southwest 1/4;
thence S 00°32'37" W for a distance of 0.55 feet;
thence S 89°44'28" E for a distance of 490.46 feet;
thence S 89°47'06" E for a distance of 495.00 feet to the aforesaid North line of the Southwest 1/4;
thence S 00°30'56" W for a distance of 2384.07 feet to the POINT OF BEGINNING LOT 5.
thence continue S 00°30'56" W for a distance of 100.00 feet;
thence N 89°47'35" W for a distance of 100.00 feet;
thence N 00°30'56" E for a distance of 100.00 feet;
thence S 89°47'35" E for a distance of 100.00 feet to the POINT OF BEGINNING LOT 5.

The afore described legal description is pursuant to that certain Loveland Ready Mix (2nd Phase) Boundary Line Adjustment #22-LAND4290, as recorded February 8, 2023 at Reception No. 20230005317, Larimer County Records.

PRODUCERS 88-PAID UP

OIL AND GAS LEASE

AGREEMENT is made and entered into on the 9th day of July, 2018 by and between **North Weld County Water District**, whose address is P.O. Box 56, Lucerne, Colorado 80646, hereinafter called "Lessor", (whether one or more), and **Aztec Exploration, LLC** whose address PO BOX 621925, Littleton, CO 80162, hereinafter called "Lessee";

WITNESSETH, That the Lessor, for and in consideration of TEN AND MORE DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of drilling, mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, specifically including helium, carbon dioxide, and coalbed methane and any and all substances produced in association therewith from coal-bearing formations, dewatering of coalbed methane and any and all substances produced in association therewith from coal-bearing formations, dewatering of coalbed methane with ingress and egress for rights of way and easements for roads, laying pipe lines, water wells, disposal wells, injections wells, pits, electric and telephone lines and erection of structures and other facilities thereon to produce, save and take care of said products, all that certain tract of land situated in the County of **Weld**, State of **Colorado** described as follows, to-wit:

Township 7 North, Range 67 West, 6th P.M.

Section 6: Part of the NW4SW4 & NE4SW4 being more particularly described as follows:

Lot A, recorded exemption No. 0705-6-3-RE-4859, according to the map recorded February 16, 2010 at Reception No. 3676196
being a part of the Southwest Quarter of Section 6, Township 7 North, Range 67 West of the 6th P.M., County of Weld, State of Colorado.

THIS IS A NON-SURFACE USE OIL AND GAS LEASE. NO OPERATIONS OF ANY KIND WILL BE CONDUCTED ON THE HEREIN DESCRIBED ACREAGE.

See Exhibit A attached hereto and incorporated herein by reference for additional provisions.

Together with any reversionary rights therein, and together with all riparian rights and strips or parcels of land, (not, however, to be construed to include parcels comprising a regular 40-acre legal subdivision or lot of approximately corresponding size) adjoining or contiguous to the above described land and owned or claimed by Lessor, and containing 6.4050 acres, more or less ("Leased Premises");

1. It is agreed that this lease shall remain in force for a term of **Three (3) Years** from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled, communitized or unitized therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled, communitized or unitized therewith but Lessee is then engaged in drilling, re-working or dewatering operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled, communitized or unitized therewith; and operations shall be considered to be continuously prosecuted if not more than one hundred and twenty (120) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled, communitized or unitized therewith, the production or de-watering thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling, re-working or dewatering operations within one hundred and twenty (120) days from date of cessation of production, dewatering or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations or dewatering operations are continued at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced or dewatering operations are continued from the leased premises or on acreage pooled, communitized or unitized therewith. In the event a well or wells is drilled and completed on the Leased Premises, or on the lands pooled, communitized or unitized therewith, for the purpose of developing coalbed gas, the words "operations" and "capable of producing gas" shall mean, in addition to those matters covered in the preceding paragraph: (1) operations of said wells to remove water or other substances from the coalbed, or to dispose of such water or other substances, even though such operations do not result in the production of hydrocarbons in paying quantities, or (2) shutting-in or otherwise discontinuing production from said wells to allow for surface or underground mining affecting the drill site or wellbore.

2. The primary term of this lease may, at lessee's option, be extended as to all or part of the lands covered hereby for a term of **Five (5) Years** commencing on the date that this lease would have otherwise expired but for the extension. Lessee may exercise its option by paying or tendering to Lessor a payment of a sum equal to 100% of the bonus consideration per net mineral acre paid herewith for the land then covered, said bonus to be paid or tendered to Lessor at Lessor's address as shown herein. If Lessee exercises this option, the primary term of this lease shall be considered to be continuous, commencing on the date the lease was first entered into and continuing from that date to the end of the extended primary term.

3. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligations thereafter accruing as to the acreage surrendered.

4. In consideration of the leased premises the said Lessee covenants and agrees:

- (a) On oil, to deliver to the credit of Lessor, in the pipe line to which Lessee may connect wells on said land, the equal **Three-Sixteenths Percent (18.75%)** part of all oil produced and saved from the leased premises. Lessor's interest shall be free of the costs of production, but Lessor shall share proportionately with Lessee in post production costs to market, transport, or condition the oil.
- (b) On gas of whatsoever nature or kind, including coalbed gas and other gases, liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substances, produced from the Premises ("Gas") Lessee shall pay, as royalty, **Three-Sixteenths Percent (18.75%)** of the net proceeds realized by Lessee from the sale thereof after deduction for costs (third party charges and tariffs, and capital and operating costs incurred by Lessee) related to gathering, transporting, dehydrating, compressing, processing and treating the Gas; provided that Lessee shall have the continuing right to sell that Gas to itself or to an affiliate of Lessee, in which event the royalty shall be based upon the prevailing wellhead market price paid for Gas of similar quality in the same field (or if there is no such price prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase arrangements, including arrangements under which Lessee, or an affiliate, is purchaser, entered into on the same or nearest preceding date as the date on which Lessee, or an affiliate, commences its purchases hereunder; and further provided that the net proceeds or prevailing wellhead market price, as applicable, shall be after deduction for costs (third party charges and tariffs, and capital and operating costs incurred by Lessee) related to gathering, transporting, dehydrating, compressing, processing and treating the Gas.

5. If after the primary term one or more wells on the Leased Premises or lands pooled, communitized or unitized therewith are capable of producing oil or gas or other substances covered hereby, but such well or wells are either shut in or production therefrom is not being sold by Lessee, including dewatering of coalbed gas, such well or wells shall nevertheless be deemed to be producing for the purpose of maintaining this lease. If for a period of ninety (90) consecutive days such well or wells are shut in or production therefrom is not sold by Lessee, including dewatering of coalbed gas, the Lessee shall pay an aggregate shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor on or before the anniversary date of this lease next ensuing after the expiration of the said ninety (90) day period and thereafter on or before each anniversary of date of this lease while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease in its primary term or otherwise being maintained by operations, or if production is being sold by Lessee from another well on the Leased Premises or lands pooled, communitized or unitized therewith, no shut-in royalty shall be due until end of the next following anniversary date of this lease that cessation of such operation or production occurs, as the case may be. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.
6. If said Lessor owns a less interest in the Leased Premises than the entire and undivided fee simple estate therein, then the royalties (including any shut-in royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.
7. Lessee shall have the right to use, free of cost, gas, oil and water produced on the Leased Premises for Lessee's operation thereon.
8. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.
9. No well shall be drilled nearer than 200 feet to the house or barn now on the Leased Premises without written consent of Lessor.
10. Lessee shall only pay for damages caused by Lessee's operations to growing crops on the Leased Premises.
11. Lessee shall have the right at any time to remove all machinery and fixtures placed on the Leased Premises, including the right to draw and remove casing.
12. The rights of Lessor and Lessee hereunder may be assigned in whole or part, by area and/or depth or zone and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrator, successors and assigns. No change in ownership of Lessor's interest (by assignment or otherwise) shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until sixty (60) days after Lessee has been furnished with notice from Lessor and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of the Leased Premises shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. In the event of death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of the decedent or the decedent's estate. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons either jointly, or separately in proportion to the interest which each owns. If Lessee transfers or assigns its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of the Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the Lease Premises, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and transferee in proportion to the net acreage interest in this lease then held by each.
13. Lessee, at its option is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the Leased Premises and as to anyone or more of the formations hereunder to pool, communitized or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit, pooled area or communitized area shall be accomplished by Lessee executing and filing of record a declaration of such unitization, pooling or communitization or reformation, which declaration shall describe the unit, pooled area or communitized area. Any unit, pooled area or communitized area may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling, dewatering or reworking operations or a well shut in for want of a market anywhere on a unit, pooled area or communitized area which includes all or a part of this lease shall be treated as if it were production, drilling, dewatering or reworking operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit, area or communitized area, royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit, pooled area or communitized area production that the total number of surface acres covered by this lease and included in the unit, pooled area or communitized area bears to the total number of surface acres in such unit, pooled area or communitized area or as prescribed in such unit, pooled area or communitized area. In addition to the foregoing, Lessee shall have the right to unitize, communitized, pool, or combine all or any part of the Leased Premises as to one or more of the formations hereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. If parts of the land covered by this lease are not included in a unit or units, then at the end of the primary term, such parts of the lands shall be released from this lease unless otherwise held as set forth herein.
14. Anything in this lease to the contrary notwithstanding, Lessee's obligations under this lease shall be subject to all applicable laws, rules, regulations and orders of any government authority having jurisdiction, including restrictions on the drilling and production of wells, and regulation of the price or transportation of oil, gas or other substance covered hereby. When drilling, reworking, production or other operations or obligations under this lease are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services material, water, electricity, fuel, access or easements or by an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood or other act of nature, explosion, fracking bans, governmental action, governmental delay, restraint or inaction, or by inability to obtain a satisfactory market for production, or failure of purchasers or carriers to take or transport such production, or by any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within control of the Lessee, this lease shall not terminate because of such prevention or delay, and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provision or implied covenants of this lease when drilling, production, or other operations are so prevented or delayed.

15. No litigation shall be initiated by Lessor for damages, forfeiture or cancellation with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default within such time period. In the event the matter is litigated and there is final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given reasonable time after said judicial determination to remedy the breach or default and lessee fails to do so.

16. Lessor hereby warrants and agrees to defend the title to the Leased Premises, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes, or other liens, on the Leased Premises, in the event of defaults of payments by Lessor, and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the Leased Premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein. If Lessee redeems any such lien, Lessee may recover any amount expended out of Lessor royalties or shut-in royalties.

17. In the event that this Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered, and all other pertinent terms and conditions of the offer. Lessee, for a period fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

18. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor", as used in this lease shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

19. Title Curative. Lessor agrees to execute affidavits, ratifications, amendments, permits and other instruments as may be necessary to carry out the purpose of this Agreement.

IN WITNESS WHEREOF, this instrument is executed as the date first above written.

LESSOR (WHETHER ONE OR MORE)

North Weld County Water District

By: Gene Stille
 Its: President

ACKNOWLEDGEMENT

STATE OF Colorado)
) SS.
 COUNTY OF Weld)

On this 9th day of July, 2018, before me, the undersigned, a Notary Public, in and for the County and State aforesaid personally appeared Gene Stille to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its President and acknowledged to me that she/he executed the same as her/his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last written above.

Notary Public (Signed): Leann D. Koons
 Notary Public (Printed): Leann D. Koons
 My Commission Expires: 10-19-2020

Notary Seal
LEANN D. KOONS
STATE OF COLORADO
NOTARY PUBLIC
 Commission No. 20044037657
 My Commission Expires 10/19/2020



EXHIBIT "A" ATTACHED TO AND MADE A PART OF OIL AND GAS LEASE BY AND BETWEEN NORTH WELD COUNTY WATER DISTRICT, AS LESSOR, AND AZTEC EXPLORATION, LLC, AS LESSEE

This Exhibit "A" is attached to and made a part of that certain Oil and Gas Lease dated July 9th, 2018 ("Lease"), by and between North Weld County Water District, as "Lessor," and Aztec Exploration, LLC, as "Lessee," covering and affecting approximately 6.4050 acres located in Weld County, Colorado ("Leased Premises").

Notwithstanding anything to the contrary contained in the printed part of the Lease, it is agreed and understood that the terms, provisions and conditions of this Exhibit "A" are made part of the Lease and hereby amend and supersede the terms of the Lease to the extent inconsistent herewith:

A. This Lease shall be a non-drilling and non-surface use oil and gas lease. Accordingly, and notwithstanding anything to the contrary contained in the Lease, it is agreed and understood that Lessee, its successors and assigns, shall not conduct any surface operations of any kind or locate any facilities on the surface of the Leased Premises. In further clarification, no surface drilling, well-site clearing, tank batteries, pipelines, production facilities or installations shall occur or be located on the surface of any portion of the Leased Premises. It is understood that Lessee, its successors and assigns shall not be allowed any access on the surface of the Leased Premises without the prior written consent of Lessor, which may be withheld in Lessor's sole and absolute discretion. Lessee is granted the right to drill and operate directional or horizontal wells under the surface of the Leased Premises, provided that all subsurface installations and operations shall be at a depth which will not interfere with the commercial use and development of the surface of the Leased Premises. Lessee shall not be authorized to undertake any activity on or under the Leased Premises which would limit the surface use or development of the Leased Premises.

B. This Lease is specifically limited to oil, gas, casing-head gas and other hydrocarbons associated therewith. All other substances, including sand, gravel, uranium and water, are specifically excluded from this Lease. Lessee shall have no right whatsoever to use any water produced on or from the Leased Premises for Lessee's operations except pursuant to a separate written agreement to be entered into by and between Lessor and Lessee.

C. Lessee's right to use, free of cost, gas and oil produced on the Leased Premises shall be limited to use only on the Leased Premises and not on any lands located outside of the Leased Premises.

D. Any underground pipelines located under the Leased Premises shall be located a minimum of forty-eight (48) inches below the surface of the Leased Premises.

E. Notwithstanding anything to the contrary contained in the printed Lease or this Exhibit, this Lease is made and accepted without any covenant or title warranty of any kind whatsoever by Lessor. Lessee agrees not to make any claim against Lessor pertaining to warranty of title.

F. Any change of or assignment of the Lease by Lessee shall be made known to Lessor within sixty (60) days of such change or assignment. Notice of such change or assignment shall be accompanied by contact information for any such assignee.

G. Section 2 of the printed Lease is hereby amended to provide that the primary term of the Lease may, at Lessee's option, be extended as to all or any part of the Leased Premises covered hereby for a term of three (3) years, commencing on the date that this Lease would have otherwise expired but for the extension.

H. Section 10 of the printed Lease is hereby deleted in its entirety. Lessee agrees that it shall be liable and pay all damages and indemnify Lessor from and against all claims due to or as a consequence of failure to comply with any environmental law or any environmental claims relating to the Leased Premises or the Lease that arise out of Lessee's operations on the Leased Premises.

I. Section 17 of the printed Lease is hereby deleted in its entirety.

J. Section 19 of the printed Lease entitled "Title Curative" is hereby amended to provide that Lessor agrees to execute affidavits, ratifications, amendments, permits and other instruments as may be necessary to carry out the purpose of the Lease, provided that Lessor shall not be required to incur any material cost or expense in connection therewith.

The parties understand and agree that this Exhibit shall be part of the above-described Lease and shall be enforceable pursuant to the terms thereof and under the laws of the State of Colorado.

SIGNED for identification only.

NORTH WELD COUNTY WATER DISTRICT, a quasi-municipal corporation and a political subdivision of the State of Colorado

Date: 07/09/2018

By Gene Stille
Name: GENE STILLE
Title: President

"Lessor"

AFFIDAVIT OF EXTENSION OF OIL AND GAS LEASES

STATE OF COLORADO §
COUNTY OF WELD §

I, Allyson Boies, of lawful age, being duly sworn, on my oath say that I am the Vice President of Land for Extraction Oil & Gas, Inc., 370 17th Street, Suite 5300, Denver, CO 80202 (hereinafter, "Extraction"), and am duly authorized to make this Affidavit on its behalf, and that Extraction is the owner as successor in interest to original Lessee, of the Leases located in described on the Exhibit "A" attached hereto and made a part hereof (hereinafter referred to as "Leases").

The Leases contain a contingency that allows extension of the primary term of the Leases by paying the Lessor or their successor in interest a bonus consideration as specified in the Leases prior to the end of the original primary term.

The purpose of this Affidavit is to give notice that Extraction has exercised its right to extend the primary term of the Lease by timely payment of the consideration for said extension as described in the Leases.

Executed this 20 day of May, 2021.

EXTRACTION OIL AND GAS, INC.

Allyson Boies
Allyson Boies, Vice President of Land

ACKNOWLEDGEMENT

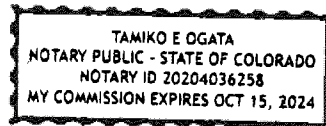
STATE OF COLORADO §
CITY & COUNTY OF DENVER §

The foregoing instrument was acknowledged before me this 20 day of May, 2021, by Allyson Boies, Vice President of Land for Extraction Oil and Gas, Inc., on behalf of said company.

Witness my hand and official seal.

Tamiko E. Ogata
Notary Public

My commission expires: 10-15-2024



ATTACHED TO AND MADE A PART OF
THAT CERTAIN AFFIDAVIT OF EXTENSION
DATED MAY 20, 2021

Lease Name	Eff Date	Exp Date	Ext Date	County	Entry	T	R	S	Lease Description	Total Gross
NORTH WELD COUNTY WATER DISTRICT	7/9/2018	7/9/2021	7/9/2024	WELD	4420671	7N	67W	6	TOWNSHIP 7 NORTH, RANGE 67 WEST, 6TH P.M.	6.4050
						7N	67W	6	SECTION 6: PART OF THE NW4SW4 & NE4SW4 DESCRIBED AS: LOT A OF RECORDED EXEMPTION NO. 0705-6-3-RE-4859, ACCORDING TO THE MAP RECORDED FEBRUARY 16, 2010 AS RECEPTION NO. 3676196, IN THE RECORDS OF WELD COUNTY, COLORADO	
									CONTAINING 6.4050 ACRES PARCEL #: 070506300055	
BILL H CHENG	7/18/2018	7/18/2021	7/18/2023	WELD	4420678	7N	67W	6	TOWNSHIP 7 NORTH, RANGE 67 WEST, 6TH P.M.	35.0000
						7N	67W	6	SECTION 6: PART OF THE NE/4 DESCRIBED AS: TRACT B OF RECORDED EXEMPTION NO. 0705-6-1-RE 181, RECORDED AUGUST 5, 1976 IN BOOK 745 AT RECEPTION NO. 1666501, ALSO KNOWN AS 6514 WELD COUNTY ROAD 86, FORT COLLINS, COLORADO 80524	
									CONTAINING 35.00 ACRES PARCEL #: 70506000036	
LOUISE MARIA CHENG	7/18/2018	7/18/2021	7/18/2023	WELD	4429244	7N	67W	6	TOWNSHIP 7 NORTH, RANGE 67 WEST, 6TH P.M.	35.0000
						7N	67W	6	SECTION 6: PART OF THE NE/4 DESCRIBED AS: TRACT B OF RECORDED EXEMPTION NO. 0705-6-1-RE 181, RECORDED AUGUST 5, 1976 IN BOOK 745 AT RECEPTION NO. 1666501, ALSO KNOWN AS 6514 WELD COUNTY ROAD 86, FORT COLLINS, COLORADO 80524	
									CONTAINING 35.00 ACRES PARCEL #: 70506000036	
MARTIN JOSEPH BROPHY ET AL	7/30/2018	7/30/2021	7/30/2023	WELD	4430242	7N	67W	7	TOWNSHIP 7 NORTH, RANGE 67 WEST	5.6400
									SECTION 7: SE/4NE/4; LOT 4, REMINGTON PLACE MINOR SUBDIVISION, RECORDED FEBRUARY 7, 2000 AS RECEPTION NO. 2748191, COUNTY OF WELD, STATE OF COLORADO BEING A PART OF THE NE/4.	

AMENDMENT AND RATIFICATION OF OIL AND GAS LEASE

WHEREAS, **North Weld County Water District**, whose address is PO Box 56, Lucerne, CO 80646, is the current Lessor ("NWCWD") and **Nickel Road Development LLC**, whose address is 1600 Stout Street, Suite 1850, Denver CO 80202, is the current Lessee ("Nickel Road") of the Oil and Gas Lease set forth below covering lands located in Weld County, Colorado ("Top Lease").

Reception No: 4930410
Date: August 9, 2023
Lessor: North Weld County Water District
Lessee: Nickel Road Development LLC
Description: Township 7 North, Range 67 West, of the 6th P.M.
Section 6: Lot A of Recorded Exemption No. 0705-6-3-RE-4859, according to the map recorded February 16, 2010 at Reception No. 3676196
Containing 6.405 acres more or less

WHEREAS, NWCWD previously executed that Oil and Gas Lease dated July 9, 2018, and recorded at Reception No. 4420671 in the records of Weld County, CO ("Current Lease").

WHEREAS, Extraction Oil & Gas, Inc. executed an extension of the primary term of the Current Lease and filed an affidavit of said extension at Reception No. 4717356 extending the primary term to expire on July 9, 2024.

WHEREAS, the NWCWD and Nickel Road wish to amend the primary term of the above described Top Lease to be effective on July 10, 2024 with all other terms remaining the same.

WHEREAS, it is the desire of the undersigned to ratify and confirm said Top Lease in full force and effect, effective July 10, 2024;

NOW THEREFORE, the lessor hereby ratifies the lease and does hereby lease, let, grant and demise unto Lessee, all of its interest in the lands described above, subject to and in accordance with all of the terms and provisions of the Lease. This instrument shall be binding upon and inure to the benefit of the Lessor and Lessee, and each of their respective heirs, legal representatives, successors, and assigns.

EXECUTED, as of the date of the acknowledgement, but effective for all purposes on August 9, 2023.

Lessor:
Northern Weld County Water District

Lessee:
NICKEL ROAD DEVELOPMENT LLC

By: Tad Stout
Title: Board Chair

By: Andrew Haney
Title: Co-President

Acknowledgements on the next page

ACKNOWLEDGEMENTS

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me on the ____th day of _____, 2023, by Tad Stout as Board Chair of Northern Weld County Water District, known to me to be the person or persons whose names are subscribed to the foregoing instrument and acknowledged that the same was executed and delivered as their free and voluntary act for the purposes therein set forth. In witness whereof I hereunto set my hand and official seal as of the date herein above stated.

My commission expires:

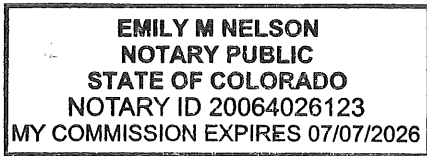
Notary Public-

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me on the 27th day of November, 2023, by Andrew Haney as Co-President of Nickel Road Development LLC, known to me to be the person or persons whose names are subscribed to the foregoing instrument and acknowledged that the same was executed and delivered as their free and voluntary act for the purposes therein set forth. In witness whereof I hereunto set my hand and official seal as of the date herein above stated.

My commission expires: 07/07/2026


Notary Public- Emily Nelson



**NORTH WELD COUNTY WATER DISTRICT
RESOLUTION TO AMEND 2023 BUDGET**

WHEREAS, the Board of Directors of North Weld County Water District (the “**District**”) certifies that at a regular meeting of the Board of Directors of the District held December 11, 2023, a public hearing was held regarding the 2023 amended budget, and, subsequent thereto, the following Resolution was adopted by affirmative vote of a majority of the Board of Directors:

WHEREAS, the Board of Directors of the District adopted a budget and appropriated funds for fiscal year 2023 as follows:

General Fund	\$ _____
Enterprise Fund	\$ _____
Capital Project Fund	\$ _____
Debt Service Fund	\$ _____

and;

WHEREAS, the necessity has arisen for additional expenditures by the District due to additional costs which could not have been reasonably anticipated at the time of adoption of the budget, requiring the expenditure of funds in excess of those appropriated for fiscal year 2023; and

WHEREAS, funds are available for such expenditure.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the District does hereby amend the adopted budget for fiscal year 2023 as follows:

General Fund	\$ _____
Enterprise Fund	\$ _____
Capital Project Fund	\$ _____
Debt Service Fund	\$ _____

BE IT FURTHER RESOLVED, that such sums are hereby appropriated from the revenues of the District to the funds named above for the purpose stated, and that any ending fund balances shall be reserved for purposes of complying with Article X, Section 20 of the Colorado Constitution.

[Remainder of Page Intentionally Left Blank]

ADOPTED DECEMBER 11, 2023.

DISTRICT:

NORTH WELD COUNTY WATER DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado

By: _____
Officer of the District

Attest:

By: _____

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

STATE OF COLORADO
COUNTY OF WELD
NORTH WELD COUNTY WATER DISTRICT

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a meeting held via teleconference on December 11, 2023, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 11th day of December, 2023.

RESOLUTION
ADOPTING BUDGET, APPROPRIATING FUNDS AND CERTIFYING MILL LEVIES
FOR THE CALENDAR YEAR 2024

The Board of Directors of North Weld County Water District (the “**Board**”), Weld and Larimer Counties, Colorado (the “**District**”), held a regular meeting, via teleconference on December 11, 2023, at the hour of 8:30 a.m.

Prior to the meeting, each of the directors was notified of the date, time, and place of the budget meeting and the purpose for which it was called, and a notice of the meeting was posted or published in accordance with § 29-1-106, C.R.S.

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NOTICE AS TO PROPOSED 2024 BUDGET

WHEREAS, the Board has designated its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held and interested electors were given the opportunity to register their protest to the proposed budget prior to the adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2024. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2024 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2024 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2024 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2024 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Mill Levy Adjustment. When developing the attached budget, consideration was given to any changes in the method of calculating assessed valuation, including any changes to the assessment ratios, or any constitutionally mandated tax credit, cut or abatement, as authorized in the District's service plan. The Board hereby determines in good faith (such determination to be binding and final), that to the extent possible, the adjustments to the mill levies made to account for changes in Colorado law described in the prior sentence, and the actual tax revenues generated by the mill levies, are neither diminished nor enhanced as a result of those changes.

Section 7. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Boards of County Commissioners of Weld and Larimer Counties, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 8. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 9. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

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ADOPTED DECEMBER 11, 2023.

DISTRICT:

NORTH WELD COUNTY WATER DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado

By: _____
Officer of the District

Attest:

By: _____

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

STATE OF COLORADO
COUNTY OF WELD
NORTH WELD COUNTY WATER DISTRICT

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held via teleconference on December 11, 2023, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 11th day of December, 2023.

EXHIBIT A
BUDGET DOCUMENT
BUDGET MESSAGE

North Weld County Water District 2024 Final Budget Memo
To: Board of Directors North Weld County Water District
From: Eric Reckentine
December 2023

Revenue

Total district water usage for North weld County Water District (District) is projected to increase 0.5% annually for the next 5 years from 2022 water usage.

- Commercial water usage is projected as flat to 2022 volumes for the next 5 years.
- Wholesale Water Accounts are projected at an approximate .25% water usage increase annually for the next 5 years from 2022 usages and
- The three towns associated with the Group treatment plant usage volumes are projected as flat perpetually starting in 2028.
- District residential water usage is projected at an approximate 1.5% annual water usage increase for the next 5 years from 2022 usages.

Total meter sale revenue is budgeted to increase from approximately \$18.1 million in the 2023 budget to \$21.7 million in 2024 budget and flat to 2022 actual revenues. The 2023 forecast projects approximately \$17.2 million in metered revenues. Water allocation and plant investment surcharges are budgeted at \$6.9 million annually for the next 2 years and decreasing to 6 million by year 5 of the forecast. The district is projected to see approximately \$3.5 to \$4 million in total contributions which is flat to 2023 forecast with budgeted sales of approximately 150 meters, \$1.5 million in interest and miscellaneous revenues with a total revenue projection of \$27.5 million.

- The rate increase projections for all customer classes are at 7% for the next five years.
- Towns out of compliance with storage requirements are projected at residential rates for 2024.
- Water allocation surcharges are projected at \$6.50/1000 gallons.
- Plant investment surcharges are projected at \$4.50/1000 gallons.
- Plant Investment sales are projected at 150 meters sold for 2024- and 175-meter sales annually for the following 5 years.
- Cash in Lieu sales are projected at 3 units in 2024 and at 10 units for the following five years at \$73,500.
- Plant Investment Fee is currently projected at \$23,800 per PI not counting distance fee.

Expenses

Operations Maintenance and Administration 2024 budget is projected at approximately \$10.7 million which is approximately \$1 million increase from 2023 budget and forecast.

- Labor costs are projected to increase approximately \$0.5 million from 2023 to 2024 which equates to approximately 20%, that includes a proposed 5% employee cost of living increase, insurance increases and mid-year increases 2023.
- The District anticipates acquiring two replacement fleet vehicles in 2024 and dump truck.
- The District has budgeted \$30,000 for Web Site Design.
- Repaving Project for Home Office Budgeted at \$100,000
- Fiber Optic Line Installation Budgeted at \$125,000

- Solider Canyon Filter Plant treatment costs rate increase of \$100,000 for 2024, SCWTA budget memo is attached as draft final to be attached for October meeting.
- Increase in material costs projected at double for 2024 from 2023-line replacement and repair and meter repairs O&M costs increase of \$0.5 million dollars.

Capital improvement project costs for 2024 are projected at approximately \$29.5 million compared to 2023 budget of \$28.3 million. Forecast for 2023 is capital improvement projects is projected at \$25.5 million to date. Capital Improvements project costs for 2023 and 2024 are approximately 30% greater than original engineering projections 2021/2022 due to rapid increase in material costs. The anticipated capital improvement ten-year forecast is approximately \$200 million that includes approximately \$60 million in water rights acquisition.

The District is forecasted to complete the following capital improvement projects in 2023:

- Constructed approximately 1.5 of 2 miles Eaton Pipeline Phase II at \$5.3 million dollars.
- Construction of the Greeley/ NW Harmony Interconnect 24- inch Pipeline at \$1.5 million dollars
- Construction NEWT III Transmission Line- Timberline Crossing and Permitting, Pipe and Property Acquisition, and 1st Phase of Construction at \$8.5 million dollars.
- Acquisition of Water Rights at \$7 million dollars
- Rehabilitation Project for Tanks 1A, 5B and 7 at \$1 million dollars CIP and O&M
- Larimer #2 Headgate Construction Project Overland Ponds
- Longs Peak WSSC Recharge Structure
- Emergency Generator Backup Power, Nunn PS, PS-1 and Summit View
- These costs do not reflect reimbursement from ELCO for NEWT III and City of Greeley for Interconnect materials as per the IGA – approximately \$1.5 million dollars.

Capital Improvement System Projects for 2024

- North Weld East Larimer County (NEWT) III transmission line permitting, and construction projected cost of \$8.5 million for 2023 and \$13.5 million for 2024.
- Eaton Pipeline Phase 2 two mile 30-inch distribution construction projected cost of \$5.3 million for 2023, anticipating winter of 2024 construction costs of \$2.5 million.
- Greeley and North Weld Interconnect projected cost of \$1.5 million for pump station acquisition and construction in 2024
- Tank Rehabilitation Program for Tank 4 and Tank 5 at \$1 million
- Tank 1 to CR 78, 16-inch distribution pipeline upsizing project projected start 2024 total project cost of approximately \$9 million with \$2 million dollars in 2024
- Weld County Zone 1 Transmission Line to Tank 1 Site project starts in 2024 and project cost of \$9 million with \$ 2 million dollars budgeted for 2024.
- Tank 1C Design and Construction project cost \$7 million with 2025 construction. Engineering and Design in 2024
- Line 1 Interconnect Project at \$500,000
- Timnath 36-inch Line Lowering projected cost \$1 million with ½ to be paid by Timnath.
- Line replacement projects – Highway 85, Woods Lake, County RD 84

Capital Improvement Raw Water Projects for 2024

- Raw water district drought supply acquisition project projected at \$6 million.
- Water Supply and Storage Company Structures projected cost of \$100,000
- Reservoir Pumping Costs of \$200,000.
- Legal and Engineering cost of approximately \$200,000 Change Case and Oppositions

Master Planning

- Finalize Regional Master Plan
- Cost of Service Study Update 2023 dependent on Revised Water Service Agreement.
- System Pressurization Study for analyses of pressurization of the transmission system at the treatment plant to be managed by SCWTA.
- Soldier Canyon Filter Plant Rating Expansion to 65 to 67 MGD be managed by SCWTA projected at \$60,000 for 2024.
- Soldier Canyon Filter Plant Master Plan to be managed by SCWTA projected at \$250,000 for 2024.

Total expenditures for 2024 are projected at \$44.6 million dollars. Funds available at end of 2024 are projected at \$15.1 million dollars of which \$5.5 million dollars is depreciation reserve fund with an additional \$10 million minimum in operational reserve fund.

Previous Five-Year Financial Summary 2018 to 2022

From 2018 to 2022, the District has received in approximate figures \$74 million dollars in operational revenue, has received \$61 million in non-operation revenue, has obtained debt proceeds in total of \$51 million dollars with approximately 6 million in miscellaneous incomes, and has maintained approximately \$10 million dollars in operational and replacement reserve funds for a total revenue of \$192 million dollars (\$141 million dollars without debt proceeds),

From 2018 to 2022, the District has acquired approximately 1,300 acre-feet of new water supplies at a cost of approximately \$49 million dollars, averaging \$38,000 per acre-foot and averaging approximately \$10 million annually in water acquisitions investment, constructed approximately \$38 million dollars of system improvements, averaging about \$8 million dollars annually to serve growth and maintain reliable service for a total capital improvement expenditure of \$86 million dollars, has spent \$40 million dollars in operations and maintenance (O&M), or about \$8 million per year, has paid \$16 million in debt service, for total expenditures of approximately \$143 million. Specific projects include:

- Solider Canyon Treatment Plant Expansion from 45 to 60 MGD.
- Line 1 replacement project and 48-inch upsizing.
- Pump Station 1 upgrade.
- Old Eaton Pipeline, 16-inch line replacement and 20-inch upsizing.
- Emergency Backup Power Summit View.
- Eaton Pipeline Project 2 miles Phase 1.
- Pump Station Rebuild Summit View.
- Pump Station Upgrade Station 4.
- Pump Station Upgrade Station 6.

- Mason Street Interconnect City of Greeley 60-inch to NEWT III.
- Horse tooth Operation Project Hansen Pump Back Station.
- 2nd Master Meters to Severance.
- 2nd Master Meter to Windsor.
- Master Meter City of Greeley
- Town of Nunn Pump Station Upsize and Replacement.
- Wild wing Irrigation Raw Water Line.
- Purchase Contract for Knox Pit Reservoir Project - Overland Ponds
- Acquisition of River Bluffs Reservoir Storage Project.
- Acquisition of Overland Ponds – Cells 4 and 5.
- Development of two Return Flow Structures for Native Rights.
- 5- year CDPHE Sanitary Survey.
- American Water Infrastructure Act Survey and Emergency Response System Upgrades.
- Mill Levy Ballot Initiative.
- Emergency Power SCADA.

Policies

The District over the course of 5 years has developed or modified approximately 20 policies, and updated manuals and protocols related to updated design criteria, maintenance program, safety, employment manuals and polices, development review procedures, drought triggers, finance and reserve fund policies, regulatory compliance manual and policies related to back flow and cross connection devices, board of director manual and plant investment and water dedication policies.

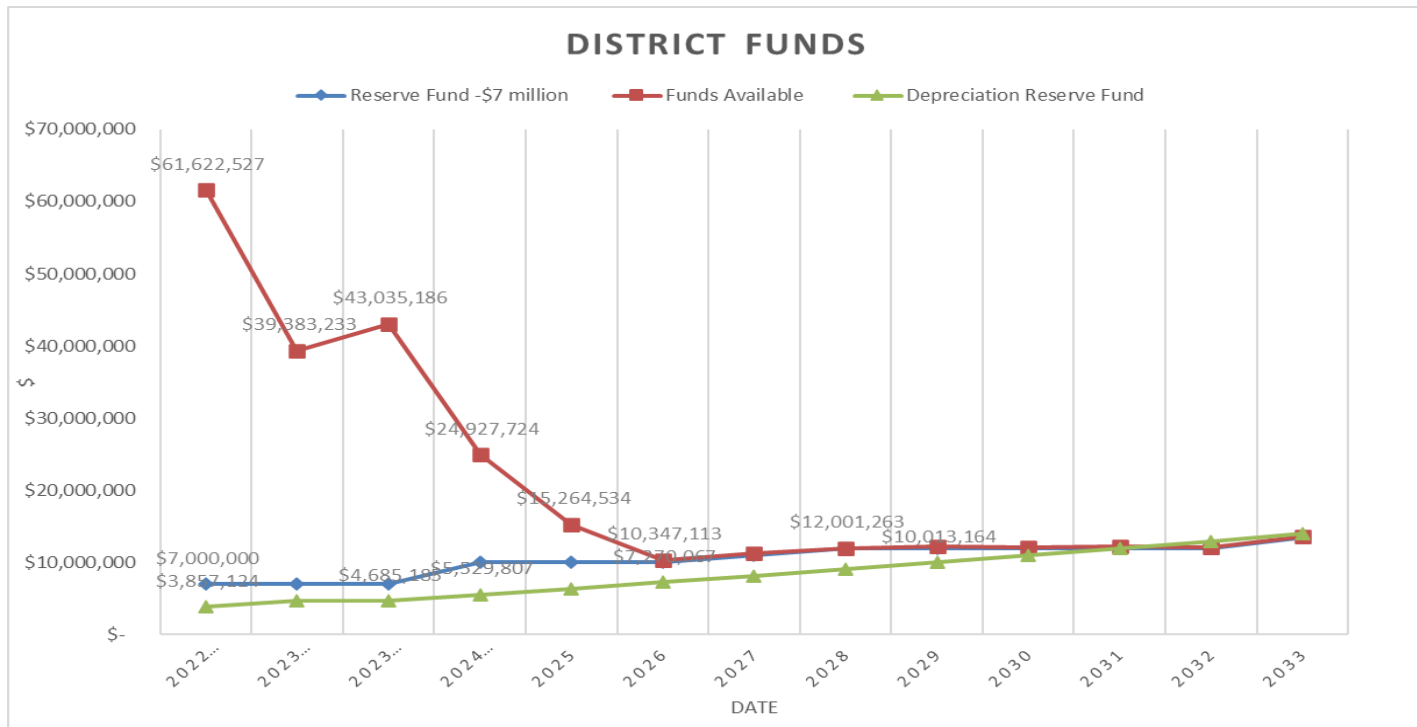
The following are considered by District Management to be key policy changes that have had significant impact on maintaining district solvency:

- Finance Policies for Reserve and Depreciation Funds.
- Elimination of the Conservation Blue Tap Program.
- Raw Water Dedication Policy Change from 100% Cash in Lieu to 100% Raw Water Dedication.
- Drought Trigger Policies and Surcharges.
- Elimination of High-Volume Reduced Rate
- Flow Control Program for Commercial Customers.
- Mortarium Policies Temporarily Limiting New Growth.
- Elimination of the Water Allocation and Plant Investment Reinvestment Program.
- Residential Meter Over Usage Policy and Surcharge
- Commercial Meter Max Annual Overuse Surcharge Policy

Board Direction:

1. The rate increase projections for all customer classes are at 7% for the next five years.
2. Water allocation surcharges \$6.50/1000 gallons.
3. Plant investment surcharges \$4.50/1000 gallons.
4. Cash in Lieu sales at \$73,500.
5. Plant Investment Fee - \$21,900 per PI not counting distance fee.
6. Distance Fee, Meter Install Fee and WTA Fee to \$500, \$2200 and \$100 respectively

	2022 Actual	2023 Budget	2023 Forecast	2024 Budget	Forecast				
					2025	2026	2027	2028	2029
Revenues									
Total Operating Revenue	\$ 21,708,287	\$ 18,189,459	\$ 17,193,431	\$ 21,737,294	\$ 22,816,304	\$ 23,966,741	\$ 24,599,680	\$ 25,423,197	\$ 25,951,310
Debt Proceeds	\$ 34,615,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Non-Operating Revenue	\$ 1,026,000	\$ 185,081	\$ 1,502,000	\$ 1,537,637	\$ 738,390	\$ 739,157	\$ 739,941	\$ 740,739	\$ 741,554
Total Contributions	\$ 7,134,545	\$ 4,174,964	\$ 3,986,224	\$ 4,195,784	\$ 5,599,500	\$ 5,613,490	\$ 5,627,759	\$ 5,642,315	\$ 5,657,161
Total Revenues	\$ 64,483,832	\$ 22,624,387	\$ 22,681,655	\$ 27,547,095	\$ 29,232,101	\$ 30,398,854	\$ 31,048,435	\$ 31,888,927	\$ 32,434,355
Expenditures									
Administrative	\$ 2,163,522	\$ 2,147,230	\$ 2,065,250	\$ 2,058,589	\$ 2,105,146	\$ 2,152,796	\$ 2,201,565	\$ 2,251,481	\$ 2,302,572
Operational	\$ 6,622,341	\$ 7,165,217	\$ 7,642,136	\$ 8,628,628	\$ 8,829,912	\$ 8,390,234	\$ 8,583,077	\$ 8,985,824	\$ 8,760,815
Debt Service	\$ 2,907,375	\$ 5,127,288	\$ 4,654,000	\$ 4,420,825	\$ 4,421,488	\$ 4,416,925	\$ 4,422,250	\$ 4,422,238	\$ 4,417,000
Water Enterprise Fund 2020 Bond	\$ 477,288	\$ 473,288	\$ 473,288	\$ 474,175	\$ 474,838	\$ 470,275	\$ 475,600	\$ 475,588	\$ 470,350
Capital Improvements	\$ 12,223,970	\$ 28,239,700	\$ 25,589,700	\$ 29,685,000	\$ 22,660,000	\$ 19,460,000	\$ 14,060,000	\$ 14,510,000	\$ 15,810,000
Total Expenditures	\$ 24,394,496	\$ 42,679,435	\$ 40,424,374	\$ 44,793,042	\$ 38,016,546	\$ 34,419,955	\$ 29,266,892	\$ 30,169,544	\$ 31,290,387
Earnings	\$ 40,089,336	\$ (20,055,048)	\$ (17,742,719)	\$ (17,245,947)	\$ (8,784,445)	\$ (4,021,101)	\$ 1,781,543	\$ 1,719,384	\$ 1,143,968
Funds Available (carry over prior to depreciation)	\$ 62,450,588	\$ 40,227,855	\$ 43,879,808	\$ 25,789,239	\$ 16,143,279	\$ 11,243,433	\$ 12,128,656	\$ 12,933,794	\$ 13,145,230
Depreciation	\$ 828,061	\$ 844,622	\$ 844,622	\$ 861,515	\$ 878,745	\$ 896,320	\$ 914,246	\$ 932,531	\$ 951,182
Funds Available	\$ 61,622,527	\$ 39,383,233	\$ 43,035,186	\$ 24,927,724	\$ 15,264,534	\$ 10,347,113	\$ 11,214,410	\$ 12,001,263	\$ 12,194,049
Reserve Fund -\$7 million	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 11,000,000	\$ 12,000,000	\$ 12,000,000
Fund Available minus reserve fund	\$ 54,622,527	\$ 32,383,233	\$ 36,035,186	\$ 14,927,724	\$ 5,264,534	\$ 347,113	\$ 214,410	\$ 1,263	\$ 194,049
Depreciation Reserve Fund	\$ 3,857,124	\$ 4,685,185	\$ 4,685,185	\$ 5,529,807	\$ 6,391,322	\$ 7,270,067	\$ 8,166,387	\$ 9,080,633	\$ 10,013,164



BREAKDOWN		2024 Budget	2025	2026	2027	2028	2029
Revenue		\$ 27,547,095	\$ 29,232,101	\$ 30,398,854	\$ 31,048,435	\$ 31,888,927	\$ 32,434,355
3100	Operating	\$ 21,737,294	\$ 22,816,304	\$ 23,966,741	\$ 24,599,680	\$ 25,423,197	\$ 25,951,310
3200	Non-Operating	\$ 1,500,845	\$ 700,862	\$ 700,879	\$ 700,897	\$ 700,914	\$ 700,933
3300	New Service	\$ 4,195,784	\$ 5,599,500	\$ 5,613,490	\$ 5,627,759	\$ 5,642,315	\$ 5,657,161
3400	Aq-Water Income (Non-Op)	\$ 18,571	\$ 18,943	\$ 19,321	\$ 19,708	\$ 20,102	\$ 20,504
3500	Miscellaneous (Non-Op)	\$ 18,221	\$ 18,585	\$ 18,957	\$ 19,336	\$ 19,723	\$ 20,117
3700	Debt Proceeds						
	2009 Bond Revenue (included in operating revenue)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operational Expense		\$ 8,628,628	\$ 8,829,912	\$ 8,390,234	\$ 8,583,077	\$ 8,985,824	\$ 8,760,815
4100	Water	\$ 3,994,485	\$ 4,139,214	\$ 3,844,576	\$ 3,955,598	\$ 4,274,622	\$ 3,963,940
4200	Personnel Operations	\$ 2,042,823	\$ 2,093,731	\$ 2,145,912	\$ 2,199,398	\$ 2,254,220	\$ 2,310,413
4400	Operation & Maintenance	\$ 2,183,198	\$ 2,180,682	\$ 1,975,136	\$ 1,994,979	\$ 2,015,218	\$ 2,035,863
4500	Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4600	Electricity	\$ 184,722	\$ 188,416	\$ 192,185	\$ 196,028	\$ 199,949	\$ 203,948
4700	Communications	\$ 51,000	\$ 52,020	\$ 53,060	\$ 54,122	\$ 55,204	\$ 56,308
4800	Insurance	\$ 172,400	\$ 175,848	\$ 179,365	\$ 182,952	\$ 186,611	\$ 190,344
4900	Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative		\$ 2,058,589	\$ 2,105,146	\$ 2,152,796	\$ 2,201,565	\$ 2,251,481	\$ 2,302,572
5100	Personnel - Administrative	\$ 538,541	\$ 554,697	\$ 571,338	\$ 588,479	\$ 606,133	\$ 624,317
5200	Payroll Taxes	\$ 144,068	\$ 146,949	\$ 149,888	\$ 152,886	\$ 155,944	\$ 159,062
5300	Health Insurance	\$ 61,200	\$ 62,424	\$ 63,672	\$ 64,946	\$ 66,245	\$ 67,570
5400	Office Utilities	\$ 211,907	\$ 216,145	\$ 220,468	\$ 224,878	\$ 229,375	\$ 233,963
5500	Office Expenses	\$ 204,939	\$ 209,037	\$ 213,218	\$ 217,483	\$ 221,832	\$ 226,269
5600	Professional Fees	\$ 787,934	\$ 803,693	\$ 819,767	\$ 836,162	\$ 852,885	\$ 869,943
5900	Miscellaneous	\$ 110,000	\$ 112,200	\$ 114,444	\$ 116,733	\$ 119,068	\$ 121,449
Capital Improvements		\$ 29,685,000	\$ 22,660,000	\$ 19,460,000	\$ 14,060,000	\$ 14,510,000	\$ 15,810,000
6200	Storage Tanks	\$ 1,000,000.00	\$ 7,000,000.00	\$ 750,000.00	\$ 1,000,000.00	\$ -	\$ -
6300	Pump Stations	\$ 75,000.00	\$ -	\$ -	\$ 1,500,000.00	\$ 2,250,000.00	\$ 4,000,000.00
6400	Equipment	\$ 220,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -
6500	System	\$ 21,700,000	\$ 9,000,000	\$ 12,200,000	\$ 5,000,000	\$ 5,700,000	\$ 5,750,000
6600	Water Rights/Storage	\$ 6,510,000	\$ 6,380,000	\$ 6,330,000	\$ 6,380,000	\$ 6,380,000	\$ 5,880,000
6700	Land / Easements	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000
6900	Office Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Issue		\$ 4,420,825	\$ 4,421,488	\$ 4,416,925	\$ 4,422,250	\$ 4,422,238	\$ 4,417,000
7200	Interest / Principle	\$ 4,420,825	\$ 4,421,488	\$ 4,416,925	\$ 4,422,250	\$ 4,422,238	\$ 4,417,000
7400	Interest Expense Other						
7800	Depreciation						
7900	Amortization						
	Water Enterprise Fund	\$ 474,175	\$ 474,838	\$ 470,275	\$ 475,600	\$ 475,588	\$ 470,350
Total Expense		\$ 44,793,042	\$ 38,016,546	\$ 34,419,955	\$ 29,266,892	\$ 30,169,544	\$ 31,290,387

SOLDIER CANYON WATER TREATMENT AUTHORITY

To: Soldier Canyon Water Treatment Authority Board of Directors

From: Mark Kempton, P.E., CWP - SCWTA Manager

Date: October 5th, 2023

RE: FINAL - 2024 Budget for the Soldier Canyon Water Treatment Authority

The intent of this memo is to present the proposed draft Operational & Maintenance and Renewal & Replacement expenditure budgets for the Soldier Canyon Water Treatment Authority (SCWTA) for the fiscal year 2024. In addition to treatment plant expenses, the SCWTA budget includes funding for the Tri-District’s Water Resources personnel. Due to the unusual summer weather and subsequent lower water demands in 2023, the calculations used for 2024 District per gallon cost contributions are based on the assumed increase over 2022 actual water production, as detailed in Table 1 below. The fiscal year for the SCWTA budget is January 1 through December 31.

Table 1 – Historic and projected water usage (MG)

<u>District</u>	<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023* Projected Actual</u>	<u>2024 Projected</u>	<u>Assumed 2024 increase/(decrease) over 2022</u>
East Larimer County	1,449	1,540	1,232	1,638	6.3%
Fort Collins Loveland	3,167	3,336	2,668	3,610	8.2%
North Weld County	3,683	3,514	2,811	3,531	0.5%
Tri-Districts Totals	8,299	8,391	6,712	8,779	4.6%

*Assumed 20% decrease in summer demands

The following documents are included to provide details for the 2024 Budget.

- A. **2024 Budget** – The budget summarizes the proposed revenues, expenditures, and reserve account fund projections. It also summarizes the funding responsibility for each District.
- B. **Operations & Maintenance (O&M) Summary** – The attached worksheet lists the major categories in the O&M Budget. The operations and maintenance summary is divided into six major categories.
 - a. Personnel Services
 - b. Professional Services
 - c. Utilities
 - d. Contractual Services
 - e. Commodities

f. Repair and Maintenance

- C. **O&M Expense Detail Worksheet** – The attached worksheet provides additional detail about planned O&M Expenses for 2024.
- D. **Renewal & Replacement Fund Summary** – This worksheet lists the upcoming Renewal and Replacement (R&R) Fund projects planned for 2024.

General Review of 2023**Treated Water Production**

The annual plant production for 2023 is projected to be 6.7 billion gallons. To date, the peak daily plant production in 2023 was 46.55 million gallons, recorded on July 26, 2023. For comparison, the annual plant production and peak daily production for 2022 were 8.39 billion gallons and 49.76 MGD, respectively.

Water Quality

Treated water produced at Soldier Canyon Filter Plant continues to be rated as very high-quality water. All Environmental Protection Agency, (EPA) and Colorado Department of Public Health and Environment, (CDPHE), Safe Drinking Water regulations were met, with the exception of one external lab reporting error. In most cases, water quality far exceeded regulatory requirements.

Water Quality / Regulatory / Watershed

SCWTA continues to support monitoring of the Poudre River watershed in conjunction with regional partners.

2024 Proposed Budget**Operations & Maintenance Budget**

The proposed O&M budget for 2024 is \$6,426,851. This is an increase of 4.5% from the 2023 O&M budget of \$6,151,833.

Details of expense categories, proposed 2024 costs, and 2024 over 2023 budget % changes are listed below.

1. Personnel Services (\$3,347,631) – 2.0% increase.
An assumed wage increase of 5% is included in the 2024 budget. Increases are primarily due to health Insurance and personnel costs.
2. Professional Services (\$73,465) – 37% decrease.
Decreases in legal and engineering services.
3. Utilities (\$167,937)– 46.7% increase.
Increase due to higher electricity and natural gas costs.
4. Contractual Services (\$572,483) – 12.2% increase.
Increases in liability insurance, and PVP Enterprise indirect costs/capital projects.

5. Commodities (\$1,515,619) – 8.7% increase.
Increased cost of water treatment chemicals.
6. Facilities Repair and Maintenance (\$749,716) – 2.0% increase.
Increase due to project selection. Proposed projects for 2024 include:
 - PLC Controls improvements.
 - Painting Pipes.
 - Replace House Water PVC Piping.
 - Replace Surface Wash Pipes.
 - Replace Filter Actuators.
 - Upgrade Filter Consoles.
 - Replace Redwood Floc Walls - Annual Program.
 - Replace filters 1-20 surface wash PVC - Annual Program.
 - Filter Air Solenoid Valve replacement program - Annual Program.
 - Tank 2 - Spot coating repairs.
 - Yard Butterfly Valve Actuator Replacement - Annual Program.

Renewal and Replacement (R&R) Fund Budget

The proposed R&R Fund budget for 2024 is \$1,936,738. This is a decrease of 3.4% from the 2023 R&R budget. Proposed 2024 R&R projects are listed below:

1. New Hydrocarbon Analyzer for Poudre River and new Lab TOC Analyzer - \$95,000.
New analyzer at the PVP Sed Basin to detect gasoline spills in the Poudre River.
2. Upgrade SCADA operating system - \$260,000.
Upgrade the iFix SCADA operating interface.
3. Upgrade Chlorine Dioxide system - \$400,000.
Replace the older, smaller 195-gallon tank with a new 800-gallon tank, install new generators, and piping.
4. Replace MCC - \$568,000.
Replace the main Plant Motor Control Center.
5. Replace Sedimentation Sludge collectors - Basins 1-4 - Annual Program- \$100,000.
Replace sludge collectors – phase over several years until complete.
6. Vehicle replacement - \$85,000.
Replace two 15-year-old maintenance trucks.
7. Replace Mud Valves - Floc Basin Drains - \$32,000.
Replace original mud valves.
8. Replace NWCWD 20-inch meter - \$280,000.

Table 2 – Summary of 2024 District costs

	<u>East Larimer County</u>	<u>Fort Collins Loveland</u>	<u>North Weld County</u>
Fixed O&M	\$1,124,350	\$1,888,504	\$1,904,485
Variable O&M	\$281,247	\$620,724	\$607,141
Renewal and Replacement	\$442,835	\$743,804	\$750,099
Total	\$1,848,832	\$3,253,032	\$3,261,724
Increase/(Decrease) from 2023 Budget	2.77%	3.34%	1.69%

Soldier Canyon Water Treatment Authority
Water Enterprise Fund
FINAL 2024 Budget
 Prepared 9/28/2022

O&M Revenue Requirement	2020 Actual	2021 Budget	2021 Projected	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Projected	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget	2031 Budget
Fixed O&M	\$ 3,080,145	\$ 3,711,820		\$ 3,599,030	\$ 3,597,840	\$ 3,597,840	\$ 4,813,114	\$ 4,296,166	\$ 4,917,339	\$ 4,852,389	\$ 4,997,961	\$ 5,147,900	\$ 5,302,337	\$ 5,461,407	\$ 5,625,249	\$ 5,794,007
Fixed O&M Rate per MG Capacity Owned		Jan. - June \$6,663														
	\$ 5,716	June - Dec. \$4,997			\$ 4,997	\$ 4,997	6,684.88	5,966.90	\$6,829.64	\$ 6,739	\$ 6,942	\$ 7,150	\$ 7,364	\$ 7,585	\$ 7,813	\$ 8,047
Variable O&M	\$ 875,199	\$ 992,378		\$ 962,663	\$ 1,035,314	\$ 1,003,407	\$ 1,338,719	\$ 1,246,279	\$ 1,509,512	\$ 1,554,797	\$ 1,601,441	\$ 1,649,485	\$ 1,698,969	\$ 1,749,938	\$ 1,802,436	\$ 1,856,509
Variable O&M Rate per 1,000 gallons	\$ 0.173	\$ 0.116			\$ 0.1197	\$ 0.1160	0.1469	0.1367	\$ 0.172	\$ 0.170	\$ 0.172	\$ 0.174	\$ 0.176	\$ 0.178	\$ 0.180	\$ 0.184

R&R Revenue Requirement	2020 Actual	2021 Budget	2021 Projected	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Projected	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget	2031 Budget
R&R Revenue	\$ 650,790	\$ 2,115,714		\$ 1,227,583	\$ 1,770,734	\$ 1,770,732	\$ 2,004,000	\$ 1,133,047	\$ 1,936,738	\$ 2,115,000	\$ 1,090,001	\$ 1,101,845	\$ 1,642,113	\$ 547,428	\$ -	\$ -
R&R Rate per Month per MG of Capacity		Jan. - June \$2,273														
	\$ 207	June - Dec. \$1,705			\$ 2,459.35	\$ 2,459.35	2,783.33	1,573.68	\$2,689.91	\$ 2,938	\$ 1,514	\$ 1,530	\$ 2,281	\$ 760	\$ -	\$ -

Funding Breakout For Each District

NWCWD	2020 Actual	2021 Budget	2021 Projected	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Projected	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget	2031 Budget
Fixed O&M	\$ 1,114,997	\$ 1,345,619	\$ 1,345,619	\$ 1,346,984	\$ 1,393,443	\$ 1,393,443	\$ 1,864,119	\$ 1,663,905	\$ 1,904,485	\$ 1,879,330	\$ 1,935,710	\$ 1,993,782	\$ 2,053,595	\$ 2,115,203	\$ 2,178,659	\$ 2,244,019
Projected Flow (in 1,000 gallons)	3655	3549	3549		3679	3679	3867	3867	3531	4076	4210	4357	4509	4666	4823	4823
Variable O&M	\$ 632,232	\$ 413,277	\$ 413,277	\$ 427,256	\$ 440,236	\$ 420,617	\$ 567,946	\$ 528,729	\$ 607,141	\$ 693,668	\$ 725,031	\$ 758,502	\$ 793,274	\$ 829,461	\$ 866,542	\$ 889,789
Capital -Renewal and Replacement	\$ 91,777	\$ 449,977	\$ 449,977	\$ 459,205	\$ 685,805	\$ 685,805	\$ 776,149	\$ 438,829	\$ 750,099	\$ 819,140	\$ 422,157	\$ 426,745	\$ 635,990	\$ 212,019	\$ -	\$ -
Capital -Plant Expansion	\$ 8,395,062	\$ 4,119,519	\$ 3,508,665	\$ 3,716,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 10,234,068	\$ 6,337,620	\$ 6,337,620	\$ 5,950,158	\$ 2,519,485	\$ 2,499,865	\$ 3,208,214	\$ 2,631,463	\$ 3,261,724	\$ 3,392,138	\$ 3,082,899	\$ 3,179,028	\$ 3,482,860	\$ 3,156,683	\$ 3,045,201	\$ 3,133,808

FCLWD	2020 Actual	2021 Budget	2021 Projected	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Projected	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget	2031 Budget
Fixed O&M	\$ 1,100,421	\$ 1,331,985	\$ 1,331,985	\$ 1,332,242	\$ 1,381,750	\$ 1,381,750	\$ 1,848,476	\$ 1,649,942	\$ 1,888,504	\$ 1,863,560	\$ 1,919,467	\$ 1,977,051	\$ 2,036,363	\$ 2,097,453	\$ 2,160,377	\$ 2,225,188
Projected Flow (in 1,000 gallons)	3209	3431	3431		3431	3431	3610	3610	3610	3431	3431	3431	3431	3431	3431	3431
Variable O&M	\$ 555,185	\$ 399,536	\$ 399,536	\$ 367,328	\$ 410,560	\$ 399,369	\$ 530,200	\$ 493,589	\$ 620,724	\$ 583,900	\$ 590,875	\$ 597,296	\$ 603,620	\$ 609,918	\$ 616,443	\$ 632,981
Capital -Renewal and Replacement	\$ 90,675	\$ 445,434	\$ 445,434	\$ 454,550	\$ 680,050	\$ 680,050	\$ 769,636	\$ 435,147	\$ 743,804	\$ 812,266	\$ 418,615	\$ 423,164	\$ 630,653	\$ 210,240	\$ -	\$ -
Capital -Plant Expansion	\$ 8,369,991	\$ 4,107,216	\$ 3,498,187	\$ 3,705,613	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 10,116,272	\$ 6,293,288	\$ 6,293,288	\$ 5,859,734	\$ 2,472,361	\$ 2,461,169	\$ 3,148,313	\$ 2,578,679	\$ 3,253,032	\$ 3,259,726	\$ 2,928,957	\$ 2,997,511	\$ 3,270,636	\$ 2,917,612	\$ 2,776,820	\$ 2,858,169

ELCO	2020 Actual	2021 Budget	2021 Projected	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Projected	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget	2031 Budget
Fixed O&M	\$ 872,422	\$ 919,617	\$ 919,617	\$ 919,803	\$ 822,646	\$ 822,646	\$ 1,100,519	\$ 982,318	\$ 1,124,350	\$ 1,109,499	\$ 1,142,784	\$ 1,177,067	\$ 1,212,379	\$ 1,248,751	\$ 1,286,213	\$ 1,324,800
Projected Flow (in 1,000 gallons)	1442	1542	1542		1542	1542	1638	1638	1638	1629	1658	1687	1717	1747	1778	1809
Variable O&M	\$ 249,547	\$ 179,564	\$ 179,564	\$ 168,080	\$ 184,519	\$ 183,421	\$ 240,573	\$ 223,961	\$ 281,647	\$ 277,229	\$ 285,535	\$ 293,687	\$ 302,074	\$ 310,559	\$ 319,451	\$ 333,740
Capital -Renewal and Replacement	\$ 71,888	\$ 306,600	\$ 306,600	\$ 313,828	\$ 404,878	\$ 404,878	\$ 458,215	\$ 259,071	\$ 442,835	\$ 483,595	\$ 249,229	\$ 251,937	\$ 375,469	\$ 125,169	\$ -	\$ -
Capital -Plant Expansion	\$ 2,520,640	\$ 1,236,897	\$ 1,053,486	\$ 1,115,953	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 3,714,497	\$ 2,649,906	\$ 2,649,906	\$ 2,517,664	\$ 1,412,043	\$ 1,410,945	\$ 1,799,306	\$ 1,465,351	\$ 1,848,832	\$ 1,870,323	\$ 1,677,548	\$ 1,722,691	\$ 1,889,923	\$ 1,684,479	\$ 1,605,664	\$ 1,658,540

Earned Interest

Misc. / Interest Income	2020 Actual	2021 Budget	2021 Projected	2021 Actual	2022 Budget	2022 Actual	2023 Budget	2023 Projected	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget	2031 Budget
Proj. O&M Fund Interest and Misc Income	\$ 67,326	\$ 4,800	\$ 300	\$ 6,204	\$ 234	\$ 75,961	\$ 250	\$ 5,000	\$ 5,000	\$ 12,048	\$ 12,121	\$ 12,193	\$ 12,267	\$ 12,341	\$ 12,415	\$ 11,762
Projected Income from R&R Fund Interest		\$ 4,800	\$ 881		\$ 234		\$ 250	\$ 250	\$ 500	\$ 7,575	\$ 7,786	\$ 8,027	\$ 8,269	\$ 8,510	\$ 8,782	\$ 6,716

O&M Expense Detail Worksheet

	Administration	Lab / Regulatory	Water Resources	Operations	Maintenance	Line Total	Total
5100 -Personnel Services							\$3,347,631
5110 Wages							\$2,446,610
5111 Wages (Permanent)	\$273,441	\$203,246	\$351,085	\$999,228	\$544,610	\$2,371,610	
Wages (Contingency for Operators 5112 advancing through Licensing)				\$15,000		\$15,000	
5113 Overtime / Temporary				\$26,000	\$12,000	\$38,000	
On Call				\$22,000		\$22,000	
5120 Taxes							\$41,078
5121 Unemployment Tax	\$680	\$410	\$1,000	\$3,000	\$1,600	\$6,690	
5122 Medicare Tax	\$3,965	\$2,947	\$5,091	\$14,489	\$7,897	\$34,388	
5130 Pension							\$422,333
5131 P.E.R.A.	\$41,434	\$29,066	\$50,762	\$150,042	\$81,196	\$352,500	
5132 ICMA matchmaker - Employer	\$8,038	\$5,920	\$0	\$26,484	\$16,538	\$56,979	
5133 401K matchmaker - Employer			\$10,338	\$2,515		\$12,853	
5140 Insurance							\$374,663
5141 Health Insurance	\$23,576	\$23,576	\$35,364	\$117,882	\$70,741	\$271,139	
5142 Life Insurance P.E.R.A.	\$372	\$372	\$558	\$700	\$700	\$2,702	
5143 Workers Comp. Insurance	\$3,418	\$1,668	\$5,041	\$12,695	\$8,000	\$30,822	
5144 Health Savings Account	\$6,000	\$6,000	\$9,000	\$28,000	\$21,000	\$70,000	
5150 Misc.							\$62,947
5151 Conferences, Education	\$4,244	\$4,244	\$6,365	\$10,540	\$6,954	\$32,347	
5152 Uniforms	\$1,050	\$1,050	\$1,600	\$5,250	\$3,150	\$12,100	
5153 Safety	\$1,000	\$1,000	\$1,000	\$6,500	\$9,000	\$18,500	
5200 - Professional Services							\$73,465
Board, Legal Audit							\$73,465
5211 Directors Expenses	\$3,465					\$3,465	
5212 Legal Services	\$15,000					\$15,000	
5213 Audit Services	\$35,000					\$35,000	
5214 Engineering Services				\$20,000		\$20,000	
5300 Utilities							\$167,937
5310 Electrical Utilities							\$114,517
5311 Plant Electrical				\$52,000		\$52,000	
5312 Pump Station Electrical				\$61,117		\$61,117	
5313 Tie Pump Station Electrical				\$1,400		\$1,400	
5320 Natural Gas							\$44,495
5321 Plant Natural Gas				\$40,000		\$40,000	
5322 Pump Station Natural Gas				\$2,200		\$2,200	
5323 De-Watering bldg. Nat. Gas				\$2,295		\$2,295	
5330 Misc.							\$8,925
5331 Trash Removal				\$8,925		\$8,925	

O&M Expense Detail Worksheet

	Administration	Lab / Regulatory	Water Resources	Operations	Maintenance	Line Total	Total
5400 - Contractual Services							\$572,483
5410 Telephone & Internet							\$9,800
5411 Telephone & Internet	\$8,200		\$1,600			\$9,800	
5420 Outside Services							\$160,709
5421 HVAC Service					\$2,000	\$2,000	
5422 Contract Lab		\$16,714				\$16,714	
5423 IT & SCADA Support	\$32,000			\$54,995		\$86,995	
5424 Solids Removal				\$40,000		\$40,000	
5426 Administrative Support	\$15,000					\$15,000	
5430 Source of Supply							\$180,000
5431 CBT Winter Delivery						\$0	
5432 PVP Maintenance Est. Cost					\$160,000	\$160,000	
5433 HT/Big T Watershed Monitoring		\$0				\$0	
5434 Poudre Watershed Monitoring		\$20,000				\$20,000	
5440 Dues, Publications							\$11,974
5441 Memberships and Publications	\$5,739	\$225	\$100	\$1,230	\$4,680	\$11,974	
5450 Liability Insurance							\$210,000
5451 Insurance, Property, Liability	\$210,000					\$210,000	
5500 - Commodities							\$1,515,619
5510 Supplies							\$147,449
5505 Admin. / Oper. Misc.	\$7,235					\$7,235	
5511 Office Supplies	\$20,100		\$6,884	\$8,058		\$35,042	
5512 Operational Supplies			\$3,000	\$53,300		\$56,300	
5513 Lab Supplies		\$40,150				\$40,150	
5514 Shop Supplies					\$7,424	\$7,424	
5516 Janitorial Supplies				\$1,298		\$1,298	
5520 Treatment Chemicals							\$1,350,500
5521 Coagulants				\$520,000		\$520,000	
5522 Disinfectants				\$175,000		\$175,000	
5523 Corrosion Control				\$292,000		\$292,000	
5524 Pre Treatment (Chlorite)				\$165,000		\$165,000	
5525 Floc/Filter Aid				\$54,500		\$54,500	
5526 Dewatering Flocculants				\$36,000		\$36,000	
5527 Fluoride				\$90,000		\$90,000	
PAC				\$15,000		\$15,000	
5528 Misc. Chemicals				\$3,000		\$3,000	
5530 Fuel & Oil							\$15,100
5531 Fuel & Oil	\$1,500	\$2,200	\$2,700	\$5,200	\$3,500	\$15,100	
5540 Miscellaneous							\$2,570
5541 Miscellaneous	\$1,700		\$630	\$240		\$2,570	
5600 - Repair & Maintenance							\$749,716
5610 Plant Equipment		\$30,000			\$120,000	\$150,000	
5620 Facilities Repair					\$546,087	\$546,087	
5630 Lab Equipment Maint.		\$30,000				\$30,000	
5640 Vehicles		\$2,142	\$3,000	\$8,487	\$10,000	\$23,629	
Totals	\$722,157	\$420,930	\$495,118	\$3,151,570	\$1,637,076	\$6,426,851	\$6,426,851

Renewal and Replacement Summary

2020 Actual			2021 Budget		2021 Estimated		2022 Budget			2023 Budget			2024 Proposed		2025 Proposed		2026 Proposed		2027 Proposed		2028 Proposed		2029 Proposed		2030 Proposed		2031 Proposed	
Projects & Proj Number	Cost \$ (2019)	Complete (Y/N)	Projects & Proj Number	Cost \$ (2019)		Complete (Y/N)	Projects & Proj Number	Cost \$ (2019)	Complete (Y/N)	Projects & Proj Number	Cost \$ (2023)	Complete (Y/N)	Projects & Proj Number	Cost \$ (2019)	Projects & Proj Number	Cost \$ (2019)	Projects & Proj Number	Cost \$ (2019)	Projects & Proj Number	Cost \$ (2019)	Projects & Proj Number	Cost \$ (2019)	Projects & Proj Number	Cost \$ (2019)	Projects & Proj Number	Cost \$ (2019)	Projects & Proj Number	Cost \$ (2019)
Sleeve Valve	\$292,463	Yes	Filter Improvements 1-4 - 0600-04	\$935,714	\$500,000	Yes	Filter Improvements 5-8 - 0600-04	\$700,000	No	Floc Sed Heaters - 1000-13	\$180,000	No	Chlorine Dioxide System - General Upgrade	\$400,000	PVP meter Upgrades	\$290,000	Compressed Air System Upgrades	\$180,000	Replace Filter Media 9-12	\$547,428	Paint Clearwell Tank 2	\$1,192,113	Replace Filter Media 12-20	\$547,428				
Scrubber	\$269,292	Yes	Floc Sed Heaters - 1000-13	\$700,000		No	Emergency Back Up Generator - 0100-02	\$400,000	No	(50%) Filter Improvements 5-8 - 0600-04	\$700,000	No	Mud Valves - Floc Basin Drains 0400-02	\$32,000	Paint BW Tanks 1 and 2	\$225,000	Yard Valve Repair	\$200,000	Horsetooth Meter Replacement	\$329,510	Soda ash grinders	200,000						
Plant Improvements	\$46,539	Yes	Paint Clearwell Tank 1 - 0900-01	\$360,000	\$800,000	Yes	Compressed Air System Upgrades	\$140,000	No	Emergency Back Up Generator - 0100-02	\$220,000	No	Hydrocarbon Analyzer for Poudre River and new TOC Analyzer	\$95,000	Clearwell Tank 4 - Repaint	\$1,300,000	Repair raw water valves	\$610,000	Yard Valve Repair	\$224,907	Soda ask dehumidifier	250,000						
Controls Improvements	\$42,495	Yes	Emergency Back Up Generator - 0100-02		\$200,000	Ongoing	Controls Improvements - PLC Replacement 0100-07	\$120,000	No	Compressed Air System Upgrades	\$180,000	No	Replace Plant MCC	\$568,260	Yard Valve Repair	\$200,000												
			Controls Master Plan	\$120,000	\$120,000	Contracted and Ongoing				Controls Improvements - PLC Replacement 0100-07	\$140,000	No	Replace Sedimentation Sludge collectors - Basins 1-4 - Annual Program	\$100,000	Replace Sedimentation Sludge collectors - Basins 1-4 - Annual Program	\$100,000	Replace Sedimentation Sludge collectors - Basins 1-4 - Annual Program	\$100,001										
													Vehicle replacement - 2 Maint trucks	\$85,000														
										Comprehensive Master Plan	\$500,000	No	NWCWD 20" Meter	\$376,478														
										Replace 195 Gal CLO2 tank with new 800 Gal tank - 0200-09	\$84,000	No	SCADA iFix upgrade	\$280,000														
	\$650,789			\$2,115,714	\$1,620,000			\$1,360,000			\$2,004,000			\$1,936,738		\$2,115,000		\$1,090,001		\$1,101,845		\$1,642,113		\$547,428		\$0		\$0

O&M Facilities Repair Project List

2020	2020 Budgeted	2020 Actual	Completed (Y/N?)	2021 Budgeted	2021 Estimated	Completed (Y/N?)	2022 Budgeted	Completed (Y/N?)	2023 Budget	2023 Cost	2024 Budget	2025	2026	2027	2028	2029	2030									
Projects				Projects			Projects		Projects		Projects	Projects	Projects	Projects	Projects	Projects	Projects									
Controls Improvements	\$62,400	\$66,220	Yes	Controls Improvements	64,896	64,896	Yes	Coagulant Pump Upgrades - skids	90,000	No	Controls Improvements	\$75,000	PLC Controls Improvements	\$75,000	Soda Ash De-Lumper	77,468	HT 42" Pipe Assessment	83,170	Controls Improvements	82,114	Controls Improvements	85,399	Controls Improvements	85,399	Controls Improvements	88,815
Plant Intercom	\$59,587		No	Chlorine Hoist	55,597	33,477	Yes	Chlorine Dioxide Pump Upgrades	50,000	No	Surface Wash Pumps 1&2 - 0600-10	\$65,000	Replace House Water PVC Piping - Annual Program	\$30,000	Controls Improvements	75,919	HT 36" Pipe Assessment	83,170			Caulk Decant Pond 3	290,000				
Replace Fluoride Feeder	\$51,110		Yes	Water Quality Analyzer	50,000		Yes	Paint Pipes	45,000	No	Backwash Pump 2 - 0600-01	\$65,000			Vehicle Replacement	50,613	Controls Improvements	78,956								
Sed Basin Wall Repair	\$48,057		No	Paint Pipes	43,264		Yes	Knock Out Wall to Install New Tank - Part of 0200-09 CLO2 project	30,000	No	Paint Pipes	\$25,000	Paint Pipes - Annual Program	\$47,000	Replace House Water PVC Piping - Annual Program	30,000	Replace House Water PVC Piping - Annual Program	30,001	Replace House Water PVC Piping - Annual Program	30,002			Paint building exterior	150,000		
Gate Lighting & Camera	\$40,675	\$6,832	Yes	Floc Chains & Sprockets	33,951	70,600	Yes				Vehicle Replacement	\$46,000			Paint Pipes - Annual Program	47,000	Paint Pipes - Annual Program	47,001	Paint Pipes - Annual Program	47,002	Paint Pipes - Annual Program	47,003	Paint Pipes - Annual Program	47,004	Paint Pipes - Annual Program	47,005
Floc Chains & Sprockets 2	\$36,678	\$32,646	Yes	Filter Valves	32,448		No				Upgrade Filter Consoles - 0100-08	\$50,000	Filter Actuators - Annual program	\$24,400	Filter Actuators - Annual program	\$24,400	Paint Interior Walls	39,000	Paint Interior Walls	39,001	Paint Interior Walls	39,002	Paint Interior Walls	39,003	Paint Interior Walls	39,004
House Water System	\$31,229	\$12,708	Yes	Filter Actuators	21,632		No				Filter Valves	\$40,000	Replace Green Plastic Airline throughout Plant - Annual Program	\$30,000	Replace Green Plastic Airline throughout Plant - Annual Program	\$30,000	Replace Green Plastic Airline throughout Plant - Annual Program	\$30,001	Replace Green Plastic Airline throughout Plant - Annual Program	\$30,002	Replace Green Plastic Airline throughout Plant - Annual Program	\$30,003	Replace Green Plastic Airline throughout Plant - Annual Program	\$30,004	Replace Green Plastic Airline throughout Plant - Annual Program	\$30,005
Caulk Decant Pond 2	\$20,000		No	Chlorine Dioxide Batch Tank	39,012		No				Surface Wash Pipes	\$36,000					Surface Wash Flow Meter	22,000								
House Roof	\$19,238	\$19,656	Yes	Surface Wash Piping 1-4	29,266		Yes				Mud Valves - Floc Basin Drains 0400-02	\$35,000	Upgrade Filter Consoles	\$52,967												
				Paint Filter Piping 1-4	20,067		No				Filter Actuators	\$25,000	Replace Redwood Floc Walls - Annual Program	\$30,000	Replace Redwood Floc Walls - Annual Program	\$30,000	Replace Redwood Floc Walls - Annual Program	\$30,000	Replace Redwood Floc Walls - Annual Program	\$30,000						
				Dewatering Piping Modifications	10,000		Yes				Surface Wash Flow Meter	\$22,000	Replace filters 1-20 surface wash PVC - Annual Program	\$15,000	Replace filters 1-20 surface wash PVC - Annual Program	\$15,000	Replace filters 1-20 surface wash PVC - Annual Program	\$15,000	Replace filters 1-20 surface wash PVC - Annual Program	\$15,000	Replace filters 1-20 surface wash PVC - Annual Program	\$15,001				
				Replace Fluoride Feeder	39,436		Yes				Office/Control Room upgrades	\$30,000	Filter Air Solenoid Valve replacement program - Annual Program	\$25,000	Filter Air Solenoid Valve replacement program - Annual Program	\$25,001	Filter Air Solenoid Valve replacement program - Annual Program	\$25,001	Filter Air Solenoid Valve replacement program - Annual Program	\$25,001						
				Fencing	50,380		Yes				Sed Basin Wall Repair	\$55,000	Tank 2 - Spot coating repairs	\$16,720												
											Abandon unused Chemical feeds - 0200-02	\$3,000	Yard Butterfly Valve Actuator Replacement - Annual Program	\$200,000	Yard Butterfly Valve Actuator Replacement - Annual Program	\$200,001	Yard Butterfly Valve Actuator Replacement - Annual Program	\$200,002	Yard Butterfly Valve Actuator Replacement - Annual Program	\$200,003	Yard Butterfly Valve Actuator Replacement - Annual Program	\$200,004				
				Gate Camera	6,832		Yes				Caulk Decant Pond 2	\$20,000														
	\$368,974	\$138,062		400,133	265,621		215,000				\$592,000		\$546,087		605,402		683,302		498,125		706,412		351,410		204,829	

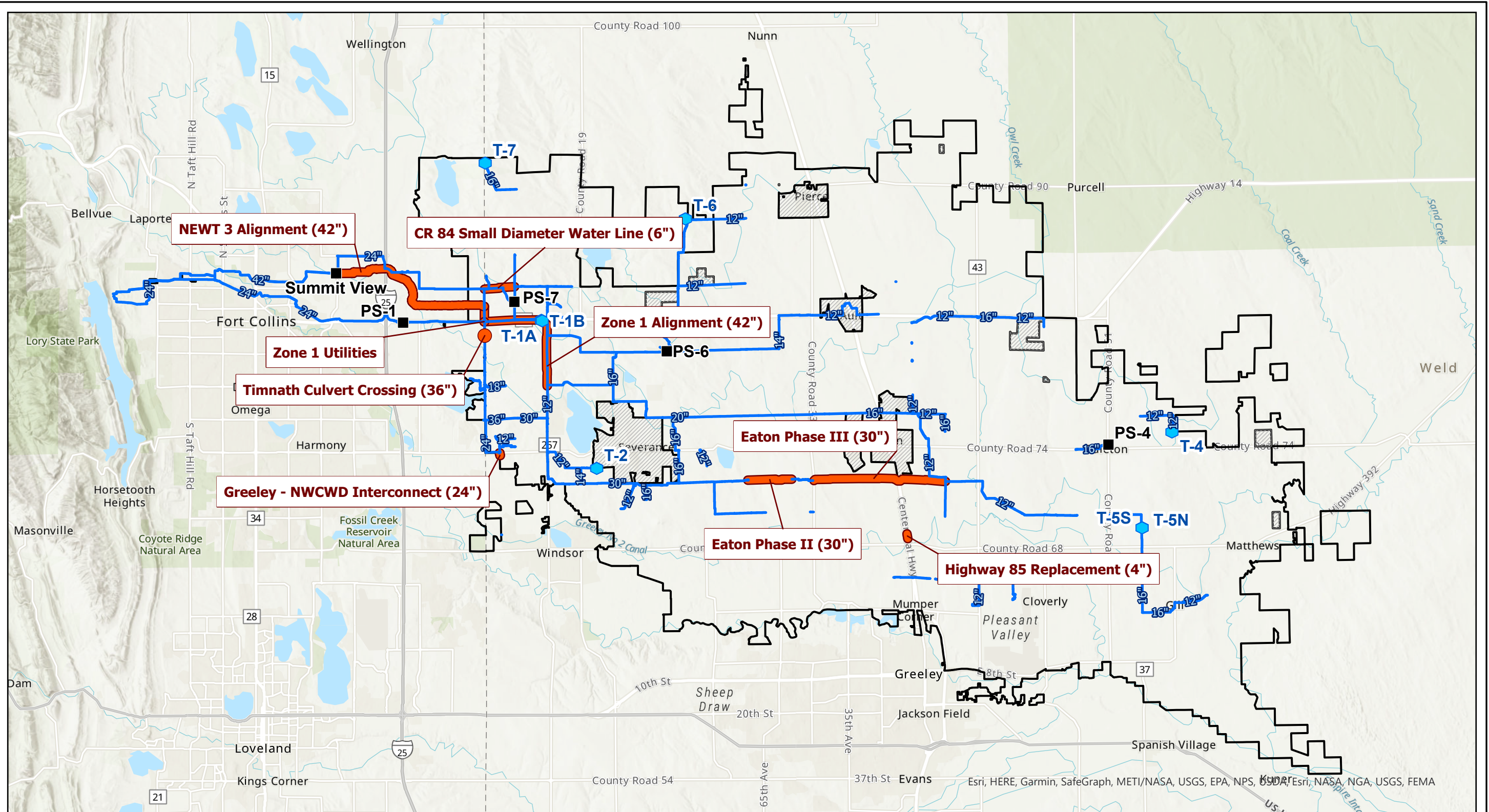
Soldier Canyon Water Treatment Authority

FINAL 2024 Budget






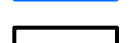

Unit Cost

Operations & Maintenance Fund Unit Cost Per 1,000 Gallons	2020 Actual	2021 Budget	2021 Projected	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget	2031 Budget
NWCWD	\$ 0.478	\$ 0.496	\$ 0.496	\$ 0.498	\$ 0.629	\$ 0.711	\$ 0.631	\$ 0.632	\$ 0.632	\$ 0.631	\$ 0.631	\$ 0.631	\$ 0.650
FCLWD	\$ 0.516	\$ 0.505	\$ 0.505	\$ 0.522	\$ 0.659	\$ 0.695	\$ 0.713	\$ 0.732	\$ 0.750	\$ 0.769	\$ 0.789	\$ 0.809	\$ 0.833
ELCO	\$ 0.778	\$ 0.713	\$ 0.713	\$ 0.653	\$ 0.819	\$ 0.858	\$ 0.851	\$ 0.861	\$ 0.872	\$ 0.882	\$ 0.893	\$ 0.903	\$ 0.917

Renewal And Replacement Fund Unit Cost Per 1,000 Gallons	2020 Actual	2021 Budget	2021 Projected	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget	2028 Budget	2029 Budget	2030 Budget	2031 Budget
NWCWD	\$ 0.025	\$ 0.127	\$ 0.127	\$ 0.186	\$ 0.201	\$ 0.212	\$ 0.201	\$ 0.100	\$ 0.098	\$ 0.141	\$ 0.045	\$ -	\$ -
FCLWD	\$ 0.028	\$ 0.130	\$ 0.130	\$ 0.198	\$ 0.213	\$ 0.206	\$ 0.237	\$ 0.122	\$ 0.123	\$ 0.184	\$ 0.061	\$ -	\$ -
ELCO	\$ 0.050	\$ 0.199	\$ 0.199	\$ 0.263	\$ 0.280	\$ 0.270	\$ 0.297	\$ 0.150	\$ 0.149	\$ 0.219	\$ 0.072	\$ -	\$ -



EXPLANATION

- | | | | |
|---|--|---|--|
|  | STORAGE TANK |  | CAPITAL IMPROVEMENT PROJECT (CIP) EXTENT |
|  | PUMP STATION |  | 12" OR LARGER WATER LINE |
|  | CAPITAL IMPROVEMENT PROJECT (CIP) LOCATION |  | DISTRICT BOUNDARY |
| | |  | EXCLUDED FROM DISTRICT |

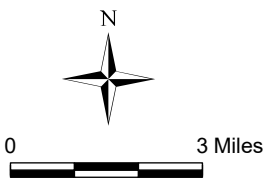


FIGURE 2
CAPITAL IMPROVEMENT PROJECTS
NORTH WELD COUNTY WATER DISTRICT
LUCERNE, COLORADO

Drawn By: BR | Checked By: JG | Scale: 1" = 3 Miles | Date: 8/1/23 | File: 2_CIP_2023

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SCHEDULE OF FEES AND CHARGES

Adopted and Approved
December 11, 2023
Effective January 1, 2024

RAW WATER FEE \$ 73,500.00

PLANT INVESTMENT FEE \$ 21,900.00

The Plant Investment Fee is a one-time contribution per single-family equivalent unit (the "EQR") required of new Property Owners (or existing Property Owners requesting a change of use) to be used for capital investment in regional facilities and capital investment in transmission facilities. Regional and transmission facilities shall include, but are not limited to, transmission and distribution water pipelines and appurtenances, water treatment facility, water storage tanks, transmission, mechanical and electrical components, and instrumentation and control components constructed, installed, acquired, or planned by the District for its public water system.

Fees for the following tap sizes will be calculated at the stated equivalent unit values multiplied by the Plant Investment Fee amount stated above:

¾" Size	1 EQR
1" Size	2 EQR
1½" Size	16 EQR
2" Size	20 EQR
Larger than 2" Size	As Determined by District

DISTANCE FEE AKA MILEAGE CHARGE \$500.00 per mile with minimum charge of \$1,500.00

The Distance Fee is calculated along County roads starting at the main tank site which is located at Highway 257 and Highway 14. This is for the line extension.

METER INSTALLATION FEE WITHOUT EXISTING CURB STOP Current Cost to District

METER INSTALLATION FEE WITH EXISTING CURB STOP \$ 2,100.00

SUBDIVISION SPECIFIC FEES

Soaring Eagle Ranch Line Extension Fee	\$ 750.00
Saddler PUD Non-Potable Tap Fee	\$ 3,000.00
Wildwing Non-Potable Tap Fee	\$ 5,000.00

The Raw Water Fees, Plant Investment Fees, Distance Fees, Meter Installation Fees Without Existing Curb Stop, Meter Installation Fee with Existing Curb Stop and Subdivision Specific Fees shall all be due and owing prior to the issuance of any building permit or the installation of a water meter, whichever occurs first.

MONTHLY POTABLE WATER SERVICE CHARGES

Base Rate (0 - 6,000 gals.)	\$ 28.50 flat rate
6,001 + gallons	\$ 4.75 per 1,000 gals.

MONTHLY NON-POTABLE WATER SERVICE CHARGES

1,000 + gallons	\$ 1.50 per 1,000 gals.
<u>ALLOCATION SURCHARGE</u>	\$ 6.50 per 1,000 gals.

Allocation surcharge is assessed when an account's year to date usage exceeds the water allocation amount, which equals the water class (as shown on the monthly bill) x 70% of one acre foot. *NOTE: Allocation Surcharge fees cannot be used to purchase additional water allocations.*

PLANT INVESTMENT SURCHARGE

Plant Investment Surcharge is assessed when an account's year to date usage exceeds the plant investment allocation, which equals the plant investment class (as shown on the monthly bill) x 70% of one acre foot. *NOTE: Plant Investment Surcharge fees cannot be used to purchase additional Plant Investments.*

Tier 1: 0 to 456,000 gals above Plant Investment Allocation	\$4.50 per 1,000 gals.
---	------------------------

The Monthly Potable Water Service Charges, Monthly Non-Potable Water Service Charges, Allocation Surcharge and Plant Investment Surcharge are due and owing by the fifteenth (15th) day of the month following the month in which billed.

COMMITMENT LETTER FEE \$ 100 Per Lot

For all Lots which an "intent to provide service" is denoted in a commitment letter to provide water services. Payment of the Commitment Letter Fee is due and owing at the time of application for water services.

WATER SERVICE APPLICATION REVIEW FEE \$40.00 Per Lot

For multiple Lots in the same water service application, the maximum fee \$800.00. Payment of the Water Service Application Review Fee is due and owing at the time of application for water services.

DEVELOPMENT REVIEW COST REIMBURSEMENT Pursuant to Resolution No. 20201214-04 Adopting a Development Review Cost Reimbursement Policy, as may be amended from time to time.

REVIEW AND INSPECTION FEES Current Cost to District

For subcontractor costs, inspection, flushing, and testing of waterlines, backflow prevention devices, and appurtenances. Payment of the Review and Inspection Fees is due and owing prior to commencement of construction.

SUPPLEMENTAL FEE

Cost to District for acquisition of easements. Payment of the Supplemental Fee is due and owing at time of Water Service Agreement Reimbursement for costs, fees and expenses for acquisition of easements.

<u>SHUT OFF FEES</u>	\$	10.00 First Occurrence
	\$	25.00 Second Occurrence
	\$	50.00 Third and Subsequent Occurrences

Shut Off Fees are due upon cancellation and shall be paid, in full, prior to Turn On of water services.

MISCELLANEOUS FEES:

<u>CONSTRUCTION WATER FEE</u>	\$	17.37 per 1,000 gals.
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All construction water must be metered using a District provided meter and backflow assembly.

CONSTRUCTION METER FEES

Meter Rental Deposit	\$	1,100.00 (refundable)
Weekly Fee	\$	25.00 per week

FILL STATION FEE

Fill Station Rental Deposit	\$	1,100.00 (refundable)
-----------------------------	----	-----------------------

The Meter Rental Deposit and Fill Station Deposit are due and owing at time of rental and may be refundable.

The Construction Water Fee and Weekly Fee are due and owing within 30 days of the issuance of the bill.

<u>TRANSFER PAYMENT</u>	\$	25.00/occurrence
-------------------------	----	------------------

The Transfer Payment is due and owing upon transfer of account from one responsible party and/or account holder to another.

PENALTY FEES / FINES:

<u>INSTALLATION OF ANY NON-METERED DEVICE</u>	\$	2,000.00/occurrence
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Installation of any device (i.e., “jumper”) to allow for circumvention of the District’s monitoring or delivery systems shall constitute unauthorized tampering and the use of the District water system shall be subject to a penalty fee.

UNAUTHORIZED TAMPERING WITH DISTRICT SYSTEMS OR METERS \$2,000.00/incident
Plus actual cost of damage, expense and loss.

<u>UNAUTHORIZED CONNECTION FEE</u>	\$	500.00/day until corrected
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Plus actual cost of damage, expense, and loss, legal fees, and any other costs incurred in the filing of criminal charges.

REPAIR OF BROKEN OR DAMAGED WATER METERS, METER PITS AND CURB STOP BOXES

100%¹ Plus any management and attorneys' fees and costs incurred for collections.

All Penalty Fees and/or Fines are due and owing within 30 days of receipt of the notice of fee or fine. Such Penalty Fees and/or Fines shall, until paid, constitute a lien upon the subject property, pursuant to Section 32-1-1001, C.R.S.

PAYMENTS: Payment for each fee shall be made payable to North Weld County Water District and sent to the following address for receipt by the due date, as identified herein:

North Weld County Water District
P.O. Box 56
Lucerne, Colorado 80646

¹ A) If a Property Owner damages or breaks their water meter, the Property Owner shall pay 100% of the associated costs for the repair and/or replacement of the water meters, meter pits and curb stop boxes.

B) The District will notify the Property Owner of the broken or damaged water meters, meter pits and curb stop boxes and the costs of repair and/or replacement. A copy of the invoice for the work will be included with the notice. The Property Owner will reimburse the costs to the District within thirty (30) days of receipt of the notice.

C) If reimbursement is not received by the District within thirty (30) days of the notice, interest fees may be added.

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NWCWD COST OF SERVICE STUDY: “FINAL DRAFT” RESULTS

GEORGE OAMEK, HONEY CREEK RESOURCES, INC.

DECEMBER 11, 2023

2023 COST OF STUDY UPDATE

- A DRAFT FINAL WATER RATE STUDY HAS BEEN DISTRIBUTED
 - INPUT AND COMMENTS ARE STILL WELCOME; THINGS CAN CHANGE QUICKLY
 - A BASIS FOR DISCUSSION WITH THE TOWNS
- RATES AND FEES FOR 2024 ARE NEARLY IN PLACE, SO FOCUS UPON IMPLEMENTATION IN 2025 AND 2026
 - A NEED TO PHASE-IN COST OF SERVICE RATES QUICKLY
 - LIKELY PUSH BACK FROM RESIDENTIAL CUSTOMERS AND TOWNS

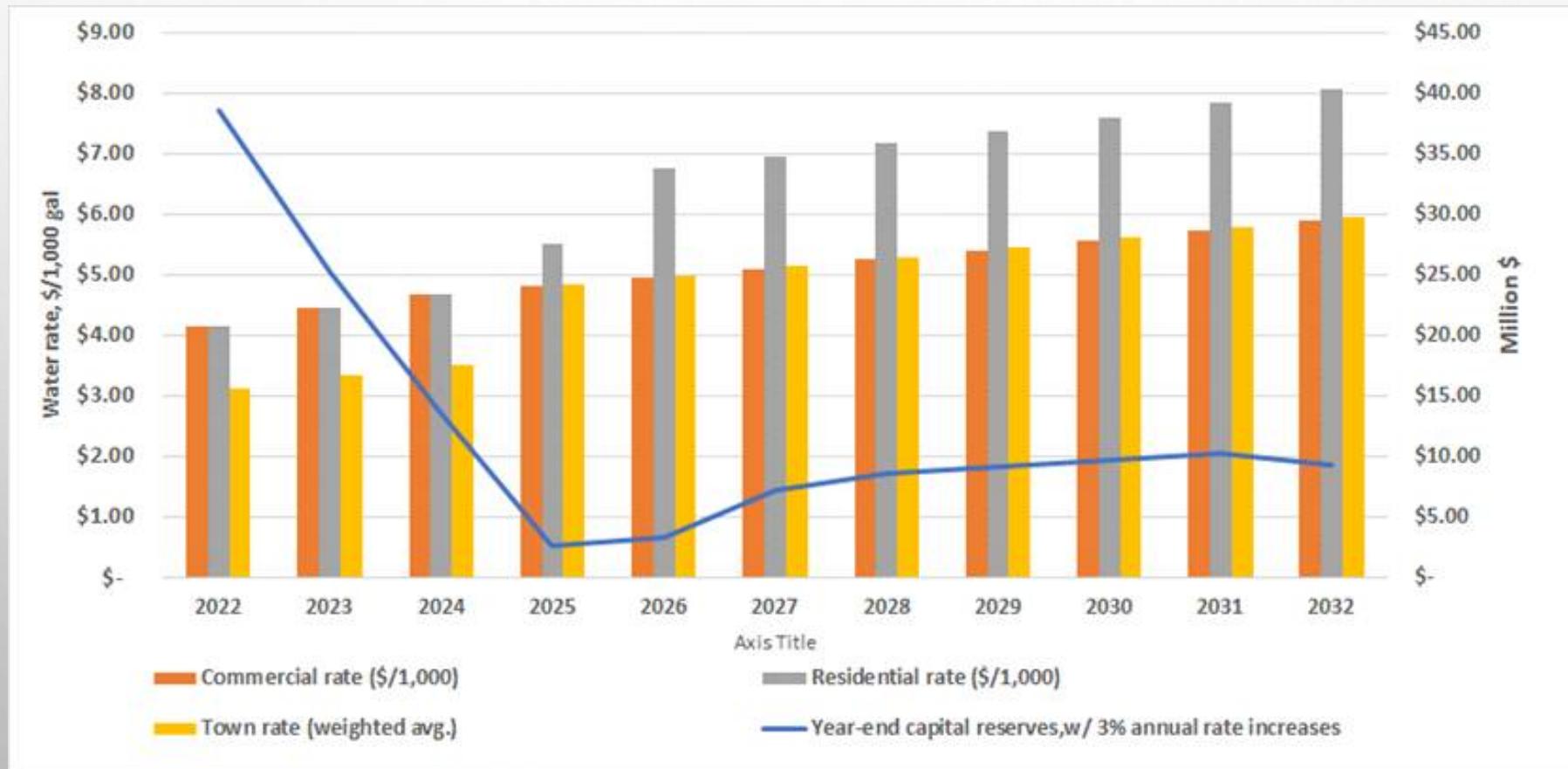
IMPACTS OF COST OF SERVICE RATES ACROSS CUSTOMER CLASSES

- RESIDENTIAL USERS WILL HAVE THE HIGHEST VOLUME CHARGE, \$1,000 GAL, BECAUSE OF SUMMER LANDSCAPE IRRIGATION (HIGH MAX DAY AND MAX HOUR DEMAND PEAKING FACTORS)
- COMMERCIAL USERS WILL HAVE A LOWER VOLUME CHARGE DUE TO MORE STEADY, CONSTANT DEMAND, RESULTING IN SMALLER PEAKS
- VOLUME CHARGES FOR TOWNS WILL INCORPORATE THEIR MAX DAY DEMAND AND USAGE. HOWEVER THE TOWNS DO NOT PAY FOR RAW WATER, PEAK HOUR STORAGE, OR THE LOCAL DISTRIBUTION SYSTEM
 - TOWNS' VOLUME CHARGES CAN BE HANDLED INDIVIDUALLY OR COLLECTIVELY

CALCULATED COST OF SERVICE RATES

	Current water charges	Proposed 2024 water charges	Baseline cost-of-service water rates, 2023 update
Residential customers	\$4.44/1,000 gal	\$4.66/1,000 gal	\$6.81/1,000 gal
Commercial and industrial	\$4.44/1,000 gal	\$4.66/1,000 gal	\$4.28/1,000 gal
Towns (average)	\$3.33/1,000 gal	\$3.50/1,000 gal	\$4.73/1,000 gal average
Plant Investment fee	\$20,250/tap District \$15,100/tap Town	\$21,900/tap District \$18,900/tap Town	\$21,900/tap District \$18,900/tap Town

RECOMMENDED RATES AND CAPITAL RESERVES



	NWCWD current	NWCWD, baseline COS scenario	East Larimer County WD	Fort Collins-Loveland WD (residential, outside Fort Collins)	Town of Wellington	City of Loveland (inside City)	City of Greeley (not on Water Budget)	City of Fort Collins
Monthly service charge	\$26.64, includes first 6,000 gallons	Residential \$40.86; Comm/Indus \$25.68 Both include first 6,000 gallons	\$14.35	\$17.01	\$49.71	\$19.31	\$17.50	\$19.02
Volume charge (\$/1,000 gallons)	All users: \$4.44 Wholesale service to Towns: \$3.33	Residential: \$6.81 Comm/Indus: \$4.27 Wholesale service to Towns: \$4.73	Residential: \$4.35 Commercial \$3.72	Residential: \$1.98 (<8,000 gal) \$2.81 <15,000 gal	\$0.00 (<3,000 gal) \$11.70 (3,000 to 7000 gal; \$15.20 up to 20,000 gal)	Residential: \$3.95 Commercial: \$4.70	Residential: \$5.64 Commercial: \$5.60 Industrial: \$4.52	\$2.94 (<7,000 gal) \$3.39 (<13,000 gal)
Excess usage charge (\$/1,000 gallons)	\$6.00 plus volume charge for usage greater than allocation, increasing to \$6.50 for 2024	\$6.50 plus volume charge for usage greater than allocation	\$4.99 plus volume charge for usage greater than allocation	\$3.77 for usage greater than 15,000 gal/mo.	\$21.64 (>20,000 gal)	\$1.68 plus volume charge, only for commercial customers	No specific penalty published for non-budget customers.	\$3.90 (>13,000 gal)
Monthly average residential bill (0.32 af)	\$38.59	\$59.18	\$52.16	\$34.22, plus property tax assessment	\$122.21	\$53.64	\$66.52	\$45.33
Monthly average residential bill (0.64 af)	\$77.17	\$118.37	\$90.11	\$60.54, plus property tax assessment	\$254.32	\$87.97	\$115.53	\$110.57

RATE OF RETURN

- AN ADDITIONAL CHARGE TO TOWNS WHO MAY NOT HAVE ADEQUATELY BOUGHT INTO THE SYSTEM
 - TOWNS CURRENTLY PAY THEIR FAIR SHARE, FOCUS IS UPON OLDER ASSETS ALREADY IN PLACE
- BASED ON “RATE BASE” ANALYSIS AND PEAK DEMANDS
- TOWNS UTILIZE ABOUT 34% OF EXISTING CAPACITY
 - BOOK VALUE OF EXISTING CAPACITY BENEFITTING TOWNS EST. TO BE \$25.0 MILLION
 - BOOK VALUE OF TOWN CONTRIBUTIONS SINCE 1996 EST. TO BE \$12.1 MILLION,
 - \$12.9 MILLION SUBJECT TO A RATE OF RETURN
 - AT 5%, ANNUAL CHARGE WOULD BE \$0.65 MILLION, OR \$647,000
 - \$0.50 PER 1,000 GALLON INCREASE TO TOWN CUSTOMERS

FUTURE UNCERTAINTIES AFFECTING RATES AND CHARGES

- REGIONAL ECONOMY AND DISTRICT GROWTH
 - RELATIVELY MODEST GROWTH ASSUMPTIONS ARE USED IN RATE STUDY
- WATER SUPPLY
 - COST OF RAW WATER
 - SUCCESS IN REDUCING EXCESS USAGE OVER CUSTOMERS' ALLOCATIONS
 - C-BT SUPPLIES AND YIELD PER UNIT; YIELD OF LOCAL SUPPLIES
- IMPLEMENTATION UNCERTAINTIES
 - TIMING
 - LEVEL OF RESIDENTIAL CUSTOMER AND TOWN RESISTANCE

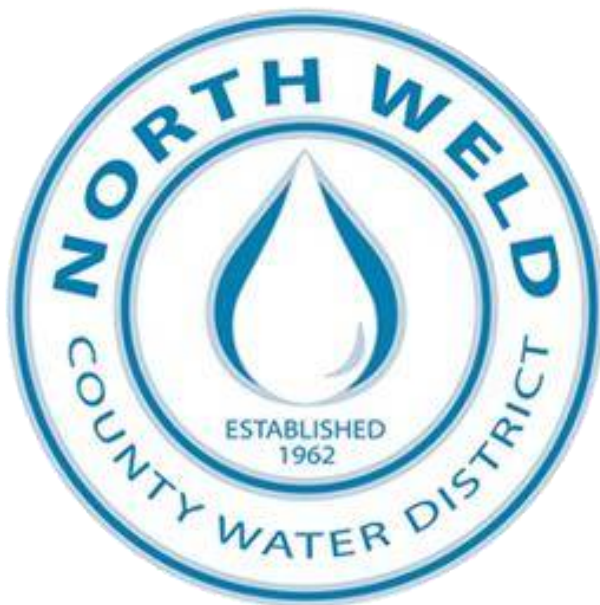
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**QUESTIONS?
HAPPY HOLIDAYS!**

Cost-of-Service Water Rate and Fee Study

North Weld County Water District

Draft for Review



By

Honey Creek Resources, Inc.

December 4, 2023 (revised)

Contents

Introduction	2
Report Organization	2
Water Demand and Usage.....	2
Customers	2
Residential Usage	3
Commercial Usage	3
Towns.....	3
Customer Usage	4
Future Usage Estimates	4
New Taps and Customers.....	4
Peaking Factors	9
Taps and Water Allocations	9
Water Allocation and Plant Investment (PI) Surcharges	10
Tap Moratorium	12
Capital Improvements and Plant Investment Fee.....	12
User Charge Revenue Requirements.....	13
Capital Reserve Fund	16
Allocation of User Charge Revenue Requirements to Customer Classes.....	19
Allocation of Revenue Requirement to District Functions	19
Allocation of Functionalized Revenue Requirements to Base Demand and Extra Capacity Demand....	20
Allocation of Base-Extra Capacity Cost to Customer Class	21
Allocated Costs.....	24
Cost-of-Service User Charge Calculations.....	27
Fees and User Charge Scenario.....	28
Path to Cost-of-Service	28
Revenue Sufficiency and Capital Reserve Balance	30
Cash Flow Analysis.....	30
Rate of Return on Assets Used by the Towns	34
Major Findings and Recommendations.....	34
Appendix A: Technical Memorandum Regarding Capital Improvements and Plant Investment Fees.....	36
Appendix B: Base-Extra Capacity Cost Allocations	37
Appendix C: Rate of Return Analysis	41
Appendix D: Comparison of Monthly Water Bills for Residential Customers.....	42

Introduction

This water rate and fee study develops cost-of-service based user charges and a Plant Investment (PI) fee for the North Weld County Water District. The District is rapidly changing from a rural water-oriented provider to a residential and industrial type of provider. The current rate structure is a continuation of the historical rate structure, which charges all District customers the same price for each gallon of water, periodically updated. However, it doesn't cost the same to serve all customers. Customers with high seasonal demands, for instance, require more capacity than those with constant demand.

This analysis uses the base-extra capacity cost allocation method to calculate user charges. This method focuses upon capacity usage and equitably allocating "extra capacity" costs – those costs needed to serve peak demands above average demand, to those who create the demand. This method is discussed in greater detail and applied to the District's user charge revenue requirements in the Cost Allocation below.

User charges are calculated for the period 2023 through 2032. Updating this study prior to 2032 is recommended because capital costs and growth rates could change significantly over this period and because customers may reduce their usage in response to intervening rate increases.

For purposes of estimating annual operation and maintenance costs, the year 2023 is considered the baseline year for the analysis. Due to greater than average spring and summer rainfall, water usage in 2023 has been significantly reduced compared to historic level, so an average precipitation year is assumed. User charge revenue requirements, which form the basis of user charges are considered representative of current trends. Costs are allocated using the base-extra capacity method to determine baseline water rates and the relative differences between the customer classes.

Report Organization

The following sections describe the development and present the data used to develop the Plant Investment (PI) fee and cost-of-service based user charges

1. Water demand and usage
2. Capital improvements and Plant Investment fee
3. Capital Reserve Fund
4. User Charge Revenue Requirements
5. Cost Allocation
6. Rate Development
7. Rate Scenarios (or Recommendations, depending on Board's discretion)
8. Cash Flow Analysis

Water Demand and Usage

Customers

The District provides treated water to residents, businesses, farms, and towns in North Weld County. Water usage and demand fall into three major categories, residential, commercial, and wholesale service, with additional subcategories within the residential and commercial sectors.

Residential Usage

Residential usage consists of single-family usage of varying categories primarily based on lot size.

- Standard Full service applies to residential properties with lot sizes greater than 0.33 acres. Allocated annual use for this category is 0.70 acre-feet per unit, or 228,000 gallons, equivalent to one Colorado -Thompson unit (C-BT). This is the largest subcategory in the Residential sector but due to increasing raw water prices and trends towards smaller lot sizes, its rate of increase is dampening over time. Commercial businesses with low water usage could also be placed in this category
- Standard $\frac{3}{4}$ service applies to properties with lot sizes between 0.20 acres and 0.33 acres. Allocated annual use for this category is 171,000 gallons, equivalent to $\frac{3}{4}$ of a C-BT unit.
- Standard $\frac{1}{2}$ service applies to properties with lot sizes 0.20 acres and less. Allocated annual use for this category is 114,000 gallons, or about $\frac{1}{2}$ of a C-BT unit. The majority of new single-family construction is in this category.

There are three additional categories that evolved due to special circumstances.

- Residence accounts for the Soaring Eagle development, which has its own non-potable system. Since this development is near build-out, no future growth is expected in this category.
- Conservation Blue was past program the District used to develop residential usage, allowing up-front tap fees to be rolled into user charges. This resulted in the District effectively subsidizing residential growth. This program has been terminated and usage under Conservation Blue is effectively capped at its current level.

Commercial Usage

Commercial usage is dominated by two major subcategories of usage.

- Commercial-industrial usage encompasses commercial enterprises with allocations of 3 taps or more. These are generally large dairies with consistent high levels of daily usage and relatively low peaking factors. The number of dairies is not expected to increase significantly but usage per dairy is expected to continue to increase modestly over time as herds expand.
- Non-municipal flow control consists of a number of large dairies under flow control meters.

Two additional subcategories of commercial usage include:

- Landscape meter, which includes existing meters for HOAs. No additional growth is assumed for this category. Future customers desiring this service will be placed in the commercial-industrial category.
- Fire protection, which provides supply for fire suppression systems.

Towns

Wholesale treated water service is provided to the towns of Eaton, Severance, Ault, Pierce, Nunn, Windsor, and to Northern Colorado Water Association No. #A-2110. The towns supply their own raw water and benefit from the District's share of the Soldier Canyon Treatment Plant and from the District's transmission facilities, storage, administrative, engineering, and planning activities. Town demands are primarily residential in nature with corresponding fluctuations in seasonal usage. The District provides

infrastructure capacity to meet the towns' maximum daily demands, while local storage to meet peak hourly demands is the towns' responsibilities. Currently, District water charges to the towns, on a dollar per 1,000 gallons basis, are reduced to recognize the latter's contribution of raw water and their local distribution systems. However, this reduction was based on mutual agreement and not necessarily a cost analysis. In addition, since the towns' demand are primarily residential-based, it is reasonable that costs associated with providing service should also be derived through a base-extra capacity method of cost allocation.

Customer Usage

Prior to this most recent revision to this water rate study, future usage estimates for each customer class were based on Water Master Plan estimates developed by Providence Infrastructure. These estimates were developed in the 2018 to 2020 time range and reflected the strong regional economy and housing market that has characterized the region. It also assumed the District could add taps at a rate to meet all future demands and sustain this growth. As a result, the demand estimate was unconstrained by how rapidly capacity could be added.

Regional growth appears to remain strong but the District, as well as other water providers in the area, have been challenged to install and expand infrastructure fast enough to sustain this rate of system growth. As a result, North Weld imposed a temporary moratorium in capacity-constrained areas to relieve these growth pressures until financing, agreements, permitting, and construction could be reasonably sequenced. The number of new taps per year dropped significantly in 2022, but major new infrastructure projects are funded and moving forward, so the number of new taps per year could begin to return to pre-moratorium levels within the 2023-2032 planning horizon. Regardless, increases in future taps and water usage are dependent upon both the regional economy and the number and timing of taps the District can develop.

Future Usage Estimates

New Taps and Customers

In light of the uncertainty regarding the number and pace of new taps, North Weld staff has developed two growth scenarios for the period 2023 through 2032.

1. Scenario 1 assumes District growth continues at the average annual pace experienced over the 9-year period 2013-2021, implying that approximately 285 to 290 taps are added each year. This pace is assumed to continue through 2028, or until the currently foreseeable developments and planned developments are completed. After this, the pace of growth is significantly reduced.
2. Scenario 2 assumes a slower pace more closely matching the last few years, or approximately 150 District taps per year.

In both scenarios, it is assumed that a total of 1,100 taps are sold to the Town over the 2023-2032 time period. Severance, Eaton, and Windsor are assumed to account for 900 of these taps (300 each), with the remainder being accounted for by the remaining towns in the system.

Table 1, New Taps Per Year, summarizes the number of new taps coming into the District's system, 2018 through 2022, and estimates the number of new taps for the District and Towns, per year, from 2023 through 2032. These assumptions match Scenario 2, above.

Table 2 shows the number of customer meters currently in the system, excluding Towns, and how many are anticipated in the future, based on the number of estimated new taps. These estimates are multiplied by average usage per customer to determine overall usage by customer class.

Table 3 shows historic billed water usage by customer class and Town, through 2022. For District customers, usage from 2023 through 2032 is estimated by multiplying the number of customers in each class (Table 2) by its estimated water use, shown in the second column of Table 3. Usage per customer for years 2023 through 2032 is assumed to be equal to their 5-year, 2018-2022 usage level. For towns, it is assumed that each new tap (Table 1) is accompanied by the usage represented by a full tap, or 0.70 acre-feet.

Figure 1 graphically summarizes historic and estimated future usage by major customer class.

Figure 1
Historic and Estimated Future Water Usage (acre-feet)

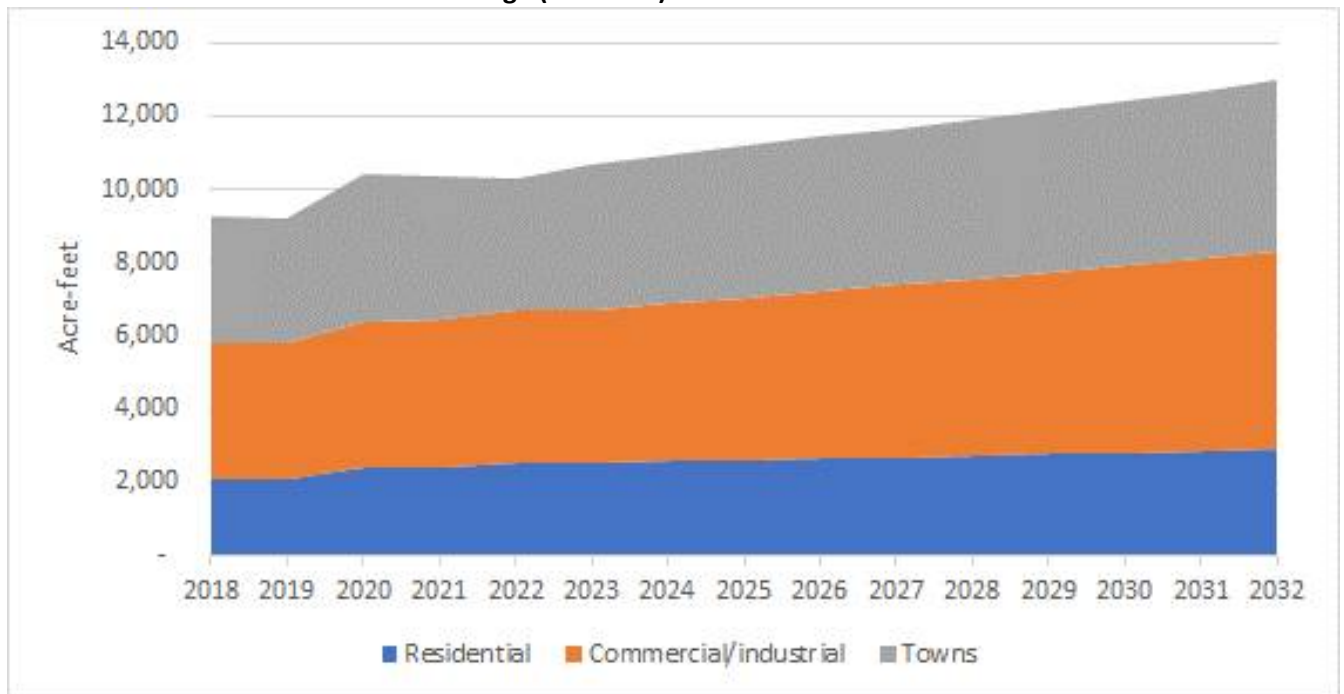


Table 1. New Taps Per Year

	Assumed rate of annual growth	New taps by year				Estimated new taps									
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
		Residential													
Standard Full	1.00%	39	35	45	39	15	15	15	15	16	16	16	16	16	16
Standard 3/4	1.00%	4	5	61	36	20	20	20	21	21	21	21	21	22	22
Standard 1/2	1.00%	69	65	284	123	110	111	112	113	114	116	117	118	119	120
Residence	0.10%	1	1	2	4	1	1	1	1	1	1	1	1	1	1
Conservation Blue	0.00%	271	289	120	30	-	-	-	-	-	-	-	-	-	-
Billable	0.00%	2	0	0	0	146	147	149	150	152	153	155	156	158	160
Commercial-Industrial															
Commercial-industrial	1.00%	-2	-7	-3	-2	1	1	1	1	1	1	1	1	1	1
Non-municipal flow control	3.00%	-1	0	1	2	1	1	1	1	1	1	1	1	1	1
Landscape	10.00%	0	0	-1	0	-	-	-	-	-	-	-	-	-	-
Fire meters	0.10%	2	2	0	0	-	-	-	-	-	-	-	-	-	-
Towns															
Windsor	Assumed					30	30	30	30	30	30	30	30	30	30
Eaton	Assumed					30	30	30	30	30	30	30	30	30	30
Severance	Assumed					30	30	30	30	30	30	30	30	30	30
Ault	1.00%					10	10	10	10	10	11	11	11	11	11
Pierce	1.00%					5	5	5	5	5	5	5	5	5	5
North County	1.00%					3	3	3	3	3	3	3	3	3	3
Nunn	1.00%					2	2	2	2	2	2	2	2	2	2
						110	110	110	111	111	111	111	111	112	112
Total new taps						258	260	261	263	265	267	268	270	272	274

Table 2. Number of Meters and Customers																
	<i>Actual</i>					<i>Estimated</i>										
Residential	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
Standard Full	3,201	3,240	3,275	3,320	3,359	3,374	3,389	3,404	3,420	3,436	3,451	3,467	3,483	3,500	3,516	
Standard 3/4	16	20	25	86	122	142	162	183	203	224	245	266	288	309	331	
Standard 1/2	206	275	340	624	747	857	968	1,080	1,194	1,308	1,424	1,540	1,658	1,778	1,898	
Residence	164	165	166	167	171	172	173	174	175	176	177	178	179	180	181	
Conservation Blue	729	1,000	1,289	1,409	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	
Billable	0	2	2	2	2	2	2	2	2	2	2	2	2	2	2	
Subtotal	4,316	4,702	5,097	5,608	5,840	5,986	6,133	6,282	6,433	6,585	6,738	6,893	7,049	7,207	7,367	
Implied new taps		386	395	511	232	146	147	149	150	152	153	155	156	158	160	
Commercial-Industrial																
Commercial-industrial	203	201	194	191	189	190	191	192	193	194	195	196	197	198	199	
Non-municipal flow control	5	4	4	5	7	8	9	10	11	12	13	15	16	17	18	
Landscape	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	
Fire meters	11	13	15	15	15	15	15	15	15	15	15	15	15	15	15	

	Annual usage per customer (1,000 gal)	2018 actual	2019 actual	2020 actual	2021 actual	2022 actual	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Standard Full	177.3	583,977	549,831	608,575	581,593	582,020	598,151	600,836	603,549	606,289	609,056	611,851	614,674	617,525	620,404	623,313
Standard 3/4	123.9	2,204	2,423	3,407	8,668	15,160	17,589	20,091	22,618	25,171	27,748	30,352	32,982	35,638	38,321	41,030
Standard 1/2	67.4	12,385	16,026	22,912	42,367	62,117	57,728	65,212	72,771	80,405	88,115	95,903	103,769	111,713	119,736	127,840
Residence	86.8	14,046	13,271	13,744	15,433	15,844	14,936	15,023	15,110	15,197	15,284	15,372	15,459	15,546	15,634	15,722
Conservation Blue	95.2	68,308	88,504	127,767	135,422	141,875	137,002	137,002	137,002	137,002	137,002	137,002	137,002	137,002	137,002	137,002
Billable	160.0	2	2	-	2	10	-	-	-	-	-	-	-	-	-	-
Subtotal		680,922	670,057	776,405	783,485	817,026	825,406	838,164	851,050	864,063	877,206	890,480	903,885	917,424	931,097	944,906
Commercial-industrial																
Commercial-industrial	6,000	1,075,014	1,075,986	1,145,243	1,166,963	1,121,241	1,140,000	1,146,060	1,152,181	1,158,362	1,164,606	1,170,912	1,177,281	1,183,714	1,190,211	1,196,773
Non-municipal flow control	31,899	136,279	131,772	136,107	143,689	255,712	255,190	288,046	321,887	356,743	392,646	429,625	467,714	506,945	547,354	588,974
Landscape		-	-	21,016	-	-	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
Fire meters		1,800	7,651	488	215	258	640	640	640	640	640	640	640	640	640	640
Subtotal		1,213,093	1,215,409	1,302,854	1,310,867	1,377,211	1,422,830	1,461,746	1,501,707	1,542,746	1,584,892	1,628,177	1,672,635	1,718,299	1,765,205	1,813,388
Towns																
Windsor		449,458	496,125	598,312	560,127	428,750	550,000	556,844	563,688	570,532	577,376	584,220	591,063	597,907	604,751	611,595
Eaton		284,460	273,225	294,711	285,496	299,248	300,000	306,844	313,688	320,532	327,376	334,220	341,063	347,907	354,751	361,595
Severance		215,037	163,028	216,243	227,812	227,812	214,300	221,144	227,988	234,832	241,676	248,520	255,363	262,207	269,051	275,895
Ault		80,788	85,309	103,013	101,630	103,825	108,100	110,404	112,731	115,082	117,456	119,853	122,275	124,721	127,191	129,686
Pierce		47,270	44,814	50,243	48,222	43,259	55,600	56,752	57,916	59,091	60,278	61,477	62,687	63,910	65,146	66,393
North County		37,171	34,852	41,835	38,826	42,740	46,900	47,591	48,289	48,995	49,707	50,426	51,152	51,886	52,627	53,376
Nunn		18,204	18,481	22,193	21,823	19,057	19,600	20,061	20,526	20,996	21,471	21,951	22,435	22,924	23,418	23,917
Subtotal		1,132,388	1,115,834	1,326,550	1,283,936	1,164,691	1,294,500	1,319,640	1,344,826	1,370,058	1,395,338	1,420,665	1,446,040	1,471,464	1,496,936	1,522,458
Total w/o Towns		1,894,015	1,885,466	2,079,259	2,094,352	2,194,237	2,248,235	2,299,910	2,352,757	2,406,809	2,462,098	2,518,657	2,576,520	2,635,723	2,696,302	2,758,294
Total w/ Towns		3,026,403	3,001,300	3,405,809	3,378,288	3,358,928	3,542,735	3,619,550	3,697,583	3,776,868	3,857,436	3,939,322	4,022,560	4,107,186	4,193,238	4,280,751

Peaking Factors

Water system facilities are built to meet peak daily and peak hourly demands. These terms are equivalently terms max day and max hour demand. Peaking factors characterize customers’ usage characteristics. For District customers, peaking factors are based on historical demand and shown in Table 4. A peak day, or max day, factor of 2.6, for instance, indicates that maximum day water demand, which occurs during the summer irrigation season, is 2.6 times that of average day demand. A maximum hourly peaking factor indicates that the maximum hourly demand is 4 times that of average daily demand. The contrast between residential and commercial-industrial peaking factors is significant. Also, it should be noted that, by agreement, the District doesn’t provide max hourly demand to the towns. As a result, their max hourly demands are assumed equal to their max daily demand.

From a practical perspective, the above discussion provides rationale for the District’s residential water volume charges to be measurably higher than those for commercial and industrial customers. Water charges to towns would be expected to lie somewhere in between because they are supplied water to meet peak day demand but not peak hour.

Table 4
Peaking Factors by Customer Class

Customer class	Max Day	Max Hour
Commercial-Industrial	1.30	1.75
Non-municipal Flow Control	1.30	1.75
Conservation Blue	2.60	4.00
Residence	2.60	4.00
Standard-1/2	2.60	4.00
Standard-3/4	2.60	4.00
Standard-Full	2.60	4.00
Towns		
Town of Windsor	2.00	2.00
Town of Eaton	2.40	2.40
Town of Severance	2.20	2.20
Town of Ault	2.50	2.50
Town of Pierce	2.00	2.00
N. Colo Water Assoc #A-2110	2.40	2.40
Town of Nunn	2.40	2.40
Landscape	2.60	4.00
Billable	2.60	4.00
Fire Protection	1.55	1.82
Non-Potable		
Unset meters		

Taps and Water Allocations

The District uses the concept of taps to measure capacity and allocation. This is equivalent to the use of a meter-equivalent capacity unit used for urban water utilities. For the District, a water tap is set equal to 0.70 acre-feet, which is also equivalent to the average annual yield of one unit of Colorado-Big Thompson (C-BT) water supply. Each customer has an associated tap equivalent. For instance, a single-family residence may be assigned one full tap, ¾ of a tap, or ½ of tap, meaning that the customer is entitled to a respective 0.70 acre-feet, 0.53, or 0.35 acre-feet of water supply without a penalty

surcharge. Commercial and industrial customers are assigned taps based on their individual anticipated usage.

Water Allocation and Plant Investment (PI) Surcharges

A substantial number of customers chronically exceed their allocations. These are mostly dairy operations which have grown significantly over time but haven't purchased additional allocations to match their increased demands on the system. As a result, the District has developed surcharges for customers exceeding their allocations. The surcharge was historically \$2.00 per 1,000 gallons when the water allocation is exceeded and \$3.95 per 1,000 gallons when the PI allocation is exceeded.

When developed, the Water Allocation surcharge of \$2.00 per 1,000 gallons was likely based on the cost of raw water. However, with the current cost of a C-BT unit exceeding \$65,000, a cost-based surcharge would translate to a level of about \$18.50 per 1,000 gallons. Though cost-based, raising the surcharge to this level was considered untenable by the District Board and staff. As a result, the Water Allocation surcharge was increased to \$6.00 per 1,000 gallons in the February, 2022 Board meeting, with the possibility of raising it further if customers continue to chronically exceed their allocations.

Also, during drought conditions, when the District declares either a Stage 1, 2, or 3 situation, the District may establish a lease pool of water to shore-up supplies. This lease pool would be used to satisfy demand of those chronically over-allocated who would otherwise have water unavailable during a drought year. The lease pool is anticipated to work on a cost-based basis when operational. This will add uncertainty to the level of Water Allocation surcharge revenues because in drought years, the volume of leased water will affect the volume of water subject to surcharge.

This increase in the Water Allocation surcharge has implications for the rate study. Surcharges, in general, are a significant component of the District's overall revenue. A three-fold increase in the Water Allocation surcharge could temporarily increase surcharge revenue before the price effects encourage customers to either buy more taps, reduce usage, or find another water source. This analysis assumes that surcharge revenues have increased in 2023 over their previous historical levels, but will dampen over time as customers and their allocations eventually align. Regardless, it is certain that Water Allocation revenues will decline over time, but their levels over the next several years are uncertain.

Estimating future surcharge revenue involves multiplying the surcharge rates times excess usage. Excess usage estimates, in terms of 1,000 gallons subject to surcharges, for the year 2020 is shown in Table 5. The 2020 value was estimated from billing data. The anticipated 2023 value is carried through 2030 with the rationale that commercial-industrial usage may increase over time, but the District will take measures to cap excess usage at current levels.

Table 5
Estimated Usage in Excess of User Allocations, Subject to Surcharge (1,000 gallons)

2023-2030 estimates are based on the following proportion of 2022 estimate:													
0.90 0.80 0.70 0.60 0.50 0.40 0.30 0.20 0.20 0.20													
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Estimated usage in excess of Water Allocation, total (1,000 gallons)	666,466	666,000	666,000	599,400	532,800	466,200	399,600	333,000	266,400	199,800	133,200	133,200	133,200
<i>Acre-feet</i>	2,045	2,044	2,044	1,839	1,635	1,431	1,226	1,022	817	613	409	409	409
Estimated usage in excess of PI allocation, total (1,000 gallons)	632,900	632,900	632,900	569,610	506,320	443,030	379,740	316,450	253,160	189,870	126,580	126,580	126,580
<i>Acre-feet</i>	1,942	1,942	1,942	1,748	1,554	1,359	1,165	971	777	583	388	388	388

Tap Moratorium

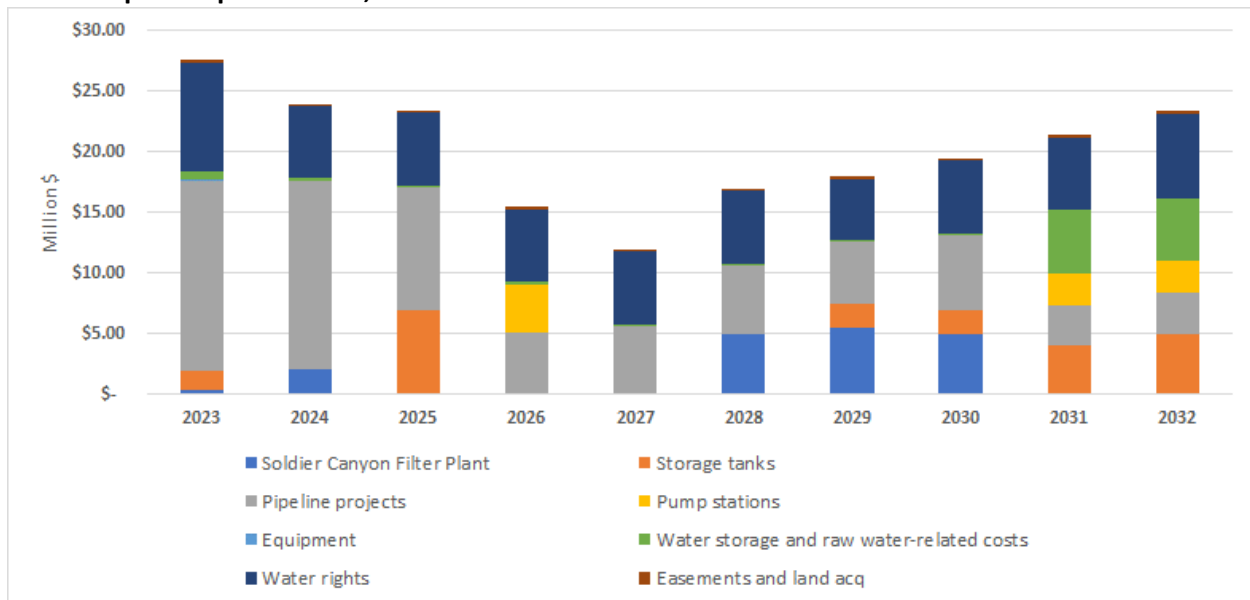
In late 2021, the District imposed a moratorium on new water taps due to infrastructure constraints and delays getting the NEWT III pipeline project permitted through Fort Collins and Larimer County. In February, 2022, the District Board lifted a portion the moratorium on several zones within the system, primarily on its west side (<https://nwcwd.org/news/resolution-20220214-01-and-moratorium-update/>). However, the Board limited new taps to 120 per year until the moratorium is fully lifted. In addition, after that point, there remains concerns about how many new taps the District’s infrastructure can accommodate on an annual basis.

For purposes of this analysis, the number of new taps per year for the years 2023 through 2032 were shown in Table 1. Tap fee revenues are based on these levels of new taps.

Capital Improvements and Plant Investment Fee

Expenditures for major capital improvements, by type of expenditure, are summarized in Figure 1. They vary by year, but average about \$20 million per year over 10 years (in 2023 dollars) and about \$14 million per year if water expenditures are not considered. Estimates for non-water projects have increased by approximately \$35 million since the previous draft of this rate analysis, due to both cost escalation and an accelerated CIP schedule.

Figure 2
Future Capital Improvements, in 2023 dollars



These investments in the system are recovered through monthly water charges paid by current customers and by new customers through Plant Investment (PI) fees. Also, there are some expenditures that are exclusive to the District at large and not allocable to the towns.

A Technical Memorandum to Eric Reckentine, District Manager, examines the CIP in greater detail and presents the allocation expenditures between existing customers and new customers, and between the

towns and the District-at-large.¹ It also calculates PI fees for new customers, including town customers and District customers. This memorandum is included as Appendix A of this document.

Capital expenditures allocable to current customers and reimbursed through monthly water charges are included in the User Charge Revenue Requirements, discussed below. Capital expenditures allocable to new customers are reimbursed through PI fees and were estimated to be:

- \$21,900 per tap for new customers in the North Weld District
- \$18,900 per tap for new customers in the town being provided wholesale service

These PI levels have not yet been approved by the District's Board, but the rate analysis assumes they will be implemented for 2024 and increased over time with inflation of construction costs.

User Charge Revenue Requirements

User charge revenue requirements determine how much revenue is required from user charges, or rates, after all other revenue sources and expenditures are considered. Specifically, it's what is left over after non-rate sources of revenue are subtracted from all operation, maintenance, and capital expenditures. It should be noted that capital-related revenue sources, including PI fees, Water Allocation fees, Distance fees, and bond proceeds are considered in the capital reserve account and not components of the revenue requirements.

Components of user charge revenue requirements are shown in Table 6, which includes budgeted values for 2023 and estimated values for 2024 through 2032. Expenditures include:

- Operation and Maintenance (O&M) expenditures for years 2023 and beyond, based on budgeted 2023 expenditures escalated over time at 3.0 percent.
- Administrative Expenses for years 2023 and beyond are also based on estimated the 2023 budget escalated over time at 3.0 percent.
- Capital expenditures allocated to the existing system show the proportion of current and future capital expenditures expected to be reimbursed by current customers, escalated at a 3.0 percent rate of inflation. The remainder of capital expenditures shown in Figure 1 are intended to provide service for future customers and are reimbursed through PI and Distance fees. It should also be noted there are substantial capital expenditures for water supply allocated to current customers, intended to increase drought reserves for existing customers.
- Debt service on existing debt is assumed to be recovered from rates. This includes the most recent debt issuance in late 2022.
- Debt service on new debt is also assumed to be recovered through rates on the basis that revenue bond covenants may require the assurance it provides.
- There is \$6 million per year allocated for future water purchases through 2026, reducing over time to \$1,000,000 per year by 2032 that will be paid for by ratepayers. This is intended to provide the drought reserve.

¹ Memorandum to Eric Reckentine from George Oamek, Honey Creek Resources. "Plant Investment Fees for the District and Towns (Draft)". November 27, 2023.

Non-rate revenues and non-operating revenues offsetting these expenditures include:

- PI and Water Allocation surcharges. These revenues are currently assumed to be split 50-50 between rate relief and the Capital Reserve fund. Future surcharge revenues are based on the revised Water Allocation surcharge rate of \$6.00 per 1,000 gallons and the PI surcharge is assumed to remain at \$3.95 per 1,000 gallons, both times usage in excess of customers' allocations. Both surcharge levels are assumed to escalate at a 3 percent rate over time. The surcharge rate is set by the Board of Directors and can be changed at their discretion.
- Future values of billing adjustments (+ and -), meter usage, meter rental, rental repair, and non-potable water reimbursements are based on escalating current values at a 3 percent annual inflation rate.
- Non-operating income includes interest, leases, farm income, and other minor sources. These sources are assumed to increase with inflation.

The bottom line of Table 6 summarizes estimated user charge revenue requirements. The value for 2023 is especially significant to the analysis because it is the basis for three levels of cost allocation, described in sections below.

Table 6											
User Charge Revenue Requirements											
	Assumed inflation for O&M expenditures	3.00%									
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Operations and Maintenance											
Baseline year											
4000 Operating Expenses											
4100 Water (Treatment)	\$	3,864,000	\$ 3,979,920	\$ 4,099,318	\$ 4,222,297	\$ 4,348,966	\$ 4,479,435	\$ 4,613,818	\$ 4,752,233	\$ 4,894,800	\$ 5,041,644
4200 Personnel Operations	\$	2,015,000	\$ 2,075,450	\$ 2,137,714	\$ 2,201,845	\$ 2,267,900	\$ 2,335,937	\$ 2,406,015	\$ 2,478,196	\$ 2,552,542	\$ 2,629,118
4400 Operation & Maintenance	\$	1,055,100	\$ 1,086,753	\$ 1,119,356	\$ 1,152,936	\$ 1,187,524	\$ 1,223,150	\$ 1,259,845	\$ 1,297,640	\$ 1,336,569	\$ 1,376,666
4500 Engineering	\$	50,000	\$ 51,500	\$ 53,045	\$ 54,636	\$ 56,275	\$ 57,964	\$ 59,703	\$ 61,494	\$ 63,339	\$ 65,239
4600 Electricity	\$	181,000	\$ 186,430	\$ 192,023	\$ 197,784	\$ 203,717	\$ 209,829	\$ 216,123	\$ 222,607	\$ 229,285	\$ 236,164
Transfer to Capital Reserve	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$	7,165,100	\$ 7,380,053	\$ 7,601,455	\$ 7,829,498	\$ 8,064,383	\$ 8,306,315	\$ 8,555,504	\$ 8,812,169	\$ 9,076,534	\$ 9,348,830
5000 Administrative Expense											
5100 Salaries	\$	932,600	\$ 960,578	\$ 989,395	\$ 1,019,077	\$ 1,049,650	\$ 1,081,139	\$ 1,113,573	\$ 1,146,980	\$ 1,181,390	\$ 1,216,831
5200 Payroll Taxes	\$	135,000	\$ 139,050	\$ 143,222	\$ 147,518	\$ 151,944	\$ 156,502	\$ 161,197	\$ 166,033	\$ 171,014	\$ 176,144
5300 Health Insurance	\$	60,000	\$ 61,800	\$ 63,654	\$ 65,564	\$ 67,531	\$ 69,556	\$ 71,643	\$ 73,792	\$ 76,006	\$ 78,286
5400 Office Utilities	\$	191,000	\$ 196,730	\$ 202,632	\$ 208,711	\$ 214,972	\$ 221,421	\$ 228,064	\$ 234,906	\$ 241,953	\$ 249,212
5500 Office Expense	\$	200,000	\$ 206,000	\$ 212,180	\$ 218,545	\$ 225,102	\$ 231,855	\$ 238,810	\$ 245,975	\$ 253,354	\$ 260,955
5600 Professional Fees	\$	620,800	\$ 639,424	\$ 658,607	\$ 678,365	\$ 698,716	\$ 719,677	\$ 741,268	\$ 763,506	\$ 786,411	\$ 810,003
5900 Miscellaneous	\$	7,800	\$ 8,117	\$ 8,360	\$ 8,611	\$ 8,869	\$ 9,136	\$ 9,410	\$ 9,692	\$ 9,983	\$ 10,282
Total Administrative Expenses	\$	2,147,280	\$ 2,211,699	\$ 2,278,050	\$ 2,346,391	\$ 2,416,783	\$ 2,489,286	\$ 2,563,965	\$ 2,640,884	\$ 2,720,111	\$ 2,801,714
Total Operating and Administration Expense	\$	9,312,380	\$ 9,591,752	\$ 9,879,504	\$ 10,175,889	\$ 10,481,166	\$ 10,795,601	\$ 11,119,469	\$ 11,453,053	\$ 11,796,645	\$ 12,150,544
Capital Expenditures, allocated to existing system											
Pleasant Valley Pipeline	\$	312,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tanks	\$	400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ 1,000,000	\$ 1,250,000
Pipelines	\$	590,000	\$ 244,800	\$ 249,696	\$ 254,690	\$ 259,784	\$ 264,979	\$ 270,279	\$ 275,685	\$ 281,198	\$ 286,822
Pump Stations (also inc. easements and equipment)	\$	79,700	\$ 79,700	\$ 79,700	\$ 1,079,700	\$ 79,700	\$ 79,700	\$ 79,700	\$ 79,700	\$ 79,700	\$ 650,000
SCWTP Expansion	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing debt service, 2012R (last payment paid from Cap Re	\$	1,590,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service, 2009 A	\$	473,288	\$ 474,175	\$ 474,838	\$ 470,275	\$ 475,600	\$ 475,588	\$ 470,350	\$ 470,350	\$ 470,350	\$ 470,350
Existing debt service Soldier Canyon bond	\$	1,231,000	\$ 1,231,000	\$ 1,231,000	\$ 1,231,000	\$ 1,231,000	\$ 1,231,000	\$ 1,231,000	\$ 1,231,000	\$ 1,231,000	\$ 1,231,000
New debt service (all allocated to existing customers)	\$	1,833,000	\$ 2,711,414	\$ 2,711,414	\$ 2,711,414	\$ 2,711,414	\$ 2,711,414	\$ 2,711,414	\$ 2,711,414	\$ 2,711,414	\$ 2,711,414
Water Rights, to close existing supply gap	\$	9,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 4,000,000	\$ 3,000,000	\$ 2,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Total capital expenditures allocated to existing system	\$	15,508,988	\$ 10,741,089	\$ 10,746,648	\$ 11,747,079	\$ 8,757,498	\$ 7,762,681	\$ 7,262,743	\$ 6,268,148	\$ 7,423,662	\$ 7,599,586
Total O&M and capital costs	\$	24,821,368	\$ 20,332,841	\$ 20,626,152	\$ 21,922,968	\$ 19,238,664	\$ 18,558,282	\$ 18,382,212	\$ 17,721,202	\$ 19,220,307	\$ 19,750,130
Less non-rate revenues											
Water allocation surcharge revenues transferred in	\$	1,798,200	\$ 1,731,600	\$ 1,560,605	\$ 1,377,791	\$ 1,182,604	\$ 974,466	\$ 752,775	\$ 516,905	\$ 532,412	\$ 548,385
Plant Investment Surcharge transfer in	\$	1,124,980	\$ 1,094,917	\$ 986,794	\$ 871,198	\$ 747,778	\$ 616,169	\$ 475,991	\$ 326,847	\$ 336,652	\$ 346,752
Transfer from Capital fund	\$	4,590,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments	\$	(57,903)	\$ (47,531)	\$ (46,748)	\$ (45,500)	\$ (50,780)	\$ (49,692)	\$ (48,050)	\$ (48,154)	\$ (48,435)	\$ (49,022)
Construction Meter Usage	\$	213,909	\$ 220,327	\$ 226,936	\$ 233,744	\$ 240,757	\$ 247,979	\$ 255,419	\$ 263,081	\$ 270,974	\$ 279,103
Construction Meter Rental	\$	5,629	\$ 5,798	\$ 5,972	\$ 6,151	\$ 6,336	\$ 6,526	\$ 6,721	\$ 6,923	\$ 7,131	\$ 7,345
Construction Meter Repair	\$	563	\$ 580	\$ 598	\$ 616	\$ 634	\$ 653	\$ 673	\$ 693	\$ 714	\$ 735
Non-Potable Reimbursement	\$	(43)	\$ (41)	\$ (41)	\$ (42)	\$ (42)	\$ (42)	\$ (41)	\$ (42)	\$ (42)	\$ (42)
Subtotal, Non-Rate Operating Income	\$	7,675,336	\$ 3,005,650	\$ 2,734,115	\$ 2,443,958	\$ 2,127,287	\$ 1,796,059	\$ 1,443,487	\$ 1,066,254	\$ 1,099,406	\$ 1,133,256
Less Non-operating income											
Interest (Colorado Trust)	\$	179,842	\$ 161,840	\$ 162,250	\$ 161,784	\$ 168,064	\$ 166,756	\$ 164,139	\$ 164,599	\$ 165,068	\$ 165,725
Port Partonage Agfinty	\$	496	\$ 534	\$ 552	\$ 572	\$ 527	\$ 536	\$ 544	\$ 547	\$ 545	\$ 540
Other misc income (Ag rental, farm income, misc)	\$	-	\$ 22,400	\$ 26,880	\$ 32,256	\$ 16,307	\$ 19,569	\$ 23,482	\$ 23,699	\$ 23,063	\$ 21,224
Subtotal, non-operating income	\$	180,339	\$ 184,774	\$ 189,683	\$ 194,612	\$ 184,899	\$ 186,861	\$ 188,166	\$ 188,844	\$ 188,676	\$ 187,489
Total Non-Rate Revenues	\$	7,855,674	\$ 3,190,424	\$ 2,923,798	\$ 2,638,571	\$ 2,312,186	\$ 1,982,920	\$ 1,631,652	\$ 1,255,098	\$ 1,288,083	\$ 1,320,745
Revenue Requirements from Rates	\$	16,965,694	\$ 17,142,417	\$ 17,702,355	\$ 19,284,398	\$ 16,926,478	\$ 16,575,362	\$ 16,750,560	\$ 16,466,104	\$ 17,932,224	\$ 18,429,385

Capital Reserve Fund

The Capital Reserve fund is not a specific fund, but an accounting format to track capital revenues, capital expenditures, and capital reserves. A major benefit of its use is demonstration that growth-related fees such as PI fees, Water Allocation fees, and Distance fees are indeed being used for new capital assets and not being comingled with user charge revenues and O&M expenditures. However, since growth revenues are volatile and capital expenditures can vary significantly from year to year, funds can be transferred back and forth between the Capital Reserve fund and the Operating fund as needed.

Anticipated revenues and expenditures for the Capital Reserve fund are shown from 2022 through 2032 in Table 7. The top portion of the table summarizes the rate of inflation, or cost escalation, used for some of the cost and revenue components.

Sources of Capital Reserve funds include:

- Beginning year balance, or previous year's carryover. The initial assumptions show that the District's 2023 beginning balance is large due to unspent bond proceeds from late 2022.
- Transfers in from the Operating Fund. This amount is equal to the Capital Expenditure component of revenue requirements and show how much the ratepayers are contributing to capital assets.
- Expected PI fees from new District customers and new town customers, based on the PI fees derived in Appendix A and escalated the Recommendations section of this analysis.
- Distance fees, based on current levels adjusted over time with inflation.
- Water Allocation fees. Current policy is that new customers will "bring their own water", with the District financing very little water for new growth. However, it may be possible that individual parcels outside of major developments may be allowed to pay a water allocation fee rather than supply water. These revenues are assumed to increase with inflation over time.
- Bond proceeds. The District issued \$34.6 million in debt (net) to fund NEWT3 and Tanks 1c and accelerate projects. Debt service associated with the bond(s) is shown in the Revenue Requirements (Table 6).
- Interest earnings. Positive balances in the capital reserve fund earn interest, although the rate of return is limited by regulation. For this analysis, interest earnings are assumed to be one percent of the beginning year capital reserve balance.

Uses of Capital Reserve funds include:

- Capital improvements, as developed in the CIP. These are total capital costs, including those intended to upgrade the existing system and those used to grow the system. As previously stated, a 3 percent rate of inflation is applied to these 2023-based cost estimates.
- Potential transfers to the Operating Fund when there is surplus in the Capital fund.
- Water purchases. These are District purchases to provide greater system reliability for current customers, currently assumed to be \$9,000,000 in 2023 and \$6,000,000 per year through 2024-2030. These expenditures may be reduced in the more distant years with the anticipated success of a commercial customer program intended to reduce usage in excess of allocations.
- Debt service on existing debt and new issues.

The fund's net position is the difference between sources and uses, plus any contributions in or out of the Operating fund. It is assumed that if the Capital fund runs below zero, the Operating fund will cover this shortage in the next year. Plus, rate revenues in excess of revenue requirements are transferred in to the Capital fund.

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Assumed rate of inflation	3.00%										
Sources of funds											
Beginning year balance	\$ 10,000,000	\$ 38,600,283	\$ 25,181,988	\$ 13,545,919	\$ 2,631,227	\$ 3,281,042	\$ 7,238,760	\$ 8,628,453	\$ 9,190,640	\$ 9,627,780	\$ 10,207,893
Transfer in from Operating Fund	\$ 11,949,702	\$ 15,508,988	\$ 10,741,089	\$ 10,746,648	\$ 11,747,079	\$ 8,757,498	\$ 7,762,681	\$ 7,262,743	\$ 6,268,148	\$ 7,423,662	\$ 7,599,586
Plant investment fees, District	\$ 3,000,000	\$ 2,997,000	\$ 3,273,853	\$ 3,406,051	\$ 3,543,598	\$ 3,686,712	\$ 3,835,618	\$ 3,990,553	\$ 4,151,760	\$ 4,319,494	\$ 4,494,021
Plant investment fees, Towns	\$ -	\$ 1,670,625	\$ 2,082,780	\$ 2,149,196	\$ 2,217,762	\$ 2,288,551	\$ 2,361,635	\$ 2,437,089	\$ 2,514,993	\$ 2,595,427	\$ 2,678,475
Less adjustment for Windsor PI (400 gpm)											
Water Allocation Surcharge, partially credited to Revenue Requirements	\$ 3,996,000	\$ 3,596,400	\$ 3,463,200	\$ 3,121,209	\$ 2,755,582	\$ 2,365,208	\$ 1,948,931	\$ 1,505,549	\$ 1,033,810	\$ 1,064,825	\$ 1,096,770
Plant Investment Surcharge, partially credited to Revenue Requirements	\$ 2,499,955	\$ 2,249,960	\$ 2,189,834	\$ 1,973,588	\$ 1,742,396	\$ 1,495,557	\$ 1,232,339	\$ 951,982	\$ 653,694	\$ 673,305	\$ 693,504
Distance fee	\$ 176,000	\$ 176,000	\$ 181,280	\$ 186,718	\$ 192,320	\$ 198,090	\$ 204,032	\$ 210,153	\$ 216,458	\$ 222,952	\$ 229,640
Water allocation fees	\$ 600,000	\$ 618,000	\$ 636,540	\$ 655,636	\$ 675,305	\$ 695,564	\$ 716,431	\$ 737,924	\$ 760,062	\$ 782,864	\$ 806,350
Bond proceeds	\$ 34,600,000		\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Interest earning	\$ 100,000	\$ 386,003	\$ 251,820	\$ 135,459	\$ 26,312	\$ 32,810	\$ 72,388	\$ 86,285	\$ 91,906	\$ 96,278	\$ 102,079
Subtotal sources	\$ 66,921,657	\$ 65,803,258	\$ 48,002,384	\$ 35,920,424	\$ 25,531,582	\$ 22,801,031	\$ 25,372,815	\$ 25,810,731	\$ 24,881,472	\$ 26,806,587	\$ 27,908,317
Uses of funds											
Transfer to operating fund		\$ 4,590,000									
Capital improvements, not inc. water purchases	\$ 15,835,108	\$ 18,567,700	\$ 18,540,515	\$ 18,518,430	\$ 10,337,623	\$ 6,714,204	\$ 12,718,024	\$ 15,493,998	\$ 16,580,403	\$ 19,491,662	\$ 21,388,523
0.5 Transfer of water surcharge revenues to operating fund	\$ 1,998,000	\$ 1,798,200	\$ 1,731,600	\$ 1,560,605	\$ 1,377,791	\$ 1,182,604	\$ 974,466	\$ 752,775	\$ 516,905	\$ 532,412	\$ 548,385
0.5 Transfer of PI surcharge revenues to operating fund	\$ 1,249,978	\$ 1,124,980	\$ 1,094,917	\$ 986,794	\$ 871,198	\$ 747,778	\$ 616,169	\$ 475,991	\$ 326,847	\$ 336,652	\$ 346,752
Water purchases	\$ 6,000,000	\$ 9,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 4,000,000	\$ 3,000,000	\$ 2,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Debt service, existing debt	\$ 3,238,288	\$ 3,294,288	\$ 1,705,175	\$ 1,705,838	\$ 1,701,275	\$ 1,706,600	\$ 1,706,588	\$ 1,701,350	\$ 1,701,350	\$ 1,701,350	\$ 1,701,350
Debt service, new issue	\$ -	\$ 1,833,000	\$ 2,711,414	\$ 2,711,414	\$ 2,711,414	\$ 2,711,414	\$ 2,711,414	\$ 2,711,414	\$ 2,711,414	\$ 2,711,414	\$ 2,711,414
Subtotal uses	\$ 28,321,374	\$ 40,208,168	\$ 31,783,621	\$ 31,483,080	\$ 22,999,301	\$ 17,062,601	\$ 21,726,661	\$ 23,135,527	\$ 22,836,919	\$ 25,773,491	\$ 27,696,424
Net position											
Sources - Uses	\$ 38,600,283	\$ 25,595,091	\$ 16,218,763	\$ 4,437,344	\$ 2,532,280	\$ 5,738,430	\$ 3,646,154	\$ 2,675,204	\$ 2,044,553	\$ 1,033,096	\$ 211,893
Additional transfer in from Operating fund (t-1)	\$ -	\$ (413,102)	\$ (2,672,844)	\$ (1,806,117)	\$ 748,761	\$ 1,500,329	\$ 4,982,299	\$ 6,515,435	\$ 7,583,227	\$ 9,174,797	\$ 9,083,238
End of year balance	\$ 38,600,283	\$ 25,181,988	\$ 13,545,919	\$ 2,631,227	\$ 3,281,042	\$ 7,238,760	\$ 8,628,453	\$ 9,190,640	\$ 9,627,780	\$ 10,207,893	\$ 9,295,132

Allocation of User Charge Revenue Requirements to Customer Classes

The base-extra capacity is used here to equitably allocate user charge revenue requirements across customer classes. This widely-used industry standard approach is supported by the American Water Works Association (AWWA), and more fully described in their M1 Manual of Practice.²

The benefit of this method is recognition that different customer classes have different demand characteristics, and place differing loads on the system. From the District's perspective, a comparison of residential customers and commercial customers illustrates this point. Residential customers have high seasonal peaking demands and on a relative basis require more treatment, transmission, and storage capacity than commercial customers, whose demand is more consistent over the year. As a result, the District's residential customers would be expected to pay something more per 1,000 gallons than commercial customers. Determining this difference is the purpose of the base-extra capacity cost allocation method.

The cost allocation is developed in three steps:

1. Allocation to function. User charge revenue requirements, or more specifically the values comprising the 2023 base year, are divided into the logical activities, or functions, a water utility typically provides, including water supply, treatment, transmission, and others. The operations and accounting systems for many water utilities are already classified by function, making this initial step somewhat intuitive.
2. Allocation of these functionalized revenue requirement components are then made as to whether they mostly support base or extra capacity operations. That is, how much of these expenditures are used to support base, or average day, operations and how much is used to support the additional capacity beyond the average day, such as that needed during the driest weeks of the summer?
3. Finally, knowing the base and extra-capacity cost of each of these functions, using the customer classes' peaking factors to allocate these extra-capacity costs across customer class.

Since the District provides wholesale treated water service to the Towns, steps 2 and 3 are each two-part in nature. For purposes of this analysis, there are both joint costs and specific costs that require steps 2 and 3.

- Joint costs are those that are shared on an equal basis between the towns and the District customers, including water treatment, transmission, storage, and administration.
- Specific costs are those that are borne exclusively by the District for the benefit of their own customers. These would include source of supply (raw water), peak demand storage, and distribution costs.

Allocation of Revenue Requirement to District Functions

Estimated revenue requirements for 2023 were allocated across the six basic functions the District provides to its customers:

1. Source of supply

² American Water Works Association. "Water Rates, Fees, and Charges" M1 Manual, 7th Edition. .

2. Water treatment
3. Treated water transmission
4. Storage
5. Distribution

Specifically, each cost was allocated either in part or in full to one of the functions using information from the District, standard rate setting assumptions, and/or best professional judgement. As an example, pipeline costs were allocated partially to transmission and partially to distribution, while water rights costs were allocated fully to supply.

Appendix B, Table B-1 shows the allocation of 2023 revenue requirements to function by individual expenditure category. Table 8 below summarizes expenditures and non-rate revenues by function.

Table 8
Allocation of 2023 Revenue Requirements to Function

	Supply	Treatment	Transmission	Storage	Distribution	Administration	Total
Operation and maintenance	\$ 10,000	\$ 3,874,000	\$ 1,298,373	\$ 1,298,373	\$ 684,353	\$ -	\$ 7,165,100
Administrative	\$ 155,200	\$ 155,200	\$ 124,160	\$ 124,160	\$ 62,080	\$ 1,526,480	\$ 2,147,280
Capital improvements	\$ 9,000,000	\$ 2,016,288	\$ 3,925,275	\$ -	\$ 167,425	\$ -	\$ 15,108,988
Subtotal expenditures	\$ 9,165,200	\$ 6,045,488	\$ 5,347,808	\$ 1,422,533	\$ 913,858	\$ 1,526,480	\$ 24,421,368
Less non-rate revenues	\$ (6,530,902)	\$ 20,309	\$ (731,237)	\$ (393,743)	\$ (220,102)	\$ -	\$ (7,855,674)
Revenue requirement	\$ 2,634,298	\$ 6,065,797	\$ 4,616,571	\$ 1,028,790	\$ 693,757	\$ 1,526,480	\$ 16,565,694

Appendix B, Table B-1, Table B-2, and B-3 show the detailed allocations, as a percentage and by expenditure, for total revenue requirements, joint revenue requirements, and specific revenue requirements.

Allocation of Functionalized Revenue Requirements to Base Demand and Extra Capacity Demand

The functional revenue requirements shown above in Table 8 are then allocated across three cost components: base, max day and max hour. As was the case when allocating costs to District functions, each function was allocated in full or in part to one of the three components using information from the District and/or standard rate setting assumptions and best professional judgment. For example, transmission costs were allocated partially to the base capacity and partially to the max day capacity components, while source of supply costs were allocated fully to the base capacity component. Table 9 show allocations, as dollar amounts, by function and cost component. The total cost for the base, max day and max hour components were determined by summing the individual components from each function. Tables 10 and 11 further break-down Table 9 between joint costs – those shared by all customers, and specific costs – those exclusive to District customers. Note that the negative numbers in Table 11 represents a credit to District ratepayers stemming from water and PI surcharges.

Table 9**Allocation of User Charge Revenue Requirements across district functions and extra capacity parameters, year 2023**

	Supply	Treatment	Transmission	Storage	Distribution	Administration	Total
Base	\$ 2,654,607	\$ 3,929,567	\$ 3,000,771	\$ (78,749)	\$ -	\$ 1,526,480	\$ 11,032,678
Max Day	\$ -	\$ 2,115,921	\$ 1,615,800	\$ 1,209,403	\$ 346,878	\$ -	\$ 5,288,002
Max Hour	\$ -	\$ -	\$ -	\$ 298,136	\$ 346,878	\$ -	\$ 645,014
Fire Flow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Customer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 2,654,607	\$ 6,045,488	\$ 4,616,571	\$ 1,428,790	\$ 693,757	\$ 1,526,480	\$ 16,965,694
							\$ 16,965,694

Table 10**Joint functional costs allocated across district functions and extra capacity parameters, year 2023**

	Supply	Treatment	Transmission	Storage	Distribution	Administration	Total
Base	\$ -	\$ 3,929,567	\$ 3,476,075	\$ -	\$ -	\$ 1,526,480	\$ 8,932,123
Max Day	\$ -	\$ 2,115,921	\$ 1,871,733	\$ 1,366,900	\$ -	\$ -	\$ 5,354,554
Max Hour	\$ -	\$ -	\$ -	\$ 455,633	\$ -	\$ -	\$ 455,633
Customer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tap	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ 6,045,488	\$ 5,347,808	\$ 1,822,533	\$ -	\$ 1,526,480	\$ 14,742,310
							\$ 14,742,310

Table 11**Specific functional costs allocated across district functions and extra capacity parameters, year 2023**

	Supply	Treatment	Transmission	Storage	Distribution	Administration	Total
Base	\$ 2,654,607	\$ -	\$ (475,304)	\$ (78,749)	\$ -	\$ -	\$ 2,100,555
Max Day	\$ -	\$ -	\$ (255,933)	\$ (157,497)	\$ 346,878	\$ -	\$ (66,552)
Max Hour	\$ -	\$ -	\$ -	\$ (157,497)	\$ 346,878	\$ -	\$ 189,381
Fire Flow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Customer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 2,654,607	\$ -	\$ (731,237)	\$ (393,743)	\$ 693,757	\$ -	\$ 2,223,384
							\$ 2,223,384

Allocation of Base-Extra Capacity Cost to Customer Class

Customer class usage and peaking factors are used to allocate costs to customer class. Tables 12 and 13 summarize the procedure for joint and specific costs, respectively.

- Annual usage, expressed in terms of 1,000 gals per year and in terms of average daily demand (ADD) is shown vertically. The proportions of ADD attributable to each customer class is calculated.
- Max day proportions, or allocations, are calculated as the additional demand between average and max day for each customer class.
- Max hour allocations are calculated as the additional demand between max day demand and max hour demand, for each customer class.

Table 12
Allocation of Base-Extra Capacity Costs to Customer Class, Joint Costs

	Annual usage (1,000 gal)	Average daily demand (ADD), (1,000 gal)	Proportion of ADD	Max day peaking factor	Additional demand beyond average day needed during max day (1,000 gal) /1	Proportion of extra max day demand	Max hour peaking factor	Additional demand during max hour beyond max day (1,000 gal) /2	Proportion of extra max hour demand
Commercial-Industrial	1,121,241	3,070	33.38%	1.30	921	10.76%	1.75	1,381	28.61%
Non-municipal Flow Control	255,712	700	7.61%	1.30	210	2.45%	1.75	315	6.52%
Conservation Blue	141,875	388	4.22%	2.60	621	7.26%	4.00	544	11.26%
Residence	15,844	43	0.47%	2.60	69	0.81%	4.00	61	1.26%
Standard-1/2	62,117	170	1.85%	2.60	272	3.18%	4.00	238	4.93%
Standard-3/4	15,160	42	0.45%	2.60	66	0.78%	4.00	58	1.20%
Standard-Full	582,020	1,593	17.33%	2.60	2,550	29.78%	4.00	2,231	46.20%
Towns									
Town of Windsor	428,750	1,174	12.76%	2.00	1,174	13.71%	2.00	-	0.00%
Town of Eaton	299,248	819	8.91%	2.40	1,147	13.40%	2.40	-	0.00%
Town of Severance	227,812	624	6.78%	2.20	748	8.74%	2.20	-	0.00%
Town of Ault	103,825	284	3.09%	2.50	426	4.98%	2.50	-	0.00%
Town of Pierce	43,259	118	1.29%	2.00	118	1.38%	2.00	-	0.00%
N. Colo Water Assoc #A-2110	42,740	117	1.27%	2.40	164	1.91%	2.40	-	0.00%
Town of Nunn	19,057	52	0.57%	2.40	73	0.85%	2.40	-	0.00%
Landscape	-	-	0.00%	-	-	0.00%	-	-	0.00%
Billable	10			2.60	-	0.00%	4.00	-	0.00%
Fire Protection	258	1	0.01%	2.60	1	0.01%	4.00	1	0.02%
Non-Potable	-	-	0.00%	1.55	-	0.00%	1.82	-	0.00%
Unset meters	-	-	0.00%	-	-	0.00%	-	-	0.00%
	3,358,928	9,196.22	100.00%		8,562.10	100.00%		4,829.06	100.00%
/1 Additional max day demand is calculated as: (ADD *max day peaking factor) - ADD									
/2 Additional max hour demand is calculated as: (ADD*max hour peaking factor) - ADD - max hour demand									

Table 13
Allocation of Base-Extra Capacity Costs to Customer Class, Specific Costs

	Annual usage (1,000 gal)	Average daily demand (ADD), (1,000 gal)	Proportion of ADD	Max day peaking factor	Additional demand beyond average day needed during max day (1,000 gal) /1	Proportion of extra max day demand	Max hour peaking factor	Additional demand during max hour beyond max day (1,000 gal) /2	Proportion of extra max hour demand
Commercial-Industrial	1,121,241	3,070	51.10%		921	19.55%		1,381	28.61%
Non-municipal Flow Control	255,712	700	11.65%		210	4.46%		315	6.53%
Conservation Blue	141,875	388	6.47%		621	13.19%		544	11.26%
Residence	15,844	43	0.72%		69	1.47%		61	1.26%
Standard-1/2	62,117	170	2.83%		272	5.78%		238	4.93%
Standard-3/4	15,160	42	0.69%		66	1.41%		58	1.20%
Standard-Full	582,020	1,593	26.52%		2,550	54.13%		2,231	46.20%
Towns								-	
Town of Windsor		-	0.00%		-	0.00%		-	0.00%
Town of Eaton		-	0.00%		-	0.00%		-	0.00%
Town of Severance		-	0.00%		-	0.00%		-	0.00%
Town of Ault		-	0.00%		-	0.00%		-	0.00%
Town of Pierce		-	0.00%		-	0.00%		-	0.00%
N. Colo Water Assoc #A-2110		-	0.00%		-	0.00%		-	0.00%
Town of Nunn		-	0.00%		-	0.00%		-	0.00%
Landscape	-	-	0.00%		-	0.00%		-	0.00%
Billable	10				-	0.00%		-	0.00%
Fire Protection	258	1	0.01%		0	0.01%		0	0.00%
Non-Potable	-	-	0.00%		-	0.00%		-	0.00%
Unset meters	-	-	0.00%		-	0.00%		-	0.00%
	2,194,237	6,007.47	100.00%		4,710.34	100.00%		4,828.26	100.00%

/1 Additional max day demand is calculated as: (ADD *max day peaking factor) - ADD

/2 Additional max hour demand is calculated as: (ADD*max hour peaking factor) - ADD - max hour demand

Allocated Costs

Table 14 and Table 15 are the product of the customer class proportions derived in Tables 12 and 13 multiplied by the costs shown in Tables 10 and 11, respectively. . by and 14 to allocate costs shown in perform the calculations necessary to allocate base, max day, and max hour revenue requirements across each customer class. The final column of each table shows the allocated cost per 1,000 gallons for each customer class.

Table 14
User Charge Revenue Requirements Allocated to Customer Class, Joint Costs, Shared by All

		Base	Max Day	Max Hour	Max Hour		
		\$ 8,932,123	\$ 5,354,554	\$ 455,633	\$ 14,742,310		
	Annual usage (1,000 gal)	Average daily demand (ADD), (1,000 gal)	Additional max day cost	Additional max hour cost	Total	Volume charge (Base + Max day + Max hour)/Annual usage	
Commercial-Industrial	1,121,241	\$ 2,981,625	\$ 575,934	\$ 130,339	\$ 3,687,898	\$	3.29
Non-municipal Flow Control	255,712	\$ 679,994	\$ 131,348	\$ 29,725	\$ 841,068	\$	3.29
Conservation Blue	141,875	\$ 377,277	\$ 388,668	\$ 51,309	\$ 817,254	\$	5.76
Residence	15,844	\$ 42,133	\$ 43,405	\$ 5,730	\$ 91,267	\$	5.76
Standard-1/2	62,117	\$ 165,183	\$ 170,170	\$ 22,465	\$ 357,817	\$	5.76
Standard-3/4	15,160	\$ 40,314	\$ 41,531	\$ 5,483	\$ 87,327	\$	5.76
Standard-Full	582,020	\$ 1,547,718	\$ 1,594,448	\$ 210,489	\$ 3,352,656	\$	5.76
Landscape	-	\$ -	\$ -	\$ -	\$ -	\$	-
Billable	10	\$ -	\$ -	\$ -	\$ -	\$	-
Fire Protection	258	\$ 686	\$ 707	\$ 93	\$ 1,486	\$	5.76
Non-Potable		\$ -	\$ -	\$ -	\$ -		
Unset meters		\$ -	\$ -	\$ -	\$ -		
Subtotal	2,194,237	\$ 5,834,929	\$ 2,946,211	\$ 455,633	\$ 9,236,773	\$	4.21
Towns							
Town of Windsor	428,750	\$ 1,140,140	\$ 734,103	\$ -	\$ 1,874,242	\$	4.37
Town of Eaton	299,248	\$ 795,766	\$ 717,318	\$ -	\$ 1,513,084	\$	5.06
Town of Severance	227,812	\$ 605,802	\$ 468,070	\$ -	\$ 1,073,871	\$	4.71
Town of Ault	103,825	\$ 276,093	\$ 266,653	\$ -	\$ 542,746	\$	5.23
Town of Pierce	43,259	\$ 115,035	\$ 74,068	\$ -	\$ 189,103	\$	4.37
N. Colo Water Assoc #A-2110	42,740	\$ 113,655	\$ 102,451	\$ -	\$ 216,106	\$	5.06
Town of Nunn	19,057	\$ 50,677	\$ 45,681	\$ -	\$ 96,358	\$	5.06
Subtotal	1,164,691	\$ 3,097,168	\$ 2,408,342	\$ -	\$ 5,505,510	\$	4.73
Total	3,358,928	\$ 8,932,096	\$ 5,354,554	\$ 455,633	\$ 14,742,283		

Table 15
User Charge Revenue Requirements Allocated to Customer Class, Specific Costs, Paid Exclusively by District Customers

		Base	Max Day	Max Hour	Total	
		\$ 2,100,555	\$ (66,552)	\$ 189,381	\$ 2,223,384	
	Annual usage (1,000 gal)	Average daily demand (ADD), (1,000 gal)	Additional max day cost	Additional max hour cost	Total	Volume charge (Base + Max day + Max hour)/Annual usage
Commercial-Industrial	1,121,241	\$ 1,073,370	\$ (13,012)	\$ 54,184	\$ 1,114,542	\$ 0.99
Non-municipal Flow Control	255,712	\$ 244,794	\$ (2,967)	\$ 12,357	\$ 254,184	\$ 0.99
Conservation Blue	141,875	\$ 135,818	\$ (8,781)	\$ 21,330	\$ 148,367	\$ 1.05
Residence	15,844	\$ 15,168	\$ (981)	\$ 2,382	\$ 16,569	\$ 1.05
Standard-1/2	62,117	\$ 59,465	\$ (3,845)	\$ 9,339	\$ 64,959	\$ 1.05
Standard-3/4	15,160	\$ 14,513	\$ (938)	\$ 2,279	\$ 15,854	\$ 1.05
Standard-Full	582,020	\$ 557,171	\$ (36,023)	\$ 87,503	\$ 608,651	\$ 1.05
Landscape	-	\$ -	\$ -	\$ -	\$ -	
Billable	10	\$ -	\$ -	\$ -	\$ -	
Fire Protection	258	\$ 247	\$ (5)	\$ 7	\$ 249	\$ 0.97
Non-Potable	-	\$ -	\$ -	\$ -	\$ -	
Unset meters	-	\$ -	\$ -	\$ -	\$ -	
Subtotal	2,194,237	\$ 2,100,545	\$ (66,552)	\$ 189,381	\$ 2,223,374	\$ 1.01
Towns						
Town of Windsor	428,750	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Eaton	299,248	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Severance	227,812	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Ault	103,825	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Pierce	43,259	\$ -	\$ -	\$ -	\$ -	\$ -
N. Colo Water Assoc #A-2110	42,740	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Nunn	19,057	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	1,164,691	\$ -	\$ -	\$ -	\$ -	
Totals	3,358,928					

Cost-of-Service User Charge Calculations

User charges per customer class are the sum of the joint and specific costs for each divided by their usage per 1,000 gallons. Tables 14 and 15 derived these joint and specific costs, respectively, and calculated joint and specific costs per \$1,000 gallon. Table 16 shows the sum of joint and specific costs for each major user class and for the towns.

			Calculated rate for 2023, \$/1,000 gal
Commercial-Industrial		\$	4.28
Non-municipal Flow Control		\$	4.28
Conservation Blue		\$	6.81
Residence		\$	6.81
Standard-1/2		\$	6.81
Standard-3/4		\$	6.81
Standard-Full		\$	6.81
Towns			
	Town of Windsor	\$	4.37
	Town of Eaton	\$	5.06
	Town of Severance	\$	4.71
	Town of Ault	\$	5.23
	Town of Pierce	\$	4.37
	N. Colo Water Assoc #A-2110	\$	5.06
	Town of Nunn	\$	5.06
	Weighted average	\$	4.73

It is important to note that this user charge estimate is specific to estimated costs and non-rate revenues estimated for year 2023, and assumptions made about future growth fees, surcharges, and peaking factors. However, the relative differences in calculated user charges would not be expected to change if different or additional years were considered. The absolute values of the estimates will change with different assumptions but unless the peaking factors are changed, the relative differences between classes will not.

In addition, it has been verified that these calculated user charges will generate sufficient revenue to cover expected revenue requirements for the year 2023. Considering that many O&M and capital costs increase over time with inflation, it is unlikely that these charges will generate sufficient revenue to

cover all costs through 2032. As a result, when implemented, these user charges should be periodically readdressed and adjusted to ensure revenue requirements are met through the entire planning period.

Fees and User Charge Scenario

Based on the results of this analysis and policy considerations, the District's Board of Directors will determine the combination of fees and charges for a range of variables, including:

1. Future PI fees, District-wide and for the Towns
2. PI and Water Allocation surcharge levels
3. Future user charges, or rates, by customer class

At the outset of this analysis, it was anticipated the District would consider a range of alternative implementation strategies for the cost of service rates, primarily in the sense of phasing them over time in the least disruptive manner. However, this analysis shows that there isn't much time for phasing. Water rates and charges are already set for 2024, so additional rate adjustments suggested by this analysis would not start until 2025 and reserves are dropping in the interim.

Path to Cost-of-Service

One relatively narrow path to cost-of-service, while maintaining positive capital reserves, is illustrated in Table 17. A slower path than shown will likely result in the District depleting their reserves by 2026 and a more rapid path could result in an unacceptably large single year increase for District residential customers.

Table 17 focuses upon future changes to major revenue sources, including PI fees, water and PI surcharges, and water rates.

- Plant Investment fees are assumed to be set at their currently calculated levels for 2024 and are assumed escalated at an annual rate of 3 percent, or approximately the anticipated rate of inflation.
- Water Allocation and PI surcharges are similarly set at their 2024 level and increased over time at the anticipated rate of inflation.
- With respect to water rates, 2024 rates are more or less fixed. For 2025 and beyond, commercial rates are assumed to increase at the anticipated rate of inflation, or 3 percent. Town rates are assumed to go to their 2023 cost of service levels in 2025 without a transition period. For residential rates, an interim rate of \$5.50/1,000 gallons is suggested for 2025, with a rate of \$6.70 suggested for 2026, after which residential rates will also increase at the anticipated rate of inflation. The lower portion of Table 17 shows the calculated rates for District customers and the towns.

		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Plant investment fees (\$/tap)												
PI's for District		\$ 17,650	\$ 20,250	\$ 21,900	\$ 22,557	\$ 23,234	\$ 23,931	\$ 24,649	\$ 25,388	\$ 26,150	\$ 26,934	\$ 27,742
PI's for towns		\$ 13,238	\$ 15,188	\$ 18,900	\$ 19,467	\$ 20,051	\$ 20,653	\$ 21,272	\$ 21,910	\$ 22,568	\$ 23,245	\$ 23,942
Rate of annual increase in PI fees					3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Water and PI surcharges												
Water Allocation surcharge, \$/1,000 over allocation		\$ 6.00	\$ 6.00	\$ 6.50	\$ 6.70	\$ 6.90	\$ 7.10	\$ 7.32	\$ 7.54	\$ 7.76	\$ 7.99	\$ 8.23
Plant investment surcharge, \$/1,000 over allocation		\$ 3.95	\$ 3.95	\$ 4.33	\$ 4.45	\$ 4.59	\$ 4.73	\$ 4.87	\$ 5.01	\$ 5.16	\$ 5.32	\$ 5.48
Rate of annual increase in surcharges					3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Water rates (\$/1,000 gallons)												
Annual rate increase for commercial customers		0.00%	7.00%	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Annual rate increase for residential customers		0.00%	7.00%	5.00%	Assumed COS rates calculated for 2023	Assumed	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Annual rate increase to towns, applied equally		0.00%	7.00%	5.00%		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Calculated charge for 2023	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Commercial industrial, Non munic flow	\$ 4.28	\$ 4.15	\$ 4.44	\$ 4.66	\$ 4.80	\$ 4.95	\$ 5.09	\$ 5.25	\$ 5.40	\$ 5.57	\$ 5.73	\$ 5.91
Residential	\$ 6.81	\$ 4.15	\$ 4.44	\$ 4.66	\$ 5.50	\$ 6.75	\$ 6.95	\$ 7.16	\$ 7.38	\$ 7.60	\$ 7.83	\$ 8.06
Towns												
Town of Windsor	\$ 4.37	\$ 3.11	\$ 3.33	\$ 3.50	\$ 4.37	\$ 4.50	\$ 4.64	\$ 4.78	\$ 4.92	\$ 5.07	\$ 5.22	\$ 5.38
Town of Eaton	\$ 5.06	\$ 3.11	\$ 3.33	\$ 3.50	\$ 5.06	\$ 5.21	\$ 5.36	\$ 5.53	\$ 5.69	\$ 5.86	\$ 6.04	\$ 6.22
Town of Severance	\$ 4.71	\$ 3.11	\$ 3.33	\$ 3.50	\$ 4.71	\$ 4.86	\$ 5.00	\$ 5.15	\$ 5.31	\$ 5.46	\$ 5.63	\$ 5.80
Town of Ault	\$ 5.23	\$ 3.11	\$ 3.33	\$ 3.50	\$ 5.23	\$ 5.38	\$ 5.55	\$ 5.71	\$ 5.88	\$ 6.06	\$ 6.24	\$ 6.43
Town of Pierce	\$ 4.37	\$ 3.11	\$ 3.33	\$ 3.50	\$ 4.37	\$ 4.50	\$ 4.64	\$ 4.78	\$ 4.92	\$ 5.07	\$ 5.22	\$ 5.38
N. Colo Water Assoc #A-2110	\$ 5.06	\$ 3.11	\$ 3.33	\$ 3.50	\$ 5.06	\$ 5.21	\$ 5.36	\$ 5.53	\$ 5.69	\$ 5.86	\$ 6.04	\$ 6.22
Town of Nunn	\$ 5.06	\$ 3.11	\$ 3.33	\$ 3.50	\$ 5.06	\$ 5.21	\$ 5.36	\$ 5.53	\$ 5.69	\$ 5.86	\$ 6.04	\$ 6.22
Avg		\$ 3.11	\$ 3.33	\$ 3.50	\$ 4.84	\$ 4.98	\$ 5.13	\$ 5.28	\$ 5.44	\$ 5.61	\$ 5.77	\$ 5.95

Revenue Sufficiency and Capital Reserve Balance

The suggested rates and fees above appear to generate sufficient income to fully recover revenue requirements over the long-term, although it is interesting to note the fixed levels for 2023 through 2025 do not. Table 18 shows the revenue generated from each customer class per year, assuming water usage levels shown in Table 3.

Figure 3 maps recommended water rates shown in Table 17 and resulting Capital Reserve estimates over time. As shown, reserves dip in 2025 and 2026 but recover as cost-of-service rates are put into effect.

Cash Flow Analysis

Finally, Table 19 shows the result of a cash flow analysis for the District with the recommended rates in effect.

Table 18
Revenue Generation at Recommended Rates

Commercial-Industrial	\$ 4,802,440	\$ 4,653,150	\$ 5,061,600	\$ 5,342,932	\$ 5,532,610	\$ 5,729,163	\$ 5,932,845	\$ 6,143,919	\$ 6,362,658	\$ 6,589,347	\$ 6,824,280	\$ 7,067,763
Non-municipal Flow Control	\$ 1,095,252	\$ 1,061,205	\$ 1,133,043	\$ 1,342,868	\$ 1,770,378	\$ 2,408,018	\$ 2,729,870	\$ 3,076,578	\$ 3,449,814	\$ 3,851,357	\$ 4,283,097	\$ 4,747,046
Conservation Blue	\$ 965,620	\$ 588,781	\$ 608,288	\$ 638,702	\$ 753,509	\$ 924,761	\$ 952,504	\$ 981,079	\$ 1,010,512	\$ 1,040,827	\$ 1,072,052	\$ 1,104,213
Residence	\$ 107,836	\$ 65,753	\$ 66,316	\$ 70,038	\$ 83,105	\$ 102,581	\$ 106,265	\$ 110,077	\$ 114,024	\$ 118,109	\$ 122,337	\$ 126,714
Standard-1/2	\$ 422,777	\$ 257,786	\$ 256,313	\$ 304,018	\$ 400,238	\$ 542,733	\$ 612,622	\$ 686,769	\$ 765,387	\$ 848,703	\$ 936,949	\$ 1,030,374
Standard-3/4	\$ 103,181	\$ 62,914	\$ 78,095	\$ 93,665	\$ 124,400	\$ 169,901	\$ 192,921	\$ 217,354	\$ 243,272	\$ 270,748	\$ 299,862	\$ 330,695
Standard-Full	\$ 3,961,307	\$ 2,415,383	\$ 2,655,788	\$ 2,801,099	\$ 3,319,520	\$ 4,092,450	\$ 4,234,462	\$ 4,381,511	\$ 4,533,777	\$ 4,691,450	\$ 4,854,727	\$ 5,023,809
Towns												
Town of Windsor	\$ 1,874,242	\$ 1,334,484	\$ 1,831,500	\$ 1,947,005	\$ 2,464,111	\$ 2,568,849	\$ 2,677,654	\$ 2,790,676	\$ 2,908,068	\$ 3,029,993	\$ 3,156,616	\$ 3,288,109
Town of Eaton	\$ 1,513,084	\$ 931,409	\$ 999,000	\$ 1,072,880	\$ 1,586,096	\$ 1,669,322	\$ 1,756,113	\$ 1,846,610	\$ 1,940,957	\$ 2,039,302	\$ 2,141,800	\$ 2,248,614
Town of Severance	\$ 1,073,871	\$ 709,065	\$ 713,619	\$ 773,230	\$ 1,074,700	\$ 1,140,170	\$ 1,208,601	\$ 1,280,112	\$ 1,354,825	\$ 1,432,869	\$ 1,514,377	\$ 1,599,485
Town of Ault	\$ 542,746	\$ 323,155	\$ 359,973	\$ 386,028	\$ 589,304	\$ 619,638	\$ 651,393	\$ 684,631	\$ 719,417	\$ 755,822	\$ 793,916	\$ 833,775
Town of Pierce	\$ 189,103	\$ 134,644	\$ 185,148	\$ 198,434	\$ 253,173	\$ 266,060	\$ 279,546	\$ 293,659	\$ 308,426	\$ 323,876	\$ 340,040	\$ 356,948
N. Colo Water Assoc #A-2110	\$ 216,106	\$ 133,028	\$ 156,177	\$ 166,403	\$ 244,165	\$ 255,162	\$ 266,637	\$ 278,611	\$ 291,103	\$ 304,138	\$ 317,736	\$ 331,923
Town of Nunn	\$ 96,358	\$ 59,315	\$ 65,268	\$ 70,143	\$ 103,787	\$ 109,348	\$ 115,176	\$ 121,281	\$ 127,675	\$ 134,373	\$ 141,387	\$ 148,732
Landscape	\$ -	\$ -	\$ 119,880	\$ 125,874	\$ 148,500	\$ 182,250	\$ 187,718	\$ 193,349	\$ 199,149	\$ 205,124	\$ 211,278	\$ 217,616
Billable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fire Protection	\$ 1,071	\$ 1,071	\$ 2,842	\$ 2,984	\$ 3,520	\$ 4,320	\$ 4,450	\$ 4,583	\$ 4,721	\$ 4,862	\$ 5,008	\$ 5,158
Non-Potable												
Unset meters												
Total revenue generated	\$ 16,964,993	\$ 12,731,143	\$ 14,292,850	\$ 15,336,300	\$ 18,451,116	\$ 20,784,727	\$ 21,908,777	\$ 23,090,798	\$ 24,333,787	\$ 25,640,900	\$ 27,015,463	\$ 28,460,974
Deviation from revenue requirement	\$ (701)	\$ (413,102)	\$ (2,672,844)	\$ (1,806,117)	\$ 748,761	\$ 1,500,329	\$ 4,982,299	\$ 6,515,435	\$ 7,583,227	\$ 9,174,797	\$ 9,083,238	\$ 10,031,589

Figure 3. Recommended Rates and Corresponding Capital Reserve Levels

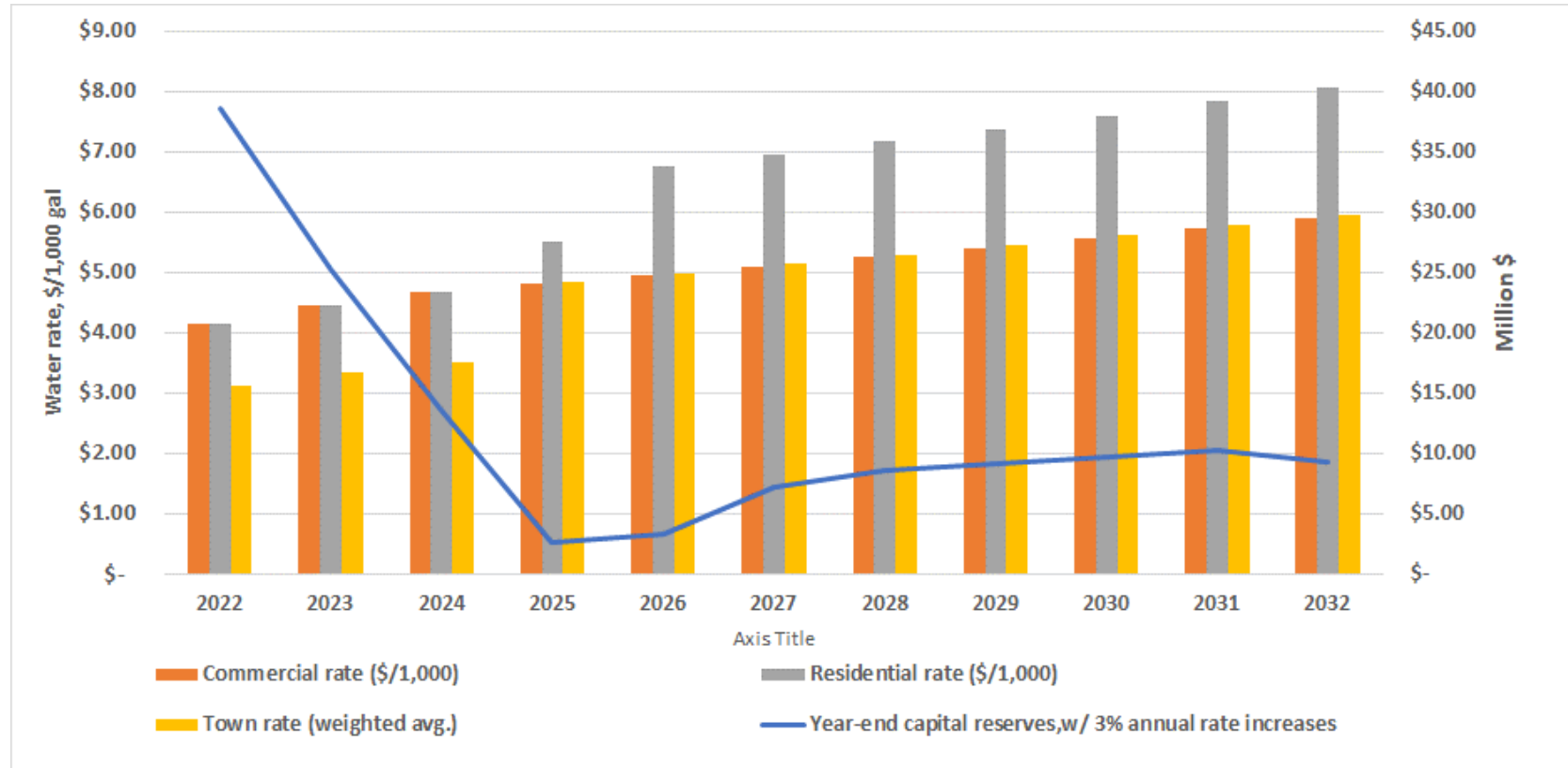


Table 19

Cash Flow Analysis with Recommended Rates and Charges

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Sources											
Carryover from previous year	\$ 12,000,000	\$ 38,214,843	\$ 22,239,814	\$ 11,187,264	\$ 2,658,086	\$ 4,007,482	\$ 11,408,954	\$ 14,256,693	\$ 15,779,303	\$ 17,697,047	\$ 18,073,192
User charge revenues	12,731,143	14,292,850	15,336,300	18,451,116	20,784,727	21,908,777	23,090,798	24,333,787	25,640,900	27,015,463	28,460,974
Tax assessments	-	-	-	-	-	-	-	-	-	-	-
Plant investment fees, District	3,000,000	2,997,000	3,273,853	3,406,051	3,543,598	3,686,712	3,835,618	3,990,553	4,151,760	4,319,494	4,494,021
Plant investment fees, Towns	-	1,670,625	2,082,780	2,149,196	2,217,762	2,288,551	2,361,635	2,437,089	2,514,993	2,595,427	2,678,475
Plant investment surcharges	2,499,955	2,249,960	2,189,834	1,973,588	1,742,396	1,495,557	1,232,339	951,982	653,694	673,305	693,504
Distance fees	176,000	176,000	181,280	186,718	192,320	198,090	204,032	210,153	216,458	222,952	229,640
Water allocation fees	600,000	618,000	636,540	655,636	675,305	695,564	716,431	737,924	760,062	782,864	806,350
Water allocation surcharges	3,996,000	3,596,400	3,463,200	3,121,209	2,755,582	2,365,208	1,948,931	1,505,549	1,033,810	1,064,825	1,096,770
Debt proceeds	34,600,000	-	-	-	-	-	-	-	-	-	-
All other sources	556,913	431,504	332,519	342,495	363,907	376,399	389,582	381,804	392,285	402,887	411,346
Total sources	\$ 70,160,011	\$ 64,247,182	\$ 49,736,120	\$ 41,473,272	\$ 34,933,683	\$ 37,022,339	\$ 45,188,320	\$ 48,805,534	\$ 51,143,266	\$ 54,774,263	\$ 56,944,271
Uses											
Operations and maintenance	\$ 8,023,017	\$ 9,312,380	\$ 9,591,752	\$ 9,879,504	\$ 10,175,889	\$ 10,481,166	\$ 10,795,601	\$ 11,119,469	\$ 11,453,053	\$ 11,796,645	\$ 12,150,544
Capital expenditures	14,683,862	18,567,700	18,540,515	18,518,430	10,337,623	6,714,204	12,718,024	15,493,998	16,580,403	19,491,662	21,388,523
Water purchases	6,000,000	9,000,000	6,000,000	6,000,000	6,000,000	4,000,000	3,000,000	2,000,000	1,000,000	1,000,000	1,000,000
Debt Service	3,238,288	5,127,288	4,416,589	4,417,252	4,412,689	4,418,014	4,418,002	4,412,764	4,412,764	4,412,764	4,412,764
All other expenditures	-	-	-	-	-	-	-	-	-	-	-
Total uses	\$ 31,945,167	\$ 42,007,368	\$ 38,548,856	\$ 38,815,186	\$ 30,926,202	\$ 25,613,385	\$ 30,931,627	\$ 33,026,231	\$ 33,446,220	\$ 36,701,071	\$ 38,951,831
Net position											
End of year balance	\$ 38,214,843	\$ 22,239,814	\$ 11,187,264	\$ 2,658,086	\$ 4,007,482	\$ 11,408,954	\$ 14,256,693	\$ 15,779,303	\$ 17,697,047	\$ 18,073,192	\$ 17,992,440

Rate of Return on Assets Used by the Towns

During this analysis, there was discussion among District staff and Board regarding the feasibility of charging a rate of return to the towns on capital facilities they benefit from but may not have paid for. More specifically, the discussion originates from a perception that the towns were not required to sufficiently buy-in to the existing system when they became wholesale customers.

Appendix C addresses this rate of return issue and estimates the remaining value of assets the towns benefit from. It then compares this to payments the towns have made to the District over time. The analysis shows that there may be a basis for an additional charge to the towns to recover a possible deficit in capital reimbursement.

Major Findings and Recommendations

The North Weld District's three major customer categories, residential, commercial/industrial, and wholesale service to towns, are rapidly growing and have changed the nature of the District from a rural water provider to more wide-ranging urban-industrial-wholesale provider. In response to the major capital improvement program these changes have triggered, the District is transitioning to a more explicit cost-of-service approach for setting water rates and charges. These rates and charges include user charges based on the base-extra capacity method of cost allocation. This cost allocation method is an industry-standard method and results in equitable rates across customer classes considering the demands placed on the system by each class. This report represents the initial effort in this transition and implementation to base-extra capacity water rates.

This analysis also calculated cost-based PI fees using the most recent CIP and demand estimates. PI fees were calculated for the towns and District customers separately using the principle of "used and useful" assets for each.

Major findings include:

- The combination of the base-extra cost allocation method and essential capital improvements result in higher residential charges compared to commercial/industrial customers and town customers because of the formers' high peaking factors. Conversely, commercial and industrial usage, primarily dairies, is characterized by steady daily demand over the year requiring relatively less capacity. As a result, the commercial sectors rates would increase due to increased capital costs, but the rate increase would be much less during this transition to cost of service.
- Calculated charges for towns are less than those for residential customers because water supply and peak hour storage costs are not included. These reduced peak demands, combined with not including water supply in the calculations, result in the towns' cost of service rate lying relatively close to that of the District's commercial customers.
- Charges to the towns are sensitive to their max day peaking factor. Currently, all towns pay the same for treated water, on a \$/1,000 gallon basis, but the District staff and Board have left the door open for charging each town a unique rate based on their peaking factor.

- Rates and charges suggested by this analysis result in residential water bills that are comparable to those of surrounding water providers, especially those providers in high-growth areas of Weld and Larimer Counties (Appendix D)
- In light of the significant rate increases anticipated for residential customers and for the towns over relatively few years, customer resistance would be anticipated. However, since the Capital Reserve fund appears to be assisting current operations for 2023 and 2024, it is imperative that the District get on track to fully fund operations through monthly user charges. There does not appear to be sufficient time to gradually step-up rates over a period of several years, so a one to two year time frame is recommended.
- There are a range of uncertainties that will impact the rates and charges developed in this analysis and will require vigilance by the District's staff and Board to ensure that future rates respond to these uncertainties. These uncertainties include the regional population growth rate, the cost and availability of new raw water supplies, the ability to design and construct new infrastructure projects in a timely manner, construction cost escalation, the response of customers using water in excess of allocations to new Water Allocation surcharge levels, and more.

Appendix A: Technical Memorandum Regarding Capital Improvements and Plant Investment Fees

Appendix B: Base-Extra Capacity Cost Allocations

Table B-1
Allocation of Revenue Requirements to District Functions for 2023

Base year	2023	District Function Allocations						Check	District Function Costs for Select Year						Check	
		Source of Supply	Treatment	Transmission	Storage	Distribution	Administrative		Source of Supply	Treatment	Transmission	Storage	Distribution	Administrative		
Operations and Maintenance																
4000 Operating Expenses																
4100 Water (Treatment)	\$ 3,864,000.00	0%	100%					100%	\$ -	\$ 3,864,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,864,000
4200 Personnel Operations	\$ 2,015,000.00	0%		40%	40%	20%		100%	\$ -	\$ -	\$ 806,000.00	\$ 806,000.00	\$ 403,000.00	\$ -	\$ -	\$ 2,015,000
4400 Operation & Maintenance	\$ 1,055,100.00			40%	40%	20%		100%	\$ -	\$ -	\$ 422,040.00	\$ 422,040.00	\$ 211,020.00	\$ -	\$ -	\$ 1,055,100
4500 Engineering	\$ 50,000.00	20%	20%	20%	20%	20%		100%	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ -	\$ -	\$ 50,000
4600 Electricity	\$ 181,000.00			33%	33%	33%		100%	\$ -	\$ -	\$ 60,333.33	\$ 60,333.33	\$ 60,333.33	\$ -	\$ -	\$ 181,000
4700 Communication	\$ -			20%	20%	20%	40%	100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4800 Insurance	\$ -						100%	100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4900 Miscellaneous	\$ -	20%	20%	20%	20%	20%		100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to Operating Reserve Fund	\$ -	20%	20%	20%	20%	20%		100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 7,165,100.00								\$ 10,000	\$ 3,874,000	\$ 1,298,373	\$ 1,298,373	\$ 684,353	\$ -	\$ -	\$ 7,165,100
5000 Administrative Expense																
5100 Salaries	\$ 932,600						100%	100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 932,600.00	\$ 932,600
5200 Payroll Taxes	\$ 135,000						100%	100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,000.00	\$ 135,000
5300 Health Insurance	\$ 60,000						100%	100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000.00	\$ 60,000
5400 Office Utilities	\$ 191,000						100%	100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 191,000.00	\$ 191,000
5500 Office Expense	\$ 200,000						100%	100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000.00	\$ 200,000
5600 Professional Fees	\$ 620,800	25%	25%	20%	20%	10%	0%	100%	\$ 155,200.00	\$ 155,200.00	\$ 124,160.00	\$ 124,160.00	\$ 62,080.00	\$ -	\$ -	\$ 620,800
5900 Miscellaneous	\$ 7,880	0%	0%	0%	0%	0%	100%	100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,880.37	\$ 7,880
Total Administrative Expenses	\$ 2,147,280								\$ 155,200	\$ 155,200	\$ 124,160	\$ 124,160	\$ 62,080	\$ 1,526,480	\$ -	\$ 2,147,280
Total Operating and Administration Expense	\$ 9,312,380								\$ 165,200	\$ 4,029,200	\$ 1,422,533	\$ 1,422,533	\$ 746,433	\$ 1,526,480	\$ -	\$ 9,312,380
Capital Expenditures, allocated to existing system																
Pleasant Valley Pipeline	\$ 312,000.00		100%					100%	\$ -	\$ 312,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 312,000
Tanks (exc. Zone 1c, inc. in debt se	\$ 400,000.00				100%			100%	\$ -	\$ -	\$ -	\$ 400,000.00	\$ -	\$ -	\$ -	\$ 400,000
Pipelines (exc. NEWT3, inc in debt	\$ 590,000.00			75%		25%		100%	\$ -	\$ -	\$ 442,500.00	\$ -	\$ 147,500.00	\$ -	\$ -	\$ 590,000
Pump Stations	\$ 79,700.00			75%		25%		100%	\$ -	\$ -	\$ 59,775.00	\$ -	\$ 19,925.00	\$ -	\$ -	\$ 79,700
SCWTP Expansion	\$ -		100%	0%				100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Existing debt service, 2012R	\$ 1,590,000.00			100%				100%	\$ -	\$ -	\$ 1,590,000.00	\$ -	\$ -	\$ -	\$ -	\$ 1,590,000
Debt service, 2009 A	\$ 473,288.00	0%	100%					100%	\$ -	\$ 473,288.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 473,288
Existing debt service Soldier Cany	\$ 1,231,000.00		100%					100%	\$ -	\$ 1,231,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,231,000
Debt service	\$ 1,833,000.00	0%	0%	100%	0%			100%	\$ -	\$ -	\$ 1,833,000.00	\$ -	\$ -	\$ -	\$ -	\$ 1,833,000
Transfer to Capital Reserve	\$ -		65%	35%				100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water Rights, to close existing sup	\$ 9,000,000.00	100%	0%					100%	\$ 9,000,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,000,000
Total capital expenditures allocated to existi	\$ 15,508,988.00								\$ 9,000,000	\$ 2,016,288	\$ 3,925,275	\$ 400,000	\$ 167,425	\$ -	\$ -	\$ 15,508,988
Total O&M and capital costs	\$ 24,821,368.37								\$ 9,165,200	\$ 6,045,488	\$ 5,347,808	\$ 1,822,533	\$ 913,858	\$ 1,526,480	\$ -	\$ 24,821,368
Less non-rate revenues																
Tax levy	\$ -	100%						100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water Allocation Surcharge	\$ 1,798,200	100%						100%	\$ 1,798,200.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,798,200
Plant Investment Surcharge	\$ 1,124,980	0%	0%	65%	35%			100%	\$ -	\$ -	\$ 731,236.84	\$ 393,742.91	\$ -	\$ -	\$ -	\$ 1,124,980
Transfer from capital fund	\$ 4,590,000	100%						100%	\$ 4,590,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,590,000
Adjustments	\$ (57,903)	100%	0%					100%	\$ (57,902.64)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (57,903)
Construction Meter Usage	\$ 213,909					100%		100%	\$ -	\$ -	\$ -	\$ -	\$ 213,909.27	\$ -	\$ -	\$ 213,909
Construction Meter Rental	\$ 5,629					100%		100%	\$ -	\$ -	\$ -	\$ -	\$ 5,629.14	\$ -	\$ -	\$ 5,629
Construction Meter Repair	\$ 563					100%		100%	\$ -	\$ -	\$ -	\$ -	\$ 563.34	\$ -	\$ -	\$ 563
Non-Potable Reimbursement	\$ (43)	100%	0%					100%	\$ (43.21)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (43)
Subtotal, Non-Rate Operating Inc	\$ 7,675,336								\$ 6,330,254	\$ -	\$ 731,237	\$ 393,743	\$ 220,102	\$ -	\$ -	\$ 7,675,336
Less Non-operating income																
Interest (Colorado Trust)	\$ 179,842	100%						100%	\$ 179,842.29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,842
Port Partonage Affinity	\$ 496	100%						100%	\$ 496.34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 496
Soldier Canyon Bond Issue Proceed	\$ -		100%					100%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal, non-operating income	\$ 180,338.64								\$ 180,339	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,339
Total Non-Rate Revenues	\$ 7,855,674								\$ 6,510,593	\$ -	\$ 731,237	\$ 393,743	\$ 220,102	\$ -	\$ -	\$ 7,855,674
Revenue Requirements from Rates	\$ 16,965,694.09															\$ 16,965,694

Table B-2							
Allocation of Joint Costs Using Base-Extra Capacity							
Total District Function Costs for Select Year							
	Source of Supply	Treatment	Transmission	Storage	Distribution	Administrative	
Total O&M and capital expenditures		\$ 6,045,488	\$ 5,347,808	\$ 1,822,533		\$ 1,526,480	\$ 14,742,310
Less non-rate revenues		\$ -	\$ -	\$ -		\$ -	\$ -
Requirement from Rates	\$ -	\$ 6,045,488	\$ 5,347,808	\$ 1,822,533	\$ -	\$ 1,526,480	\$ 14,742,310
Capacity Cost Allocations							
	Supply	Treatment	Transmission	Storage	Distribution	Administration	
Base	100%	65%	65%	0%	34%	100%	
Max Day		35%	35%	75%	33%		
Max Hour		0%	0%	25%	33%		
Fire Flow				0%	0%		
Customer					0%	0%	
Check	100%	100%	100%	100%	100%		
	Supply	Treatment	Transmission	Storage	Distribution	Administration	Total
Base	\$ -	\$ 3,929,567	\$ 3,476,075	\$ -	\$ -	\$ 1,526,480	\$ 8,932,123
Max Day	\$ -	\$ 2,115,921	\$ 1,871,733	\$ 1,366,900	\$ -	\$ -	\$ 5,354,554
Max Hour	\$ -	\$ -	\$ -	\$ 455,633	\$ -	\$ -	\$ 455,633
Customer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tap	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ 6,045,488	\$ 5,347,808	\$ 1,822,533	\$ -	\$ 1,526,480	\$ 14,742,310
							\$ 14,742,310

Table B-3							
Allocation of Specific Costs Using Base-Extra Capacity							
Total District Function Costs for Select Year							
	Source of Supply	Treatment	Transmission	Storage	Distribution	Administrative	
Total O&M and capital expenditures	\$ 9,165,200				\$ 913,858		\$ 10,079,058
Less non-rate revenues	\$ 6,510,593	\$ -	\$ 731,237	\$ 393,743	\$ 220,102	\$ -	\$ 7,855,674
Requirement from Rates	\$ 2,654,607	\$ -	\$ (731,237)	\$ (393,743)	\$ 693,757		\$ 2,223,384
Capacity Cost Allocations							
	Supply	Treatment	Transmission	Storage	Distribution	Administration	
Base	100%	65%	65%	20%	0%	100%	
Max Day		35%	35%	40%	50%		
Max Hour		0%	0%	40%	50%		
Fire Flow				0%	0%		
Customer					0%	0%	
Check	100%	100%	100%	100%	100%		
	Supply	Treatment	Transmission	Storage	Distribution	Administration	Total
Base	\$ 2,654,607	\$ -	\$ (475,304)	\$ (78,749)	\$ -	\$ -	\$ 2,100,555
Max Day	\$ -	\$ -	\$ (255,933)	\$ (157,497)	\$ 346,878	\$ -	\$ (66,552)
Max Hour	\$ -	\$ -	\$ -	\$ (157,497)	\$ 346,878	\$ -	\$ 189,381
Fire Flow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Customer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 2,654,607	\$ -	\$ (731,237)	\$ (393,743)	\$ 693,757	\$ -	\$ 2,223,384
							\$ 2,223,384

Appendix C: Rate of Return Analysis

Appendix D: Comparison of Monthly Water Bills for Residential Customers

	NWCWD current 2023 rates	NWCWD, baseline COS scenario	East Larimer County WD	Fort Collins-Loveland WD (residential, outside Fort Collins)	Town of Wellington	City of Loveland (inside City)	City of Greeley (not on Water Budget)	City of Fort Collins
Monthly service charge	\$26.64, includes first 6,000 gallons	Residential \$40.86; Comm/Indus \$25.68 both include first 6,000 gallons	\$14.35	\$17.01	\$49.71	\$19.31	\$17.50	\$19.02
Volume charge (\$/1,000 gallons)	All users: \$4.44 Wholesale service to Towns: \$3.33	Residential: \$6.81 Comm/Indus: \$4.27 Wholesale service to Towns: \$4.73	Residential: \$4.35 Commercial \$3.72	Residential: \$1.98 (<8,000 gal) \$2.81 <15,000 gal	\$0.00 (<3,000 gal) \$11.70 (3,000 to 7000 gal; \$15.20 up to 20,000 gal)	Residential: \$3.95 Commercial: \$4.70	Residential: \$5.64 Commercial: \$5.60 Industrial: \$4.52	\$2.94 (<7,000 gal) \$3.39 (<13,000 gal)
Excess usage charge (\$/1,000 gallons)	\$6.00 plus volume charge for usage greater than allocation	\$6.50 plus volume charge for usage greater than allocation	\$4.99 plus volume charge for usage greater than allocation	\$3.77 for usage greater than 15,000 gal/mo	\$21.64 (>20,000 gal)	\$1.68 plus volume charge, only for commercial customers	No specific penalty published for non-budget customers.	\$3.90 (>13,000 gal)
Monthly average residential bill (0.32 acre-feet)	\$38.59	\$59.18	\$52.16	\$34.22, plus a property tax assessment	\$122.21	\$53.64	\$66.52	\$45.33
Monthly average residential bill (0.64 acre-feet)	\$77.17	\$118.37	\$90.11	\$60.54, plus a property tax assessment	\$254.32	\$87.97	\$115.53	\$110.57

MEMORANDUM

TO: ERIC RECKENTINE, NWCWD

FROM: GEORGE OAMEK

DATE: DECEMBER 3, 2023

SUBJECT: RATE OF RETURN FOR TOWNS

Contents

Introduction and Background..... 1

Book Value of the North Weld County Water District System 2

 Portion of System Book Value Used and Useful to the Towns 2

 Allocation of System Value Used and Useful to the Towns 5

Town Contributions 6

Calculated Rate of Return 7

Implementing a Rate of Return 8

Introduction and Background

This memorandum addresses whether there is a basis for charging the North Weld District’s wholesale customers, consisting of 7 communities, a rate of return on District assets they may be benefitting from but have not fully paid for. This concern originates from a perception that these communities, or towns, may not have sufficiently bought-in to the system when they joined.¹ The 7 communities include the towns of Severance, Windsor, Eaton, Ault, Pierce, Nunn, and Northern Colorado Water Association #A-2110.

If it is apparent that the towns’ contributions are measurably less than the value of the facilities that can be reasonably attributed to the towns demand, there may be a basis for charging a rate of return on this deficiency. A rate of return paid by the towns would be an option for reimbursing the District for the use of the facilities comprising the deficit.

A rate of return on capital facilities is a common component of rates charged by privately-held utilities and is regulated by the State Public Utilities Commission (PUC). Specifically, a rate of return is multiplied by the utility’s book value, with the rate of return to the utility, or its return to capital, limited by the PUC. For public utilities, a rate of return is not as common because they are not regulated and do not

¹ There does not appear to be documentation prior to 1996 of contributions by the towns, resulting in the uncertainty of whether there is missing documentation or whether the towns did not make capital contributions to the District prior to this time.

generate a profit, per se. However, there is nothing preventing a reasonable application of a rate of return in appropriate circumstances.

A notable use of rate of return is by Aurora Water in the rates charged to WISE system participants. WISE (Water, Infrastructure and Supply Efficiency) is a regional water supply project in the Denver South Metro area that uses recycled Denver Water supply, conveying it through Aurora's water treatment and transmission system on its way to the South Metro area. Aurora Water charges a rate of return on the use of this infrastructure.

Overall, this memorandum addresses:

- How much of the North Weld system's value is used and useful to the towns? That is, what's the value of the North Weld system and what proportion should the towns' paying for?
- How much have the towns paid-in over time?
- Is there a basis for a rate of return and the level of funds at stake.

Ideally, the value of the system attributable to the towns and their historical payments to the District would be relatively close, indicating that the towns are paying for everything they benefit from. If there is significant value in the system beyond what the towns have paid for, the difference could be subject to a rate of return to reimburse the District for this capital facility usage.

It should be noted that the bulk of this analysis was conducted and reported to the Board of Directors in October, 2022, reflecting data current as of December 31, 2021. However, continued interest in this issue has prompted this document.

Book Value of the North Weld County Water District System

System valuation begins with an inventory of assets, including their original cost, accumulated depreciation, and book value. The left-hand side of Table 1 summarizes the book value of functional components of District assets as of the end of 2021, the most recent data available when this analysis was conducted in 2022.

As shown in Table 1, the District's assets have an original cost of near \$200 million, with about \$30 million in accumulated depreciation, resulting in a system book value of near \$170 million. It should be noted that nearly one-half of this value is represented by water rights.

Portion of System Book Value Used and Useful to the Towns

The right-hand side of Table 1 shows how the system value translates to the value that require town sharing.

Since the towns bring their own water supply and should have sufficient local storage to cover their own max hour demands, some adjustments are necessary to the District's book value to determine what portion of the value the towns share in.

- The initial adjustment is to remove water supply values from consideration.
- Subsequent adjustments are made to water treatment, storage tanks, pipeline, and pump station values to exclude the portions that serve max hour demand. This is accomplished by allocating the systems' relevant book values by base-extra capacity, namely base, max day, and max hour function. This allocation is based on the proportions derived in Table 2, which use

system-wide peaking factors to estimate the proportionate allocation of these assets to max hour demand.

When water supply and the portion of the asset values serving max, or peak hour demand are excluded, the remaining system value sums to approximately \$73.1 million, as shown at the bottom right of Table 1. This the portion of the North Weld system's value shared with the towns.

Table 1. North Weld County Water District System Book Value, Allocated to Function

FUNCTIONAL COMPONENT	Original Cost	Accumulated Depreciation	Book Value (1)	WATER SYSTEM PARAMETERS			Book Value for Towns Only
				Capacity Costs(2)			
				Base	Maximum Day	Maximum Hour	
Source of Supply							
Water Storage	\$ 5,726,727	\$ -	\$ 5,726,727	\$ 5,726,727			\$ -
Water Rights	\$ 86,180,451	\$ -	\$ 86,180,451	\$ 86,180,451			\$ -
Value (Not Depreciated)	\$ 91,907,178	\$ -	\$ 91,907,178	\$ 91,907,178			\$ -
Percentage			100.00%	100.00%			
Water Treatment							
Treatment Capacity	\$ 22,849,611	\$ -	\$ 22,849,611	\$ 14,741,684	\$ 8,107,926		\$ 22,849,611
Land CSU Site	\$ 28,612	\$ -	\$ 28,612	\$ 28,612	\$ -		\$ 28,612
Value (Not Depreciated)	\$ 22,878,223	\$ -	\$ 22,878,223	\$ 14,770,296	\$ 8,107,926		\$ 22,878,223
Percentage			100.00%	64.56%	35.44%		
Distribution							
Land and Easements	\$ 2,450,484	\$ -	\$ 2,450,484	\$ 2,450,484			\$ 2,450,484
Storage Tanks	\$ 2,367,777	\$ 1,470,427	\$ 897,350	\$ -	\$ 601,881	\$ 295,469	\$ 691,908
Pipelines	\$ 67,548,795	\$ 23,019,191	\$ 44,529,604	\$ 24,466,815	\$ 13,456,748	\$ 6,606,040	\$ 40,408,779
Pump Stations	\$ 5,636,955	\$ 2,411,789	\$ 3,225,167	\$ 1,772,070	\$ 974,638	\$ 478,459	\$ 2,543,350
Meters	\$ 2,611,990	\$ 707,089	\$ 1,904,901	\$ 1,904,901	\$ -	\$ -	\$ 1,904,901
Depreciated Value	\$ 80,616,001	\$ 27,608,496	\$ 53,007,505	\$ 30,594,269	\$ 15,033,268	\$ 7,379,968	\$ 47,999,422
Percentage			100.00%	57.72%	28.36%	13.92%	
Percentage (Without Meters)				57.72%	28.36%	13.92%	
Subtotal Values Above	\$ 195,401,402	\$ 27,608,496	\$ 167,792,906	\$ 137,271,744	\$ 23,141,194	\$ 7,379,968	\$ 70,877,644
Percentage			100.00%	81.81%	13.79%	4.40%	
General Plant							
Land Building Site	\$ 541,875	\$ -	\$ 541,875	443,309	74,733	23,833	\$ 541,875
Machinery & Equipment	\$ 2,204,381	\$ 1,645,643	\$ 558,739	457,105	0	0	\$ 558,739
Office Equipment	\$ 52,720	\$ 52,720	\$ -	0	0	0	\$ -
Building & Paving	25,500	\$ 25,500	\$ -	0	0	0	\$ -
Office Building	\$ 1,644,152	\$ 485,335	\$ 1,158,818	948,031	0	0	\$ 1,158,818
Depreciated Value	\$ 4,468,629	\$ 2,209,197	\$ 2,259,432	\$ 1,848,446	\$ 74,733	\$ 23,833	\$ 2,259,432
Percentage			100.00%	81.81%	3.31%	1.05%	
Total Value (Rate Base)	\$ 199,870,030	\$ 29,817,693	\$170,052,338	\$ 139,120,190	\$ 23,215,927	\$ 7,403,801	\$ 73,137,076
Percentage			99.82%	81.81%	13.65%	4.35%	

Table 2. System-wide Peaking Factors and Derivation of Base and Extra Capacity Proportions

	Max year, average day demand / average year, average day demand (ADD)	Max day demand / ADD	Max hour demand / ADD	
System-wide peaking factors /1	1.10	1.55	1.82	
Resulting asset allocation percentages:				
	Base	Max day	Max hour	Total
Max Day Requirements	64.52%	35.48%	0.00%	100.00%
Peak Hour Requirements	54.95%	30.22%	14.84%	100.00%
Storage Facilities		67.07%	32.93%	100.00%
/1 Max day/ADD based on the 2012 To 2017 data. Max hour/Max day based on 2017 data.				

Allocation of System Value Used and Useful to the Towns

The proportion of the system value used and useful to the town is estimated through peaking factor analysis. This is shown in Table 3.

Table 3 shows average day demand (ADD) for the customer classes for the 2021 base year used in this analysis. Table 3 also shows max hour peaking factors for each of the customer classes. Since the towns do not receive peak hour storage from the District, it is assumed their peak hour demand on the system is the same as the max, or peak day demand.

Max hour flows determine the ultimate capacity, or size, of the North Weld system. Summing 2021 max hour flow, or demand, across the customer classes yields a system peak of 22.61 million gallons per day (mgd). The proportion of max hour flow attributable to each customer class establishes the allocation of the system’s book value to each customer class.

As shown in Table 3, approximately 34.2 percent of the system’s book value is attributable to the town, representing a book value of \$25.0 million.

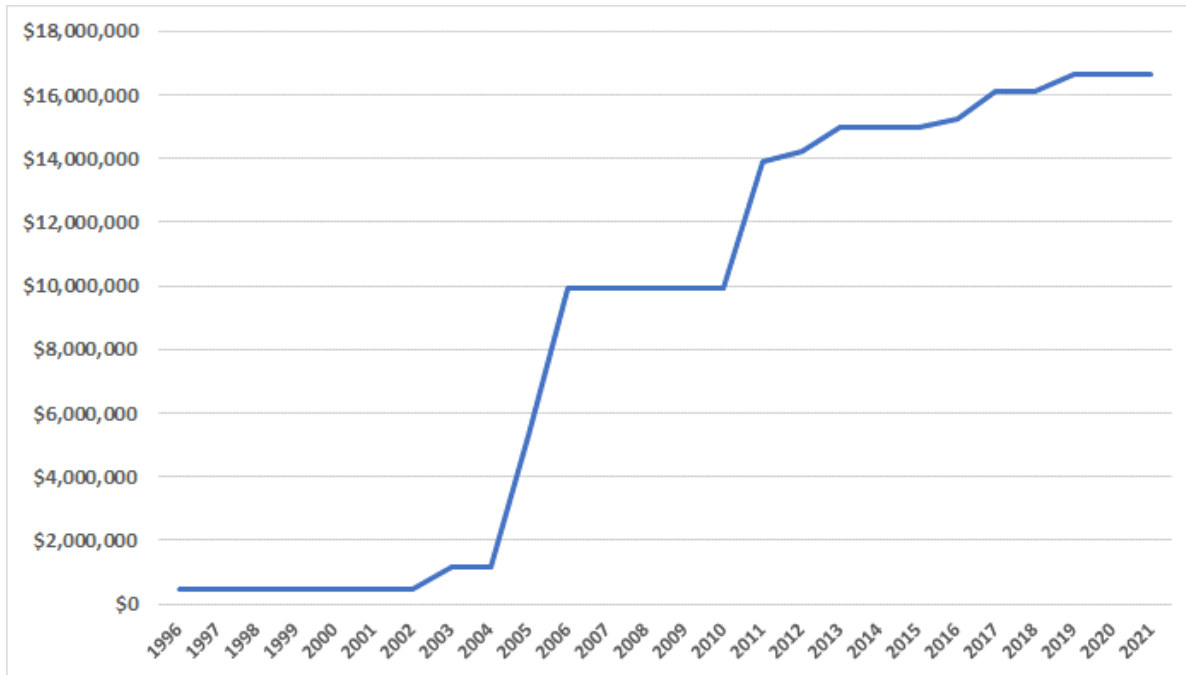
**Table 3
Allocation of Plant Investment to Customer Classes**

	2021 water sales Kgal/Yr	2021 average daily demand (ADD) mgd	Maximum hour peaking factor	Max hour flow (mgd)	System investment, % of max hour demand	System investment
Residential	783,485	2.15	4.00	8.59	38.0%	\$ 27,773,883
Commercial	1,310,867	3.59	1.75	6.28	27.8%	\$ 20,330,245
Towns	1,283,936	3.52	2.20	7.74	34.2%	\$ 25,032,948
Total		9.26		22.61	100.0%	\$ 73,137,076

Town Contributions

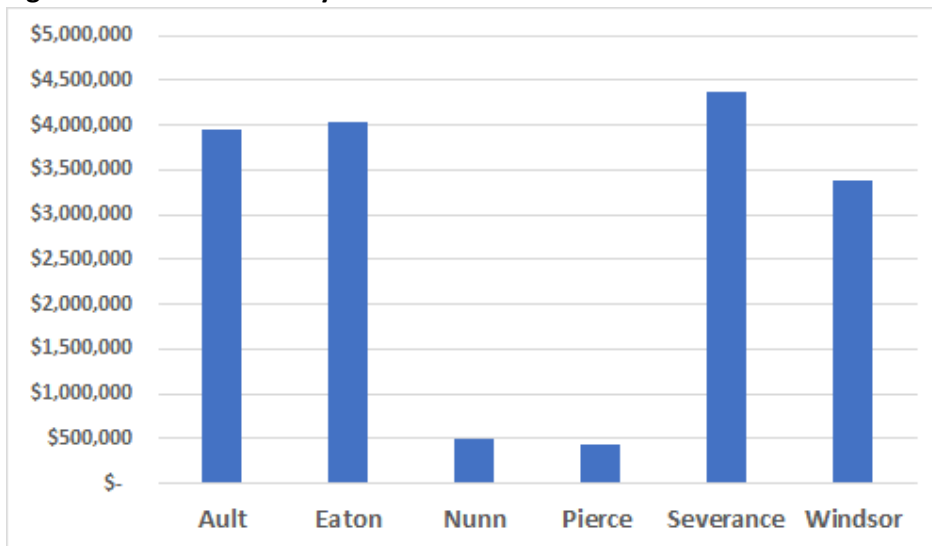
District records indicate the towns collectively have contributed about \$16.7 million to the District since 1996, including Plant Investment fees and other contributions. The timing of these contributions is shown in Figure 1.

Figure 1. Town Contributions in Current Dollars, 1996-2021



Total contributions attributable to each town are shown in Figure 2.

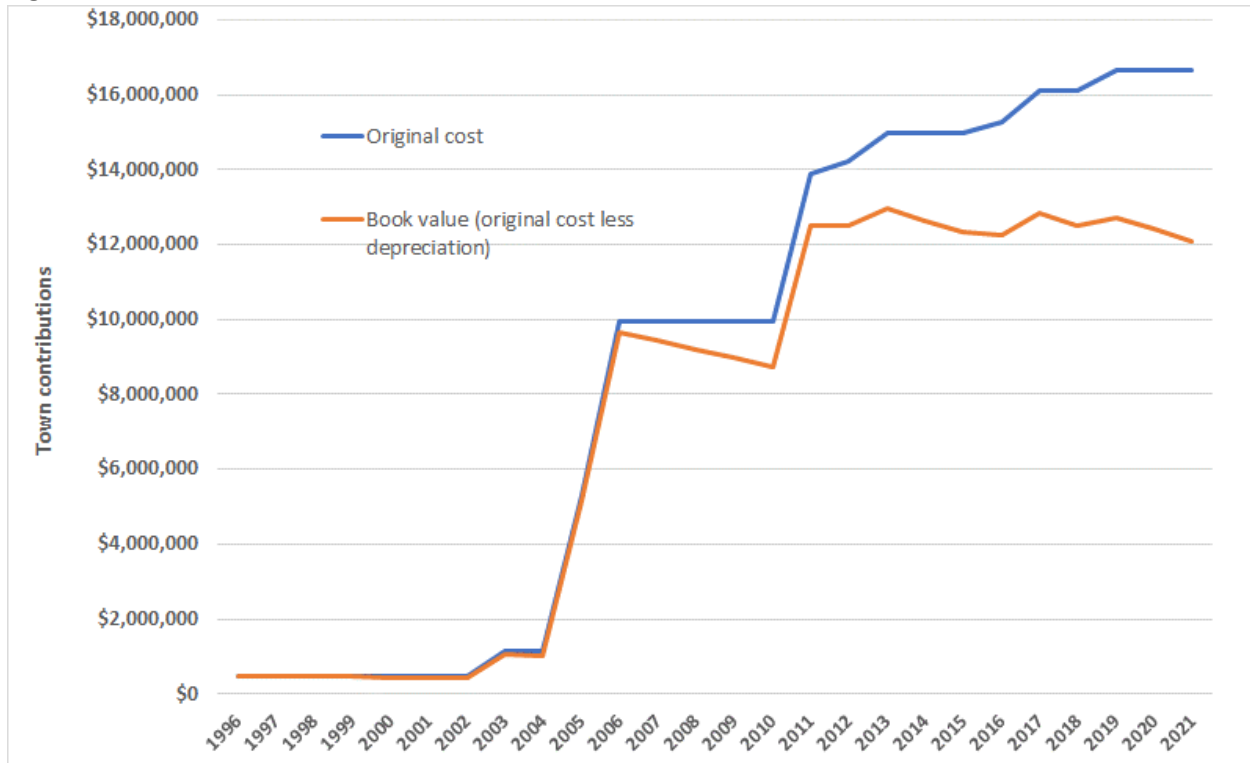
Figure 2. Contributions by Town



The towns contributions have depreciated over time, but there is insufficient available data to determine what specific asset these contributions paid for and their respective depreciation schedules. For purposes of this analysis, it is assumed the assets financed by the towns’ contributions have a collective useful life of 40 years. Forty years was chosen on the basis that a portion of the asset expenditures were for mechanical assets like tanks and pump stations, with a useful life of 30 years, and buried assets, with a useful life of 50 years or more. The simple average of the two is 40 years.

Therefore, assuming a 40-year collective useful life, Figure 3 shows the estimated book value of the towns’ contributions. The 2021 book value was estimated to be \$12.1 million.

Figure 3. Towns’ Contribution and Estimated Book Value, 1996-2021



Calculated Rate of Return

Table 4 documents the steps used to determine the potential revenue from charging a rate of return to the towns.

- Table 3 established that the portion of the system’s value allocable to the towns was calculated to be \$25.0 million. From the preceding section, the most recent estimate of the book value of the towns’ contributions is \$12.1 million, leaving a difference of \$12.9 million. This latter figure is the basis for the rate of return.
- The actual rate of return, in terms of percent, is assumed here to be 5 percent. A more rigorous analysis would likely break-down the rate by historical debt and risk components. However, for

purposes of this analysis, 5 percent is assumed to be a reasonable rate of return for the District to seek.

- Multiplying the value subject to rate of return times the rate yields an annual rate of return of \$646,772, or \$647,000 rounded.
- Based on 2021 water sales to the towns, this \$647,000 translates to \$0.50 per 1,000 gallons.

Table 4. Calculation of Rate of Return to Towns

System value allocable to towns	\$	25,032,948
Less towns capital contributions less depreciation	\$	12,097,517
Equals value subject to rate of return	\$	12,935,430
Rate of return, %		5.00%
Total rate of return revenue (rate x value subject to ROR)	\$	646,772
2021 annual town sales (Kgal/Yr)		1,283,936
Rate of Return Charge (\$/Kgal)	\$	0.50

Implementing a Rate of Return

Although a rate of return charge to wholesale customers is not common for public water providers, this analysis appears to show that the portion of District’s investment benefitting the towns is greater than their historic contributions since 1996. The contributions the towns may have made to the District prior to 1996 are unknown. Regardless, there appears to be a basis for further considering a rate of return.

Successfully implementing a rate of return to towns of \$0.50 per 1,000 gallons could increase the District’s capital reserves by \$647,000 per year, or if used for rate relief, could buy down volume charges to current District customers by about \$0.25 per 1,000.

Overall, it should be noted that as time passes, accumulated depreciation on current assets will reduce their book value and, with the towns paying cost-of-service based PI fees, the amount subject to rate of return will likely diminish.

However, prior to attempting to implement a rate of return to towns, it is recommended that:

- The District’s legal counsel weigh-in this issue, since a rate of return is not common for public water providers
- Asset values and peaking factors be updated to 2023. In addition, assumptions underlying the actual rate of return need further development.

MEMORANDUM

TO: ERIC RECKENTINE, NWCWD

FROM: GEORGE OAMEK

DATE: NOVEMBER 27, 2023

SUBJECT: PLANT INVESTMENT FEES FOR THE DISTRICT AND TOWNS

Contents

Calculation of Plant Investment Fees for the District and for Towns..... 2

 Background 2

 Capital Improvement Program 3

 Allocation of Capital Improvement Plan Expenditures Between New and Existing Customers 4

 Allocation of Capital Improvement Plan Expenditures Between District Customers and Towns 4

 Allocation Proportions 4

 Allocated Capital Improvement Plan Expenditures 7

 System Growth and New Customers 8

 Future Water Usage Estimates 8

 Number of Future Taps 9

 Taps Receiving Benefit from the Capital Improvement Plan 11

 Calculated Plant Investment Fee 14

 Calculated Plant Investment Fee, Alternative Method 14

 Recommended Plant Investment Fees 14

Attachment 1: Capital Improvement Plan (CIP), 2023-2032 16

Calculation of Plant Investment Fees for the District and for Towns

Background

Plant investment (PI) fees are the upfront fees new customers pay for use of the North Weld County Water District's (the District or the North Weld District) treatment, transmission, and storage infrastructure capacity. The term plant investment fee here is equivalent to the term tap fee or water infrastructure impact fee, and calculated in the same manner. These calculations are developed in this memorandum. Also, it is important to note that the District's PI fee is for infrastructure but not water supply costs. New customers, regardless of whether they are within the District or a town served by the District, are expected to contribute their own water supply.

The North Weld District's PI fees are capacity based but measured in terms of water usage per tap, with the PI fee being expressed as dollars per tap. Specifically, the District defines a tap as 0.70 acre-feet of annual water usage. This is functionally similar to urban water utilities who measure customers' capacity in terms of $\frac{3}{4}$ " meter equivalents.

In general, a PI fee may consist of one or both of two components:

1. A buy-in fee that reimburses the District for the new customers' share of facilities already in place and currently under construction. This portion of the fee is based on the value of the existing system as measured by book value (original cost less depreciation) or replacement cost less depreciation, divided by the capacity of the system as measured by the number of taps.
2. A growth component identifying planned new or expanded facilities needed to serve new customers and the associated cost of those facilities, or the portions needed to accommodate new customers. This cost is usually drawn from the capital improvement program (CIP) and is divided by the number of new customers who will benefit from this new capacity. The growth component of the PI fee implements the common policy that "growth pays for growth".

Water providers approaching build-out tend to focus upon the buy-in portion of the fee when revising PI fees because the facilities needed to reach build-out capacity are already in place and new or expanded facilities are not necessary. In contrast, in rapidly growing Districts such as the North Weld District, there is little remaining capacity in the current system to offer new customers so the focus is upon the growth component of the PI fee. As a result, PI fees calculated within this memorandum focus exclusively upon the fee's growth component.

The remainder of this memorandum will discuss:

- The District's CIP and how it is allocated between expenditures that benefit new customers and those that primarily benefit existing customers. In addition, expenditures benefitting new customers are further allocated as those that benefit all customers equally, including the towns served on a wholesale basis, versus those that tend to exclusively benefit customers lying within the District but outside of the towns.
- Estimates of future water demand and usage in the District and towns, and the number of taps that will benefit from these growth-oriented expenditures.
- The calculation of the PI fee for District and for the towns.

Capital Improvement Program

The PI fee is based on the North Weld District’s capital improvement plan, or program (CIP). The CIP is the schedule of capital improvements needed to maintain reliable service to existing customers and to provide capacity for new customers. The schedule is over a period of time and identifies projects and their costs year by year. The District’s CIP covers the period 2023 through 2032 and is summarized by types of projects in Table 1 and Figure 1, below.

Table 1. Capital Improvement Plan, in millions (2023 dollars)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Soldier Canyon Filter Plant	\$ 0.31	\$ 2.00	\$ -	\$ -	\$ -	\$ 5.00	\$ 5.50	\$ 5.00	\$ -	\$ -
Storage tanks	1.60	-	7.00	-	-	-	2.00	2.00	4.00	5.00
Pipeline projects	15.74	15.59	10.05	5.05	5.56	5.56	5.07	6.08	3.38	3.39
Pump stations	-	-	-	4.00	-	-	-	-	2.60	2.60
Equipment	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Water storage and raw water-relat	0.71	0.20	0.20	0.20	0.20	0.20	0.20	0.20	5.20	5.20
Water rights	9.00	6.00	6.00	6.00	6.00	6.00	5.00	6.00	6.00	7.00
Easements and land acq	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18
Total	\$ 27.57	\$ 24.00	\$ 23.46	\$ 15.46	\$ 11.97	\$ 16.97	\$ 17.98	\$ 19.48	\$ 21.39	\$ 23.39
Cumulative	\$ 27.57	\$ 51.57	\$ 75.02	\$ 90.48	\$ 102.45	\$ 119.42	\$ 137.40	\$ 156.88	\$ 178.26	\$ 201.66

Figure 1. Capital Improvement Plan (2023 dollars)

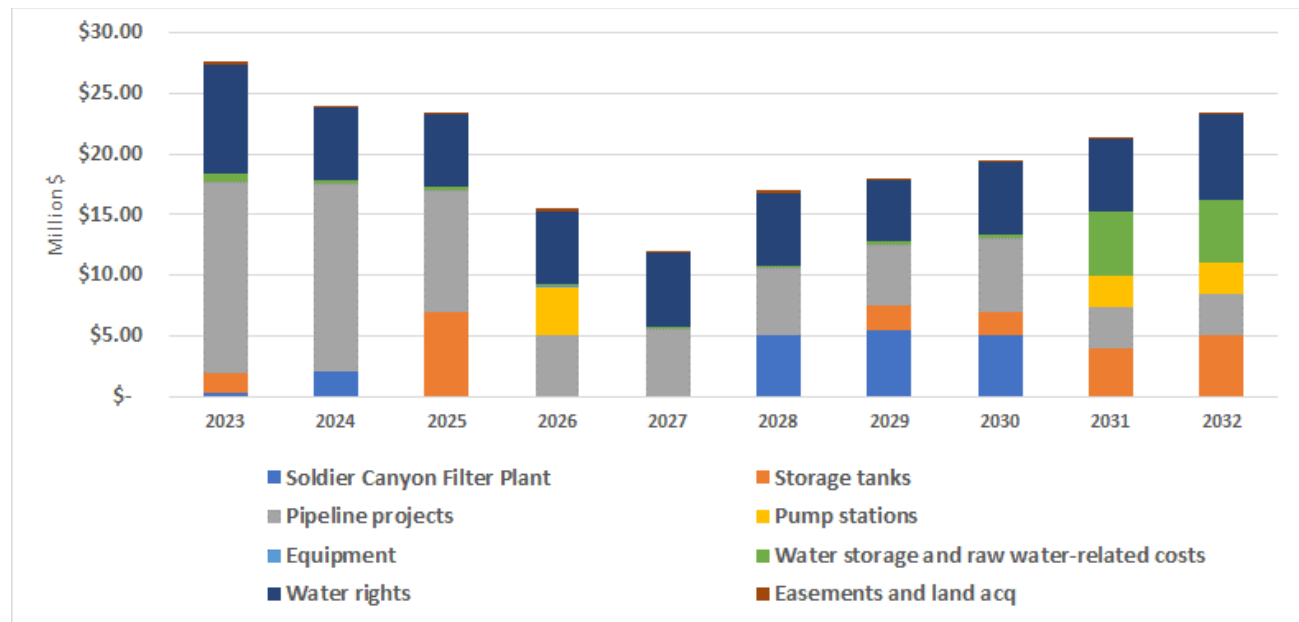


Figure 1 shows that major components of the CIP are water rights and pipeline projects. Since new customers are required to bring their own supplies to the District, water rights costs are not a component of PI fees. If water rights expenditures are removed from the CIP, total expenditures drop from \$201.66 million to \$138.66 million. Pipeline projects involve expanding capacity to accommodate new customers. They account for over one-half of the remaining expenditures and are continuous through the planning period.

Attachment 1 to this memorandum shows a more detailed accounting of individual CIP projects, by year.

Allocation of Capital Improvement Plan Expenditures Between New and Existing Customers

The CIP projects are intended to increase capacity for new customers and increase reliability for both existing and new customers. In the context that growth pays for growth, projects primarily intended to increase capacity are financed through anticipated PI fees and those intended to increase existing system reliability are financed through monthly water charges. As a result, CIP activities and expenditures need to be allocated as to whether they benefit new customers or existing customers, or both. And, if both, what percentage of the project should be allocated to each.

This allocation of expenditures requires examining the individual projects and assigning allocation percentages to new customers and existing customers. It should be noted that these allocations, or proportions, are assumptions based on several factors, including whether, if not for growth, this expenditure would be necessary in this time frame? If not necessary, does it provide other benefits to existing customers? If needed in this time frame, what proportion of the expenditure should be paid by existing customers versus new customers? As a result, it is straightforward to allocate expenditures in general terms, but a high degree of precision is not attainable or practical due to future uncertainties.

Allocation of Capital Improvement Plan Expenditures Between District Customers and Towns

The incorporated areas of the communities of Windsor, Severance, Eaton, Ault, Pierce, Nunn, and the Northern Colorado Water Association No. A2110 all receive wholesale treated water service from the North Weld District. These customers own their water rights, but the District provides treatment, transmission, and storage services. These services are intended to cover the capacity needed to meet the towns' maximum day demand, with additional peak demand storage intended to be provided by the wholesale customers themselves. Local distribution and service lines within the towns are also their own responsibility. As a result of providing only for maximum day demand, there are District facilities related to peak hourly demand that do not directly benefit the towns, primarily storage tanks other than Tank No. 1, the latter of which works with the plant and transmission system to ensure max day demands can be met. There are also planned capital improvements east of U.S. 85 intended to increase capacity and storage for current and future District customers that are unlikely to directly benefit current town customers.

Allocation Proportions

Table 2 identifies major capital improvements by type of project and how its expenditure is allocated between new and existing customers and between District and town customers.

- Since treatment-related expenditures involve expansion, all costs are allocated to new customers, shared by both the District and towns.
- With the exception of Tank 1, new storage facilities are intended to provide greater reliability and growth potential for District customers. The towns should already have adequate peak day to peak hour storage capacity.
- Pump stations are allocated in a similar manner as tank storage. However, since the specific pump stations being developed during the 2023-2032 period are in close proximity to towns, it is assumed they benefit from the expenditure as well.
- In general, pipeline projects provide additional, needed capacity primarily benefitting new customers but also increasing capacity and reliability for existing customers. Most of these expenditures are east of U.S. 85 and are assumed to benefit both the District and towns equally.

- Expenditure for water rights falls exclusively upon current customers within the District because its purpose is to increase reliability of the current system. New customers and towns provide their own water supply. However, expenditures for raw water delivery, storage, and water rights protection would be shared with all customers, with a portion being allocated to new customers and a portion allocated to existing customers.
- Easements and land acquisitions are assumed to be primarily allocated to new customers on the basis the easements are for locating expanded pipelines and facilities, benefitting all customers.

Table 2. Allocation of Capital Improvement Plan Between New Customers and Existing Customers, and Between the District and Towns.

	Proportion of expenditures			Proportion of expenditures	
	New customers through Plant Investment fees	Existing customers through monthly rates	Other dedication?	Proportion of project shared by all (District and Town)	Proportion of project paid by District customers only
Soldier Canyon Treatment Plant					
SCWTP Upgarde to 65 mgd and to 72 MGD	100%	0%		100%	
Pleasant Valley Pipeline, sedimentation basin	0%	100%		100%	
Storage tanks					
TANK 1C - Newt - Bond	100%	0%		100%	
TANK 4 new	75%	25%		0%	100%
TANK 5 new	75%	25%		0%	100%
TANK 5B - rehab	75%	25%		0%	100%
TANK 6 new	75%	25%		0%	100%
TANK 6B	75%	25%		0%	100%
TANK 7 - new	75%	25%		0%	100%
TANK 7 rehab	75%	25%		0%	100%
Pump stations					
PS1 I25_HWY14	75%	25%		100%	
PS9 NUNN 90_29	75%	25%		100%	
Equipment					
	0%	100%		100%	
Transmission and distribution system					
Engineering	100%			75%	25%
Master Plan, Distribution System	100%			75%	25%
Waterlines - Pipelines and Meters (line extensions, misc. small non-specific jobs)	70%	30%		100%	
Zone 6 delivery	100%	0%		100%	0%
Eaton pipeline	100%	0%		100%	0%
NEWT III - NW Only - pre construction	100%			100%	
NEWT III - NW Only - Construction	100%			100%	
Interconnect to Greeley 60 inch	100%	0%		100%	0%
Weld County Road 42 Inch 2 mile - Tank 1	100%	0%		100%	0%
Meter Upgrades - flow control devices		100%			100%
Security AWIA and Generatoors		100%		100%	
Generator Power SummitView and Pump Sta 1		100%		100%	
Water rights, raw water exp., storage					
Diversion from Larimer No. 2 Canal =	50%	50%		100%	
Overland Trail Pump Station (#3) =	50%	50%		100%	
North of the Poudre reservovir acquisition	50%	50%		100%	
Loveland Ready Mix	50%	50%			100%
Water Rights Acquisitions and Pumping (allocated cost of Tri-District, not North Weld)	0%	100%			100%
Water Rights Purchase (by District separate from WR)	0%	100%			100%
Water Rights (Legal, engr., infrastruc. Engr., Planning, permitting, compliance)	50%	50%			100%
New Acquisitions	50%	50%			100%
Legal	50%	50%			100%
Engineering	50%	50%			100%
General and Objections (TD)	50%	50%			100%
Legal	50%	50%			100%
Engineering	50%	50%			100%
WSSC Structures	50%	50%			100%
Storage	100%	0%		100%	
Easements and acquisition					
	70%	30%		100%	
Office equipment					
	0%	100%		100%	

Allocated Capital Improvement Plan Expenditures

Applying the above proportions to the CIP results in the level of expenditures that:

- Need to be recovered from new customers on a per tap basis, Table 3.
- Need to be recovered from existing customers through rates, Table 4.

Table 3. Capital Improvement Plan Expenditures Allocated to New Customers (million)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Soldier Canyon Filter Plant	\$ -	\$ 2.00	\$ -	\$ -	\$ -	\$ 5.00	\$ 5.50	\$ 5.00	\$ -	\$ -
Storage tanks	1.20	-	7.00	-	-	-	1.50	1.50	3.00	3.75
Pipeline projects	15.15	15.35	9.80	4.80	5.30	5.30	4.80	5.80	3.10	3.10
Pump stations	-	-	-	3.00	-	-	-	-	1.95	1.95
Equipment	-	-	-	-	-	-	-	-	-	-
Water storage and raw water-relat	0.26	-	-	-	-	-	-	-	2.50	2.50
Water rights	-	-	-	-	-	-	-	-	-	-
Easements and land acq	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Total	\$ 16.73	\$ 17.48	\$ 16.93	\$ 7.93	\$ 5.43	\$ 10.43	\$ 11.93	\$ 12.43	\$ 10.68	\$ 11.43
Cumulative	\$ 16.73	\$ 34.21	\$ 51.13	\$ 59.06	\$ 64.49	\$ 74.91	\$ 86.84	\$ 99.26	\$ 109.94	\$ 121.37

Table 4. Capital Improvement Plan Expenditures Allocated to Existing Customers (million)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Soldier Canyon Filter Plant	\$ 0.31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Storage tanks	0.40	-	-	-	-	-	0.50	0.50	1.00	1.25
Pipeline projects	0.59	0.24	0.25	0.25	0.26	0.26	0.27	0.28	0.28	0.29
Pump stations	-	-	-	1.00	-	-	-	-	0.65	0.65
Equipment	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Water storage and raw water-relat	0.46	0.20	0.20	0.20	0.20	0.20	0.20	0.20	2.70	2.70
Water rights	9.00	6.00	6.00	6.00	6.00	6.00	5.00	6.00	6.00	7.00
Easements and land acq	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Total	\$ 10.84	\$ 6.52	\$ 6.53	\$ 7.53	\$ 6.54	\$ 6.54	\$ 6.05	\$ 7.06	\$ 10.71	\$ 11.97
Cumulative	\$ 10.84	\$ 17.36	\$ 23.89	\$ 31.42	\$ 37.96	\$ 44.51	\$ 50.56	\$ 57.61	\$ 68.33	\$ 80.29

Expenditures in Table 3 form the basis for the PI fee. Expenditures in Table 4 are incorporated into the rate study as part of annual revenue requirements.

Of the Table 3 expenditures allocated to new customers, a portion will be shared by all customers regardless of whether they are in the District or in the towns. As calculated by the proportions shown in Table 2, the portion of expenditures to be shared equally by all, on a per tap basis, is shown in Table 5, below. Table 6 shows the expenditures that will be shared only by new District customers and not town customers.

Table 5. Capital Expenditure Plan Expenditures Shared by All New Customers, on a Per Tap Basis (million)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Soldier Canyon Filter Plant	\$ -	\$ 2.00	\$ -	\$ -	\$ -	\$ 5.00	\$ 5.50	\$ 5.00	\$ -	\$ -
Storage tanks	-	-	7.00	-	-	-	-	-	-	-
Pipeline projects	15.08	15.10	9.60	4.60	5.10	5.10	4.60	5.60	2.90	2.90
Pump stations	-	-	-	3.00	-	-	-	-	1.95	1.95
Equipment	-	-	-	-	-	-	-	-	-	-
Water storage and raw water-relat	0.26	-	-	-	-	-	-	-	2.50	2.50
Water rights	-	-	-	-	-	-	-	-	-	-
Easements and land acq	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Total	\$ 15.46	\$ 17.23	\$ 16.73	\$ 7.73	\$ 5.23	\$ 10.23	\$ 10.23	\$ 10.73	\$ 7.48	\$ 7.48
Cumulative	\$ 15.46	\$ 32.68	\$ 49.41	\$ 57.13	\$ 62.36	\$ 72.59	\$ 82.81	\$ 93.54	\$ 101.01	\$ 108.49

Table 6. Capital Expenditure Plan Expenditures Shared by New District Customers Exclusively, on a Per Tap Basis (million)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Soldier Canyon Filter Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Storage tanks	1.20	-	-	-	-	-	1.50	1.50	3.00	3.75
Pipeline projects	0.08	0.25	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Pump stations	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-
Water storage and raw water-relat	-	-	-	-	-	-	-	-	-	-
Water rights	-	-	-	-	-	-	-	-	-	-
Easements and land acq	-	-	-	-	-	-	-	-	-	-
Total	\$ 1.28	\$ 0.25	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 1.70	\$ 1.70	\$ 3.20	\$ 3.95
Cumulative	\$ 1.28	\$ 1.53	\$ 1.73	\$ 1.93	\$ 2.13	\$ 2.33	\$ 4.03	\$ 5.73	\$ 8.93	\$ 12.88

System Growth and New Customers

Although the expenditures to be recovered on a per tap basis have been estimated in the previous section, the number of taps benefitting from these expenditures is uncertain for two reasons.

1. The inherent uncertainties of the growth in the number of taps across, in light of strong regional growth pressures but constrained by the pace in which new capacity can be installed.
2. The relationship between the growth in the number of taps, the capacity of the new facilities, and the remaining capacity in the system beyond 2032. This issue will be discussed in greater detail in a subsequent section.

Future Water Use Estimates

Future water use estimates were developed for the Water Rate Study based on the number of new taps anticipated over the period 2023 through 2032, times a usage level per tap. The estimate of the number of taps was influenced by existing and anticipated agreements for future water service, and discussions with the developer-community about known future plans. It was also influenced by the slow-down of development within the District caused by a temporary moratorium on the most rapid residential growth areas. Usage per tap for District customers and towns were based on 5-year average usage, 2017 through 2022. Overall, the annual growth rate in water usage across the District over the period 2023-32 was estimated to be about 2.45 percent.¹

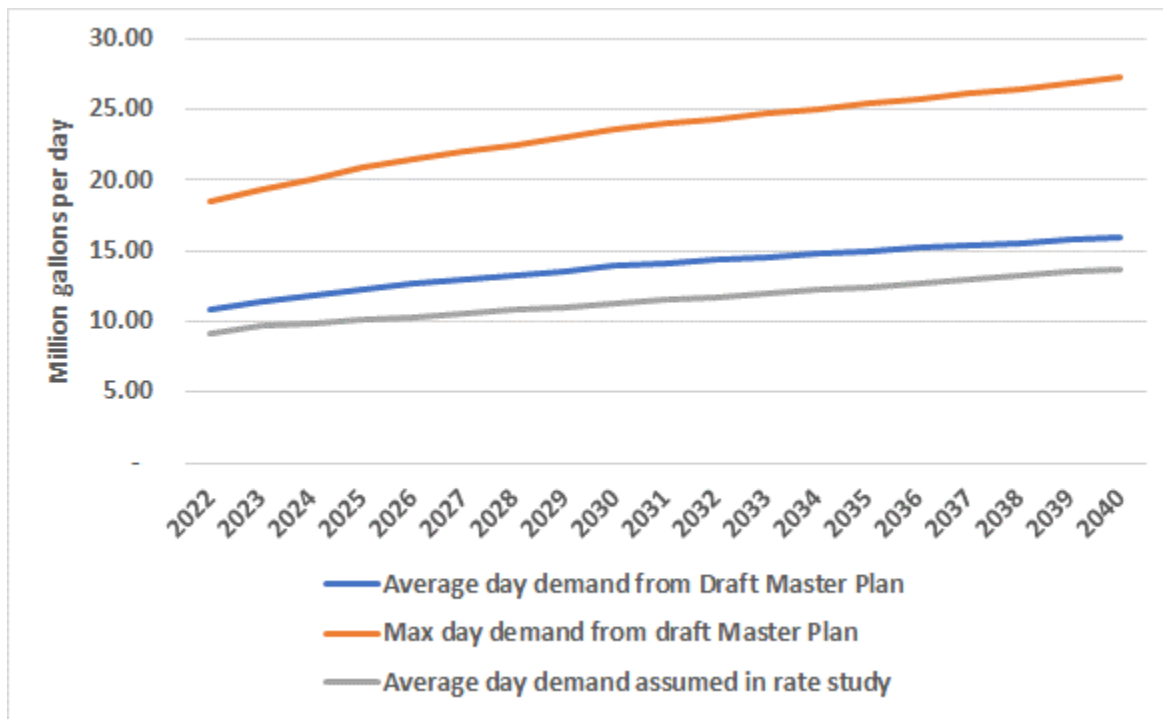
The estimates developed for the rate study predate estimates recently developed for the District's Draft Master Plan for water facilities. These Master Plan estimates include input from regional planners and the towns, and likely represent a more comprehensive examination of future usage and demand than represented in the rate study. Figure 2 compares the estimates. The rate study assumes a similar trajectory for future water usage as the Draft Master Plan, but slightly lower for each year shown. Overall, the Water Rate Study assumes annual usage is about 15 percent to 20 percent less than the Draft Master Plan over the 2023-2032 time period.

¹ The Water Rate Study estimates usage through 2032. For the years 2033 through 2040, the 2032 value is assumed to grow at a compound rate of 2% through 2040. This slowing-down of the rate of growth to a long-term rate near 2% is consistent with the assumptions made in the Draft Master Plan.

Despite the difference in estimated water usage shown in the Draft Master Plan and the Water Rate Study, the estimates in the Water Rate Study will be used here for calculating revised PI fees. This continued use of the lower usage estimates is for two reasons.

1. Rate studies tend to use conservative-low estimates for future usage to hedge against setting rates too low and subsequently not generating sufficient revenue. Conversely, planning studies tend to use conservative-high estimates to hedge against under-sizing of critical future facilities.
2. The rate study recommends significant rate increases for two of three classes of users. These rate increases will likely initiate some reductions in usage per customer, or per tap, for District customers due to price elasticity with respect to demand. The exact adjustment customers may make is uncertain, but it is reasonable to assume water usage per tap will decrease with increasing water charges. This potential reduction in water use is less an issue for PI fee calculations than for water rate calculations because a tap is defined by a volume of 0.70 acre-feet, but for consistency with the Water Rate Study, the same water usage levels are assumed between the rate study and this PI fee analysis.

Figure 2. Future Average and Maximum Day Demands



Number of Future Taps

Based on growth assumptions discussed in the Water Rate Study and identified above, Figure 3 shows the breakdown of future usage estimates between the towns and the District-at-large. It is apparent the towns continue to be a major portion of the District’s overall usage.

Figure 4 translates the usage estimates in Figure 3 to the number of new taps per year. It should be noted that the number of taps for the District is based on usage per tap, as estimated in the Water Rate Study. For the towns, usage per tap is estimated to be a constant 0.70 acre-feet per tap. These estimates show that the District is anticipated to add about 200 to 250 taps per year through 2040, while the towns are anticipated to add about another 150 taps per year through this same period.

Figure 3. Future Usage Estimates for the District and Towns.

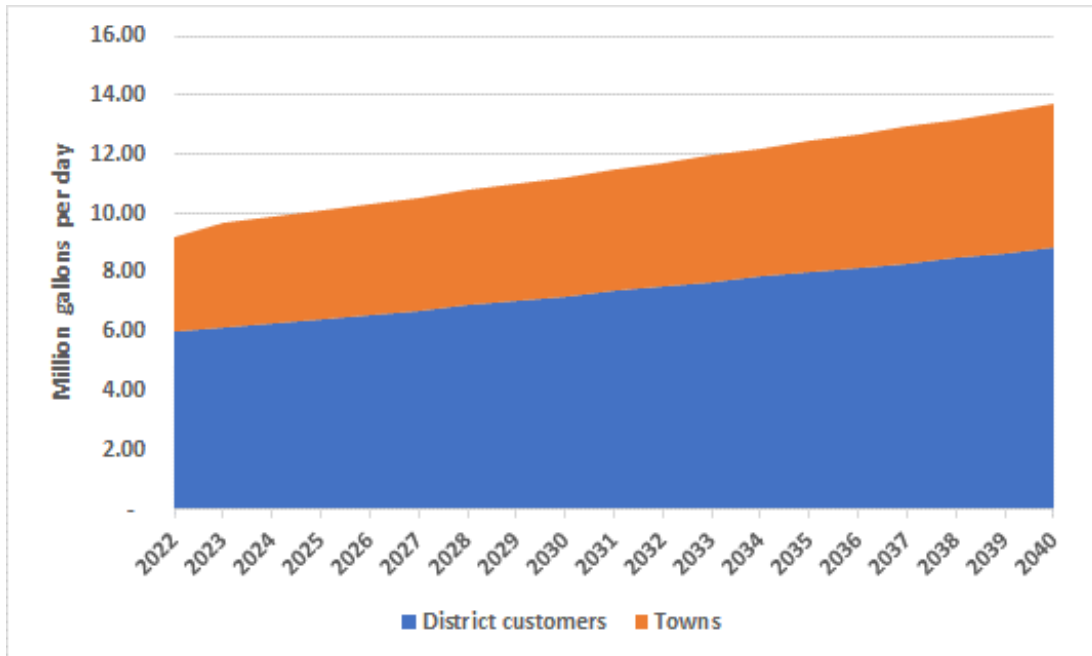
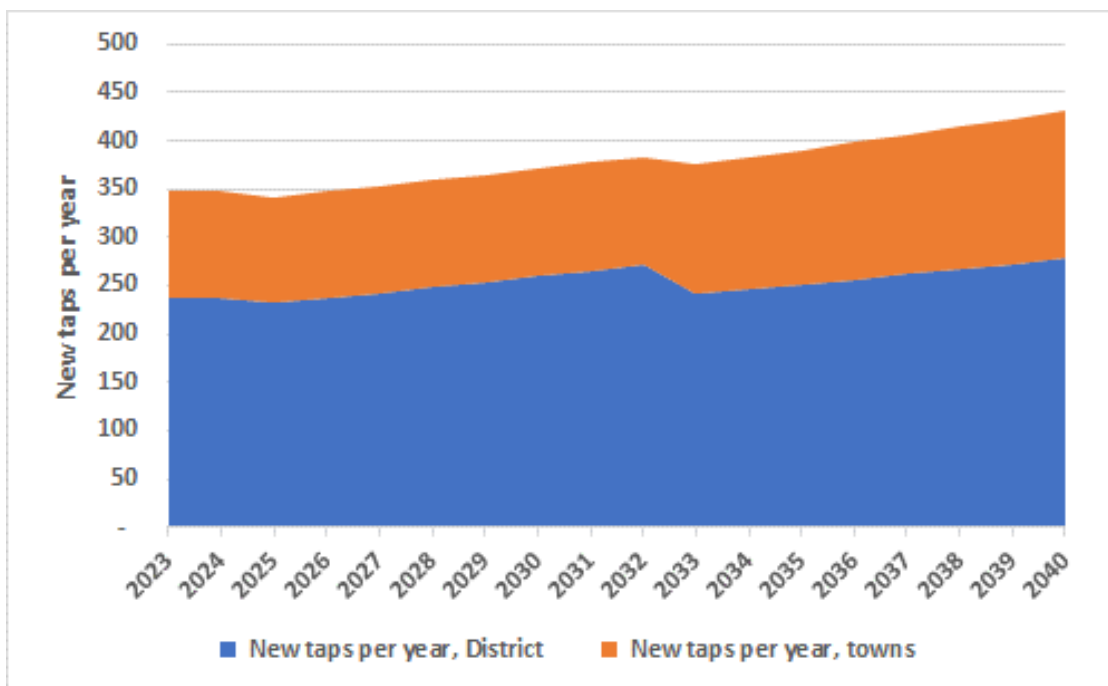


Figure 4. Number of New Taps Per Year.



Taps Receiving Benefit from the Capital Improvement Plan

The CIP identifies capital improvements only through 2032 and does not include additional expenditures needed past 2033, either through 2040 or system build-out. However, many of the assets identified in the CIP serve capacity beyond 2032. Conversely, the Draft Master Plan and this analysis consider usage and the number of taps through 2040. As a result, analysis of the specific CIP expenditures, their total capacity in terms of taps, and their utilized capacity is necessary to develop a consistent basis for calculating PI fees. Similar to cost allocation, this analysis is required for each asset in the CIP.

Table 7 identifies the individual CIP expenditures, the year through which they provide capacity for, and the number of new taps joining the system during this time period, for expenditures benefitting all new customers equally. The final column divides the expenditure by the number of taps it benefits, yielding the portion of the PI fee attributable to the expenditure. Table 8 performs the same calculations for the additional expenditures exclusive to District customers.

Table 7. Capital Improvement Plan Expenditures and Utilized Capacity

	Cost allocated to growth, 2023-32, in 2023 dollars	Year through which capacity is provided	Corresponding number of new taps benefiting from expenditure	Estimated cost per tap
Soldier Canyon Treatment Plant				
SCWTP Upgarde to 65 mgd and to 72 MGD	\$ 17,500,000	2040	7,260	\$ 2,410
Pleasant Valley Pipeline, sedimentation basin	-		-	
Subtotal	\$ 17,500,000			
Storage tanks				
TANK 1C - Newt - Bond	\$ 7,000,000	2040	7,260	\$ 964
TANK 4 new	-		7,260	\$ -
TANK 5 new	-		7,260	\$ -
TANK 5B - rehab	-		7,260	\$ -
TANK 6 new	-		7,260	\$ -
TANK 6B	-		7,260	\$ -
TANK 7 - new	-		7,260	\$ -
TANK 7 rehab	-		7,260	\$ -
Subtotal	\$ 7,000,000			
Pump stations				
PS1 I25_HWY14	\$ 3,900,000	2035	4,384	\$ 890
PS9 NUNN 90_29	3,000,000	2035	4,384	\$ 684
Subtotal	\$ 6,900,000			
Equipment				
	\$ -			
Transmission and distribution system				
Engineering	\$ 5,400,000	2032	3,235	\$ 1,669
Master Plan, Distribution System	375,000	2032	3,235	\$ 116
Waterlines - Pipelines and Meters (line extensions, misc. small non-specific jobs)	-			
Zone 6 delivery	14,000,000	2040	7,260	\$ 1,928
Eaton pipeline	23,100,000	2035	4,384	\$ 5,270
NEWT III - NW Only - pre construction	700,000	2040	7,260	\$ 96
NEWT III - NW Only - Construction	16,000,000	2040	7,260	\$ 2,204
Interconnect to Greeley 60 inch	3,000,000	2035	4,384	\$ 684
Weld County Road 42 Inch 2 mile - Tank 1	8,000,000	2040	7,260	\$ 1,102
Meter Upgrades - flow control devices	-			
Security AWIA and Generatoors	-			
Generator Power SummitView and Pump Sta 1	-			
Subtotal	\$ 70,575,000			
Water rights, raw water exp., storage				
Diversion from Larimer No. 2 Canal =	\$ 100,000	2040	7,260	\$ 14
Overland Trail Pump Station (#3) =	-		7,260	\$ -
North of the Poudre reservovir acquisition	5,000,000	2040	7,260	\$ 689
Loveland Ready Mix	-		7,260	\$ -
Water Rights Acquisitions and Pumping (allocated cost of Tri-District, not North Weld)	-		7,260	\$ -
Water Rights Purchase (by District separate from WR)	-		7,260	\$ -
Water Rights (Legal, engr., infrastruc. Engr., Planning, permitting, compliance)	-		7,260	\$ -
New Acquisitions	-		7,260	\$ -
Legal	-		7,260	\$ -
Engineering	65,000	2040	7,260	\$ 9
General and Objections (TD)	-		7,260	\$ -
Legal	65,000	2040	7,260	\$ 9
Engineering	-		7,260	\$ -
WSSC Structures	25,000	2040	7,260	\$ 3
Storage	-		7,260	\$ -
Subtotal	\$ 5,255,000			
Easements and acquisition				
	\$ 1,260,000	2040	7,260	\$ 174
Office equipment				
	\$ -			
Total	\$ 108,490,000			\$ 18,915

Table 8. Capital Improvement Plan Expenditures and Utilized Capacity Paid Exclusively by District Customers

	Cost allocated to growth, 2023-32, in 2023 dollars	Year through which capacity is provided	Corresponding number of new taps benefiting from expenditure	Estimated cost per tap
Soldier Canyon Treatment Plant				
SCWTP Upgarde to 65 mgd and to 72 MGD	\$ -	2040	4,548	\$ -
Pleasant Valley Pipeline, sedimentation basin	-		-	
Subtotal	\$ -			
Storage tanks				
TANK 1C - Newt - Bond	\$ -	2040	4,548	\$ -
TANK 4 new	3,000,000		4,548	\$ 660
TANK 5 new	3,000,000		4,548	\$ 660
TANK 5B - rehab	4,350,000		4,548	\$ 956
TANK 6 new	-		4,548	\$ -
TANK 6B	-		4,548	\$ -
TANK 7 - new	600,000		4,548	\$ 132
TANK 7 rehab	-		4,548	\$ -
Subtotal	\$ 10,950,000			
Pump stations				
PS1 I25_HWY14	\$ -	2035	2,976	\$ -
PS9 NUNN 90_29	-	2035	2,976	\$ -
Subtotal	\$ -			
Equipment				
	\$ -			
Transmission and distribution system				
Engineering	\$ 1,800,000	2032	3,235	\$ 556
Master Plan, Distribution System	125,000	2032	3,235	\$ 39
Waterlines - Pipelines and Meters (line extensions, misc. small non-specific jobs)	-			
Zone 6 delivery	-	2040	4,548	\$ -
Eaton pipeline	-	2035	3,235	\$ -
NEWT III - NW Only - pre construction	-	2040	4,548	\$ -
NEWT III - NW Only - Construction	-	2040	4,548	\$ -
Interconnect to Greeley 60 inch	-	2035	3,235	\$ -
Weld County Road 42 Inch 2 mile - Tank 1	-	2040	4,548	\$ -
Meter Upgrades - flow control devices	-			
Security AWIA and Generators	-			
Generator Power SummitView and Pump Sta 1	-			
Subtotal	\$ 1,925,000			
Water rights, raw water exp., storage				
Diversion from Larimer No. 2 Canal =	\$ -	2040	4,548	\$ -
Overland Trail Pump Station (#3) =	-		4,548	\$ -
North of the Poudre reservoir acquisition	-	2040	4,548	\$ -
Loveland Ready Mix	-		4,548	\$ -
Water Rights Acquisitions and Pumping (allocated cost of Tri-District, not North Weld)	-		4,548	\$ -
Water Rights Purchase (by District separate from WR)	-		4,548	\$ -
Water Rights (Legal, engr., infrastruc. Engr., Planning, permitting, compliance)	-		4,548	\$ -
New Acquisitions	-		4,548	\$ -
Legal	-		4,548	\$ -
Engineering	-	2040	4,548	\$ -
General and Objections (TD)	-		4,548	\$ -
Legal	-	2040	4,548	\$ -
Engineering	-		4,548	\$ -
WSSC Structures	-	2040	4,548	\$ -
Storage	-		4,548	\$ -
Subtotal	\$ -			
Easements and acquisition				
	\$ -	2040	4,548	\$ -
Office equipment				
	\$ -			
Total	\$ 12,875,000			\$ 3,003

Calculated Plant Investment Fee

Based on assumptions regarding growth and capacity, Table 7 calculates a PI fee of \$18,915 per tap would recover costs intended to be share by all new customers. Table 8 indicates that an additional \$3,003 would recover costs exclusive to future District customers.

Therefore:

- Plant investment fees (PI) for new District customers is estimated to be \$21,918 per tap (\$18,915 + \$3,003). This can be rounded to \$21,900 per tap.
- Plant investment fees for new town taps is estimated to be \$18,915, or \$18,900 per tap, rounded.

Calculated Plant Investment Fee, Alternative Method

A second, less precise method of calculating the PI fees was used to assess the reasonableness of the PI fees derived above. It involves calculating annual equivalent capital costs by amortizing total CIP costs over a period of analysis and dividing this annual equivalent expenditure by the average number of taps joining the system per year. This is shown in Table 9.

Table 9. Annual Equivalent Method of Calculating PI Fees.

Growth cost allocated to all new customers, 2023-2032	\$	108,490,000
Annual equivalent cost, based on a 20 year payback at 3.0% interest		\$7,292,232
Average number of new taps per year, 2023-2032, District and towns		379
Cost per tap		\$19,265
Growth cost allocated to inside District customers only	\$	12,875,000
Annual equivalent cost		\$865,402
Average number of new taps per year, District only		253
Cost per tap		\$3,417
Tap fee for District customers, rounded		\$22,700
Tap fee for Towns		\$19,300

Recommended Plant Investment Fees

The calculated results shown in Table 9 are quite close to those calculated in Tables 7 and 8 above, the latter of which use a more detailed and precise description of the capital improvements and their utilized capacity. As a result, these more detailed estimates appear reasonable and the following PI fees are recommended:

- *Inside District Plant Investment Fee: \$21,900, in 2023 dollars*

- *PI Fee for towns: \$18,900, in 2023 dollars.*

Attachment 1: Capital Improvement Plan (CIP), 2023-2032

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Soldier Canyon Treatment Plant										
SCWTP Upgarde to 65 mgd and to 72 MGD	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 5,000,000	\$ 5,500,000	\$ 5,000,000	\$ -	\$ -
Pleasant Valley Pipeline, sedimentation basin	312,000	-	-	-	-	-	-	-	-	-
Subtotal	\$ 312,000	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 5,000,000	\$ 5,500,000	\$ 5,000,000	\$ -	\$ -
Storage tanks										
TANK 1C - Newt - Bond	\$ -	\$ -	\$ 7,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TANK 4 new	-	-	-	-	-	-	-	-	4,000,000	-
TANK 5 new	-	-	-	-	-	-	2,000,000	2,000,000	-	-
TANK 5B - rehab	800,000	-	-	-	-	-	-	-	-	5,000,000
TANK 6 new	-	-	-	-	-	-	-	-	-	-
TANK 6B	-	-	-	-	-	-	-	-	-	-
TANK 7 - new	800,000	-	-	-	-	-	-	-	-	-
TANK 7 rehab	-	-	-	-	-	-	-	-	-	-
Subtotal	\$ 1,600,000	\$ -	\$ 7,000,000	\$ -	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 4,000,000	\$ 5,000,000
Pump stations										
PS1 I25_HWY14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,600,000	\$ 2,600,000
PS9 NUNN 90_29	-	-	-	4,000,000	-	-	-	-	-	-
Subtotal	\$ -	\$ -	\$ -	\$ 4,000,000	\$ -	\$ -	\$ -	\$ -	\$ 2,600,000	\$ 2,600,000
Equipment	\$ 25,700	\$ 25,700	\$ 25,700	\$ 25,700	\$ 25,700	\$ 25,700	\$ 25,700	\$ 25,700	\$ 25,700	\$ 25,700
Transmission and distribution system										
Engineering	\$ -	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000
Master Plan, Distribution System	300,000	200,000	-	-	-	-	-	-	-	-
Waterlines - Pipelines and Meters (line extensions, misc. small non-specific jobs)	-	-	-	-	-	-	-	-	-	-
Zone 6 delivery	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	-	-
Eaton pipeline	3,500,000	-	3,000,000	2,000,000	2,500,000	2,500,000	2,000,000	3,000,000	2,300,000	2,300,000
NEWT III - NW Only - pre construction	350,000	350,000	-	-	-	-	-	-	-	-
NEWT III - NW Only - Construction	8,000,000	8,000,000	-	-	-	-	-	-	-	-
Interconnect to Greeley 60 inch	3,000,000	-	-	-	-	-	-	-	-	-
Weld County Road 42 Inch 2 mile - Tank 1	-	4,000,000	4,000,000	-	-	-	-	-	-	-
Meter Upgrades - flow control devices	240,000	244,800	249,696	254,690	259,784	264,979	270,279	275,685	281,198	286,822
Security AWIA and Generatoars	100,000	-	-	-	-	-	-	-	-	-
Generator Power SummitView and Pump Sta 1	250,000	-	-	-	-	-	-	-	-	-
Subtotal	\$ 15,740,000	\$ 15,594,800	\$ 10,049,696	\$ 5,054,690	\$ 5,559,784	\$ 5,564,979	\$ 5,070,279	\$ 6,075,685	\$ 3,381,198	\$ 3,386,822
Water rights, raw water exp., storage										
Diversion from Larimer No. 2 Canal =	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Overland Trail Pump Station (#3) =	-	-	-	-	-	-	-	-	-	-
North of the Poudre reservoir acquisition	-	-	-	-	-	-	-	-	5,000,000	5,000,000
Loveland Ready Mix	-	-	-	-	-	-	-	-	-	-
Water Rights Acquisitions and Pumping (allocated cost of Tri-District, not North Weld)	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Water Rights Purchase (by District separate from WR)	9,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	5,000,000	6,000,000	6,000,000	7,000,000
Water Rights (Legal, engr., infrastruc. Engr., Planning, permitting, compliance)	-	-	-	-	-	-	-	-	-	-
New Acquisitions	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-
Engineering	130,000	-	-	-	-	-	-	-	-	-
General and Objections (TD)	-	-	-	-	-	-	-	-	-	-
Legal	130,000	-	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-	-	-
WSSC Structures	50,000	-	-	-	-	-	-	-	-	-
Storage	-	-	-	-	-	-	-	-	-	-
Subtotal	\$ 9,710,000	\$ 6,200,000	\$ 6,200,000	\$ 6,200,000	\$ 6,200,000	\$ 6,200,000	\$ 5,200,000	\$ 6,200,000	\$ 11,200,000	\$ 12,200,000
Easements and acquisition	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000	\$ 180,000
Office equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 27,567,700	\$24,000,500	\$23,455,396	\$15,460,390	\$ 11,965,484	\$ 16,970,679	\$ 17,975,979	\$ 19,481,385	\$ 21,386,898	\$ 23,392,522
Cumulative]	\$ 27,567,700	\$51,568,200	\$75,023,596	\$90,483,986	\$ 102,449,470	\$ 119,420,149	\$137,396,128	\$156,877,513	\$178,264,411	\$ 201,656,933



memorandum

To: North Weld County Water District
From: Trihydro Corporation
Date: December 6, 2023
Re: EPA Revised Lead and Copper Program Summary

INTRODUCTION

Trihydro Corporation (Trihydro) prepared this memorandum (memo) to provide North Weld County Water District (NWCWD) a summary of the revised Environmental Protection Agency (EPA) Lead and Copper Program (Program). This summary outlines the Program's key aspects, progress made in addressing newly developed requirements, and the project path forward.

LEAD AND COPPER PROGRAM OBJECTIVES

Lead and copper contamination in drinking water could potentially pose serious health risks and regulatory challenges. The presence of these contaminants is associated with both long-term and short-term health effects, particularly affecting vulnerable populations such as children and pregnant women. Along with health concerns, regulatory challenges also arise in monitoring, testing, and implementing effective measures to mitigate these contaminants. In response to the growing concerns and the need to improve public health protection, the EPA has reviewed and revised the Lead and Copper Rule (LCR), originally established in 1991.

PROGRAM TIMELINE

During the LCR review and revision effort, the EPA developed several documents to assist water systems in implementing lead and copper mitigation measures. Below is the EPA LCR revision timeline:

- 1991: EPA published the LCR to control lead and copper in drinking water.
- 2016: EPA developed the *Lead and Copper Rule Revisions (LCRR) White Paper* to outline potential regulatory options for improving the rule.
- December 16, 2021: EPA announced the development of a new regulation, *Lead and Copper Rule Improvements (LCRI)*. The LCRI includes specific and updated measures to improve the lead and copper mitigation measures compared to the previous LCR.
- August 4, 2022: EPA published a *Guidance for Developing and Maintaining a Service Line Inventory (SLIG)* for public water systems to comply with the requirements under the LCRR.
- June 10, 2023: EPA signed a final rule to extend the effective date of the LCRR.
- **By October 2024:** EPA expects water suppliers to submit an initial inventory or demonstration of the absence of lead service lines.



The Colorado Department of Health and Environment (CDPHE) Water Quality Control Commission adopted the LCRR into Regulation 11 on August 14, 2023. The compliance date of October 16, 2024 is maintained.

REGULATORY REQUIREMENTS

The lead service line inventory serves as a component to help water systems identify and assess the presence of lead service lines and ensure the systems meet regulatory requirements. The EPA published the SLIG to assist the water systems in preparing and submitting an initial service line inventory by October 16, 2024. SLIG Chapter 1, Section 1.3.1 outlines the primary requirements for the initial lead line inventory preparation, which are summarized below.

- **Service Line Inventory Review and Development** – The water system is required to classify both the system-owned and customer-owned portions of the service line. The overall service line classification is determined by the worst material classification between the system-owned and customer-owned portions. Service lines are categorized as Lead, Galvanized Requiring Replacement (GRR), Non-Lead, or Lead Status Unknown (EPA 2022).
- **Inventory Submission** – The initial inventory or demonstration of the absence of lead service lines must be submitted to the EPA by October 16, 2024. Annually or triennially updates must be submitted to the primary agency based on the lead tap sampling frequency (EPA 2022). An update is not required if the system demonstrates the absence of lead service lines. In the case of NWCWD, CDPHE serves as the primary agency.
- **Public Accessibility and Consumer Confidence Report (CCR)** – The water system is required to make the inventory publicly available. If serving more than 50,000 people, the inventory must be accessible online. The water system’s annual CCR is also required to include information on accessing the service line inventory. For systems without lead service lines identified, the CCR should include a statement in lieu of the publicly accessible inventory with a description of methods used (EPA 2022).
- **Service Line Consumer Notification** – The water system must provide a notification to customers connected to a Lead, GRR, or Lead Status Unknown service line. The notification must be given within 30 days after completing the initial inventory and repeated annually until only the non-lead service line remains. The notification must include the service line material, health effects, and steps to minimize lead exposure in drinking water (EPA 2022).

CURRENT TASKS

SLIG Chapter 3 provides guidance on plans and methods the water systems should consider when developing their service line inventory. An Inventory Lifecycle schematic is presented in this chapter. Currently, Trihydro is following the Inventory Lifecycle as part of the initial inventory. Attachment A includes the Inventory Lifecycle. Below is a summary of the Inventory Lifecycle progress to date.



- Gather Records and Compile Data - Trihydro has completed reviewing NWCWD's water meter installation records. These records consist of paper water meter installation records from 1982 to 2008, containing information only on the NWCWD-owned portion of the service line. The paper meter installation records have been converted into Portable Document Formats (PDFs) for online accessibility. The lead ban in Colorado (January 31, 1988) is being considered as Trihydro reviews records.
- Build Initial Inventory – The meter installation data extracted from the PDF files were incorporated into NWCWD's current Geographic Information System (GIS). Trihydro is also incorporating this data into an EPA/CDPHE lead service line inventory template for continuous tracking purposes.
- Investigation – During the initial service line inventory review, discrepancies were discovered between the information in the paper records and digital records presented in GIS, with GIS containing more detailed service line material information. Trihydro is currently coordinating with NWCWD to resolve these discrepancies. Based on the existing service line inventory provided to Trihydro, information regarding the customer-owned side of the water service lines may be limited.

FUTURE OBJECTIVES

Per the Inventory Lifecycle, if a 'Lead Status Unknown' is determined, water systems are required to conduct lead service line inspections and follow up with corresponding replacements. The EPA has recommended several service line inspection approaches for the water system to verify historical records and gather additional information when the service line material is unknown. The following sections outline the EPA's recommended inspection methods and Trihydro's recommendations for implementing these inspection methods.

LEAD SERVICE LINE INVESTIGATION METHODS

The EPA-recommended service line inspection methods are outlined below.

- Visual Inspection of Service Line Material – Water systems can use community surveys to encourage residents to self-identify their service line materials. A closed-circuit television (CCTV) camera can also be used for external visual inspections.
- Water Quality Sampling - Water quality sampling protocols are used to detect the presence of lead service lines. Water samples can be collected at the targeted service line and at the customer's tap. This method requires CDPHE's approval before use for service line classification.
- Excavation – If a service line is not accessible for visual inspection, the water system may need to excavate soil and potentially remove portions of the road, sidewalk, or other obstacles to determine the service line materials (EPA 2022). Mechanical excavation and vacuum excavation are the most used inspection approaches.



- Predictive Modeling - Predictive modeling involves using data analysis and statistical techniques to forecast or predict the likelihood of lead or copper contamination in service lines. This method requires CDPHE's approval before use for service line classification.
- Emerging Methods – Other technical approaches used to identify pipe materials. Those approaches currently have limited research or field implementation to demonstrate their effectiveness. This method requires CDPHE's approval before use for service line classification.

Generally, the goal of the lead service investigation is to effectively and conclusively identify water system unknown service line materials. When selecting inspection methods, water systems should consider the method(s) best suited to their particular distribution system and community, taking into account state approval, cost, labor skill requirements, disruption to consumers, overall time, and accuracy (EPA 2022).

Trihydro evaluated the investigation methods considering the parameters noted above, in addition to several other relevant factors, using a decision matrix. Attachment B includes the decision matrix evaluations and scores. The decision matrix shows that, from the lowest to highest, the methods are rated in the following order: 1) Preliminary Record Review, 2) Visual Inspection, 3) Customer Tap Water Quality Sampling, 4) Service Line Water Quality Sampling, 5) Vacuum Excavation, 6) Predictive Modeling and Emerging Methods, 7) Mechanical Excavation.

The Lead Service Line Inventory and Lead Service Line Replacement Plan Requirements published by CDPHE also provided a stepwise approach for water systems to utilize, facilitating the initiation of the Inventory preparation. The diagram is included in Attachment C.

INVESTIGATION ALTERNATIVES

According to the LCRR, the water systems are not required to conduct on-site investigation of service lines for the initial inventory. If on-site investigations are performed and documented, they are a required source of inventory information (EPA 2022). Trihydro is presenting NWCWD the following service line material investigation options for consideration moving forward.

Alternative 1

If NWCWD decides to conduct on-site investigations after the initial inventory review, Trihydro recommends a step-wise service line identification approach beginning with the simplest, least invasive, and least expensive inspection methods and moves toward to more complex, costly but more accurate methods. This approach will establish a systematic structure to help the system progressively identify and remove certain lead service lines from the unknown service line material list in each step, while forwarding the remaining unknown service lines to the next step, until the entire, or at least a large portion of the service line materials are identified. Attachment B includes the inspection method decision matrix.



Alternative 2

As noted, water systems are not required to conduct on-site investigations for the initial service line inventory preparation. If the NWCWD decides not to continue with on-site investigations after the initial inventory review, the water system is required to notify customers who potentially have a lead service line. These notifications should contain details regarding the potential service line material, information about the health impacts of lead, and recommended steps to minimize exposure to lead in drinking water. In the future, as NWCWD performs construction projects near the service lines with unknown materials, if the service line is visually accessible, it should be visually inspected, and the inventory should be updated accordingly.

Alternative 3

Depending on the path NWCWD decides to pursue after the initial inventory review, NWCWD can also consider applying for funding. In 2021, the United State Congress passed the Bipartisan Infrastructure Bill, which was later signed by President Joe Biden. This bill designated a total of \$15 billion to be distributed over five consecutive years to address concerns related to lead and copper in drinking water systems. Additionally, the bill included \$11.7 billion for the Drinking Water State Revolving Fund (DWSRF), which could potentially support the NWCWD in identifying, documenting, and removing lead service lines. CDPHE has also offered various funding options for water systems to consider, including grant assistance programs. Trihydro is researching funding options for the NWCWD consideration as inventory activities are completed.

POTENTIAL ACTIONS

Trihydro has identified potential actions NWCWD might consider implementing as part of the LCRR. These include both short- and long-term strategies with varying cost implications. The potential actions include:

- Map lead service lines districtwide.
- Establish a lead service line inspection program and document inspections records including inspection methods, findings and action items.
- Establish a lead service line replacement program, including consistently inspecting and replacing old pipelines.
- Introduce corrosion control measures to minimize leaching lead and copper into the water.
- Visually inspect and document service line materials during construction or surveys and update the inventory when new lead service lines are identified.
- Continue monitoring water quality at designated service lines or through customer's tap.
- Continue reviewing existing data and address discrepancies, if noted.



North Weld County Water District

December 6, 2023

Page 6

- Evaluate funding/grant opportunities , if needed.
- Maintain active communication with the community by consistently providing updates and reports on lead service lines findings and actions taken.

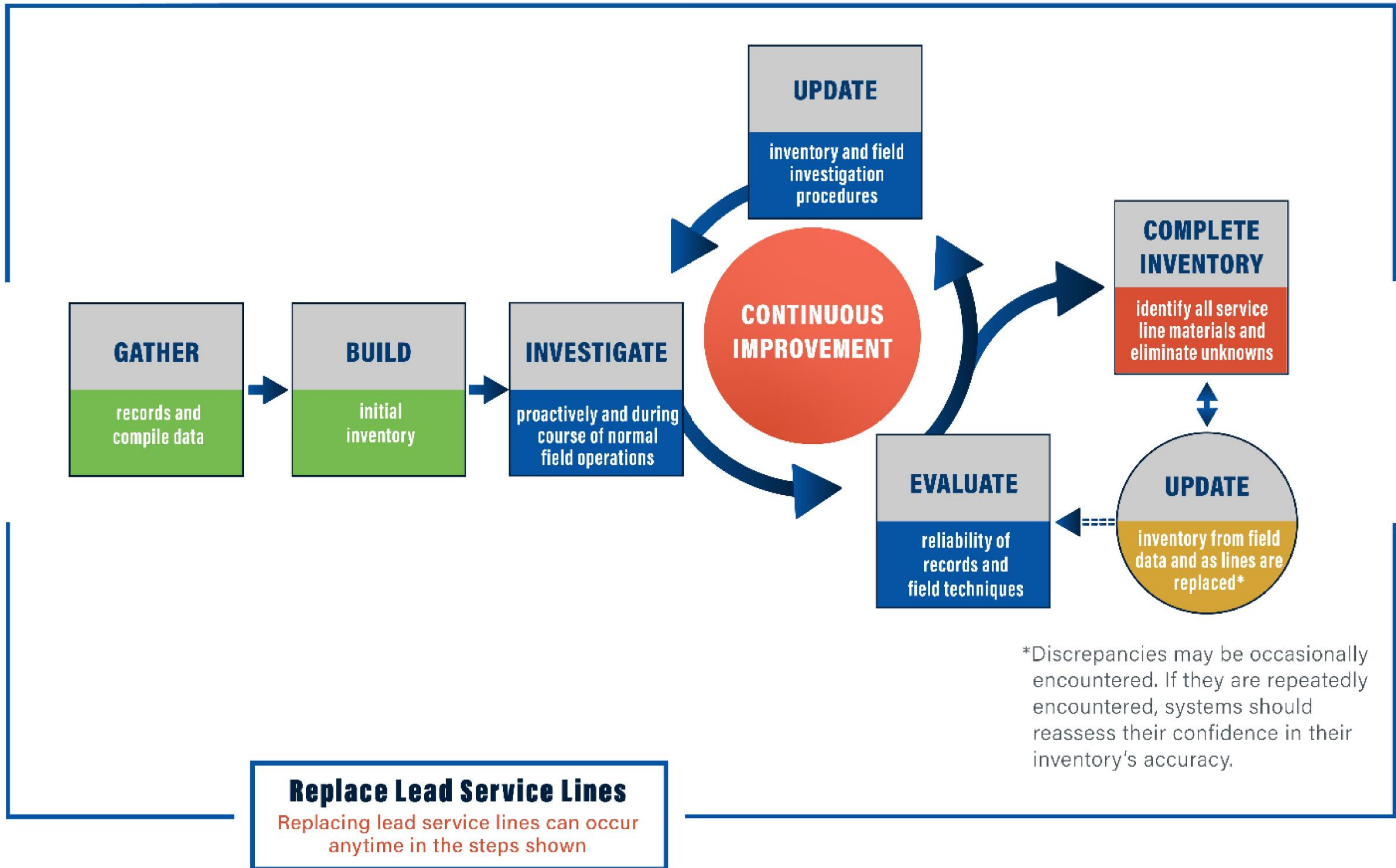
REFERENCES

U.S. Environmental Protection Agency (EPA). 2022. Guidance for Developing and Maintaining a Service Line Inventory.

Colorado Department of Public Health and Environment (CDPHE). 2023. Lead Service Line Inventory and Lead Service Line Replacement Plan Requirements.

0075Q-003-0010

ATTACHMENT A



ATTACHMENT B

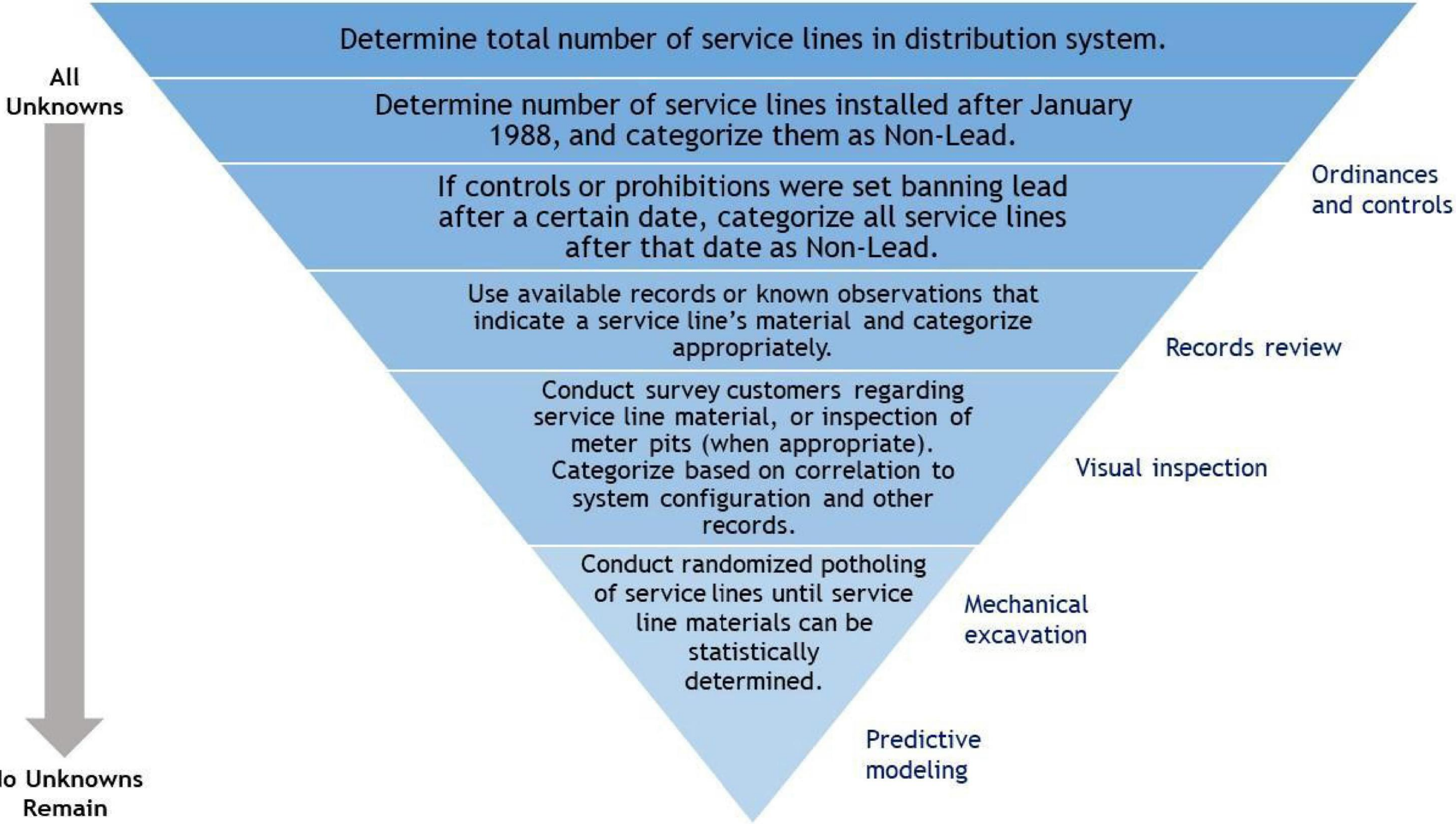
**ATTACHMENT B. LEAD SERVICE LINE INVESTIGATION DECISION MATRIX
LEAD AND COPPER PROGRAM SUMMARY
NORTH WELD COUNTY WATER DISTRICT, CO**

LSL Investigation Method	Utility Cost		Utility Skills Requirement		Disruption to Customers	Public Involvement	State Approval	Risk	Overall		Score ¹
	Labor	Maintenance	Labor	Maintenance					Accuracy ⁷	Time	
Preliminary Record Review	Medium	Low	Low	N/A	Low	Low	N/A	N/A	Low to High ²	Medium	10
Visual Inspection	Medium	Low	Low	Low	Low	High	N/A	Low	Medium to High ³	Low	13
Water Quality Sampling - System Side	Medium	Medium	Medium	Medium	Low	Low	YES	Low	Low	Medium	17
Water Quality Sampling - Customer Side	Medium	Low	Low	Low	High	High	YES	N/A	Medium	Medium	16
Excavation - Mechanical ⁴	High	High	High	Medium	High	Low	N/A	High	High	High	22
Excavation - Vacuum ⁵	Medium	High	Medium	High	Low	Low	N/A	Medium	Medium - High	Medium	18
Predictive Modeling	High	High	High	High	Low	Low	YES	N/A	Medium	High	20
Emerging Methods ⁶	High	High	High	High	Low	Low	YES	N/A	Low	High	21

Abbreviations
LSL = Lead Service Line
N/A = Not Applicable

Notes
The scores for each inspection method were determined by summing the scores for all previous sections. High = 3, Medium = 2, and Low = 1. N/A = 0 YES = 1
2. Preliminary Record Review accuracy depends on the completeness of the existing records.
3. Visual Inspection involves both District and the customer's effort. The accuracy of visual inspection highly depends on inspector's knowledge level.
4. Mechanical excavation typically requires the use of excavators. This method typically has higher accuracy, but is more likely to disrupt or damage the service line.
5. Vacuum excavation typically requires the use of vacuum trucks. This method is typically faster, less intrusive and less likely to disrupt or damage the service line.
6. Emerging methods are still in the development stage. Once fully developed, these methods could have high accuracy, but they may also require highly-skilled technical personnel and equipment.
7. For all sections except Accuracy, the scores are rated as follows: High = 3, Medium = 2, Low = 1, YES = 1, N/A = 0. For the Accuracy section, High = 1 and Low = 3 were used, as higher accuracy indicates a better method.

ATTACHMENT C





memorandum

To: North Weld County Water District
From: Trihydro Corporation
Date: December 6, 2023
Re: Regulatory Compliance - Lead Service Line Inventory
Guidance Memorandum

INTRODUCTION

Trihydro Corporation (Trihydro) is submitting North Weld County Water District (NWCWD or District) this Memorandum (memo) to provide summaries of the recent revisions to the Lead and Copper Rules that may have impacts on the District's future operations. Lead and copper contamination in drinking water could potentially pose serious health risks and regulatory challenges. In response to the growing concerns and the need to protect public health, the U.S. Environmental Protection Agency (EPA) developed the *Lead and Copper Rule Revisions (LCRR) White Paper* in 2016 to outline potential regulatory options for improving the rule. On December 16, 2021, the EPA announced the development of a new regulation, *Lead and Copper Rule Improvements (LCRI)*, which was later finalized on June 10, 2023. The EPA published a *Guidance for Developing and Maintaining a Service Line Inventory (SLIG)* August 4, 2022 to comply with the LCRR requirements. By October 2024, the EPA expects water system suppliers to submit an initial water service line inventory or demonstrate the absence of lead service lines. This memo provides an overview of the 2022 EPA SLIG and outlines the latest requirements in managing lead and copper inventories in water supply systems.

LCRR REQUIREMENTS AND EPA REVIEW OUTCOME

Overview of LCRR Inventory Requirements

Per the SLIG, Chapter 1, Section 1.3.1, the main requirements for the initial service line inventory preparation include:

- Service Line Inventory Review and Development – The water system is required to classify both the system-owned and customer-owned portions of the service line. The overall service line classification is determined by the worst material classification between the system-owned and customer-owned portions. Service lines are categorized as Lead, Galvanized Requiring Replacement (GRR), Non-Lead, or Lead Status Unknown (EPA 2022).
- Inventory Submission – The initial inventory or demonstration of the absence of lead service lines must be submitted to the EPA by October 16, 2024. Annually or triennially updates must be submitted to the primary agency based on the lead tap sampling frequency (EPA 2022). An update is not required if the system demonstrates the absence of lead service lines. In the case of NWCWD, the Colorado Department of Public Health & Environment (CDPHE) serves as the primary agency.
- Public Accessibility and Consumer Confidence Report (CCR) – The water system is required to make the inventory publicly available. If serving more than 50,000 people, the inventory must be



accessible online. The water system's annual CCR is also required to include information on accessing the water service line inventory. For systems without lead service lines identified, the CCR should include a statement in lieu of the publicly accessible inventory with a description of methods used (EPA 2022).

- Service Line Consumer Notification – The water system must provide a notification to customers connected to a Lead, GRR, or Lead Status Unknown service line. The notification must be given within 30 days after completing the initial inventory and repeated annually until only the non-lead service line remains. The notification must include the service line material, health effects, and steps to minimize lead exposure in drinking water (EPA 2022).

EPA LCRR Review Outcome

SLIG, Section 1.3.2 summarized the EPA's review outcome for the LCRR. The priority areas recommended by the EPA for improvement are as follows:

- *Replacing 100% of lead service lines.*
- *Equitably improving public health protection for those who cannot afford to replace the customer-owned portions of their lead service lines.*
- *Improving the methods to identify lead service lines and trigger action in communities that are most at risk of elevated drinking water lead levels.*
- *Exploring ways to reduce the complexity of the regulations.*

LEAD AND COPPER INVENTORY CLASSIFICATION

The SLIG, Chapter 2, Section 2.1.1 stipulated there are four material classifications for the service lines, the inventory must identify one of the four material classifications to describe the entire service line, including both the customer-portion and the system-portion:

- Lead Service Line - Service lines are classified as Lead Service Lines if any part of the pipe is made of lead. This classification excludes any short sections of piping that include lead (e.g., gooseneck, pigtail, or connectors); however, they should be documented in the initial inventory unless CDPHE has more stringent requirements. Short sections of piping are generally less than two feet in length and are bendable for connections between rigid service piping.
- GRR - GRR are galvanized service lines that are or have been downstream of a Lead Service Line or are currently downstream of a Lead Status Unknown service line. According to the initial LCRR inventory requirements, a galvanized service line that was never downstream of a Lead Service Line but is downstream or previously downstream of a short section of piping is not categorized as GRR. However, systems should document this and verify if CDPHE has more stringent requirements.
- Non-Lead Service Line - This classification applies to service line materials that do not incorporate other potential lead sources found in solder, connectors, and additional plumbing materials. Non-



Lead Service Line is identified through an evidence-based record, method, or technique that confirms the material is neither Lead nor Galvanized, necessitating replacement.

- Lead Status Unknown - This service line classification is applied when the material is not confirmed to be Lead, GRR, or Non-Lead Service Line due to a lack of documented evidence supporting its material classification.

Section 2.1.1 also specifies that in cases where service lines are made of multiple materials or are jointly owned by the system and customers, the system must categorize each segment or portion of the line, distinguishing between system-owned and customer-owned components. Attachment A provides an example of service line ownership distinction between the water system and the customer; Attachment B provides examples for classifying service line materials when ownership is split. Both attachments are sourced from the SLIG.

INVENTORY PLANNING

SLIG Chapter 3 addresses the planning steps that systems should consider when developing their initial inventory. The SLIG includes an inventory lifecycle schematic to help convey the inventory development process. Attachment C includes the inventory lifecycle.

Currently, the EPA does not require a specific approach for inventory development. The SLIG, Chapter 3, Section 3.1 noted that in all cases, water systems should treat the inventory as a living dataset that is continuously improved over time as the inventory is updated. The number of unknowns in the inventory should decrease as the system gathers new information through normal operation and proactive material identification activities in which the water system is engaged (EPA 2022). The EPA has developed a spreadsheet template systems may consider using to organize their inventory. Trihydro is currently using this spreadsheet for record reviewing initial inventory developing.

The SLIG Chapter 3 also noted there are different approaches water systems can consider when developing the initial inventory, depending on the size of the system and the availability and condition of historical records. Systems have hired temporary staff members and partnered with third parties to assist in obtaining and organizing the historical records. An electronic spreadsheet and database, web-based maps, and Standard Operating Procedures (SOP) may also be developed to assist in tracking and updating the inventory information (EPA 2022). Currently, Trihydro has completed the digitization of all paper-formatted data and is in the process of updating NWCWD's Geographic Information System (GIS) database with the existing service line data incorporated.

HISTORICAL RECORDS REVIEW AND INVESTIGATION METHODS

SLIG Chapter 4 specifies the water system's requirements to review and assess existing information regarding identified lead, galvanized iron, or steel materials. During the initial inventory development, five types of historical records are recommended to be reviewed. These include:



- Previous Materials Evaluation
- Construction and Plumbing Codes and Records
- Water System Records
- Distribution System Inspections and Records
- State Requirements

Attachment D provides details on the regulatory requirements and primary use of each historical record listed above. In cases where there aren't enough historical records to determine the material classification during the initial inventory development process, additional investigation methods may be used. The investigation method options are listed below. Refer to SLIG, Chapters 5.1 to 5.6 for details.

- Visual inspection of service line material
- Water quality sampling
- Excavation
- Predictive modeling
- Emerging methods

PUBLIC ACCESSIBILITY

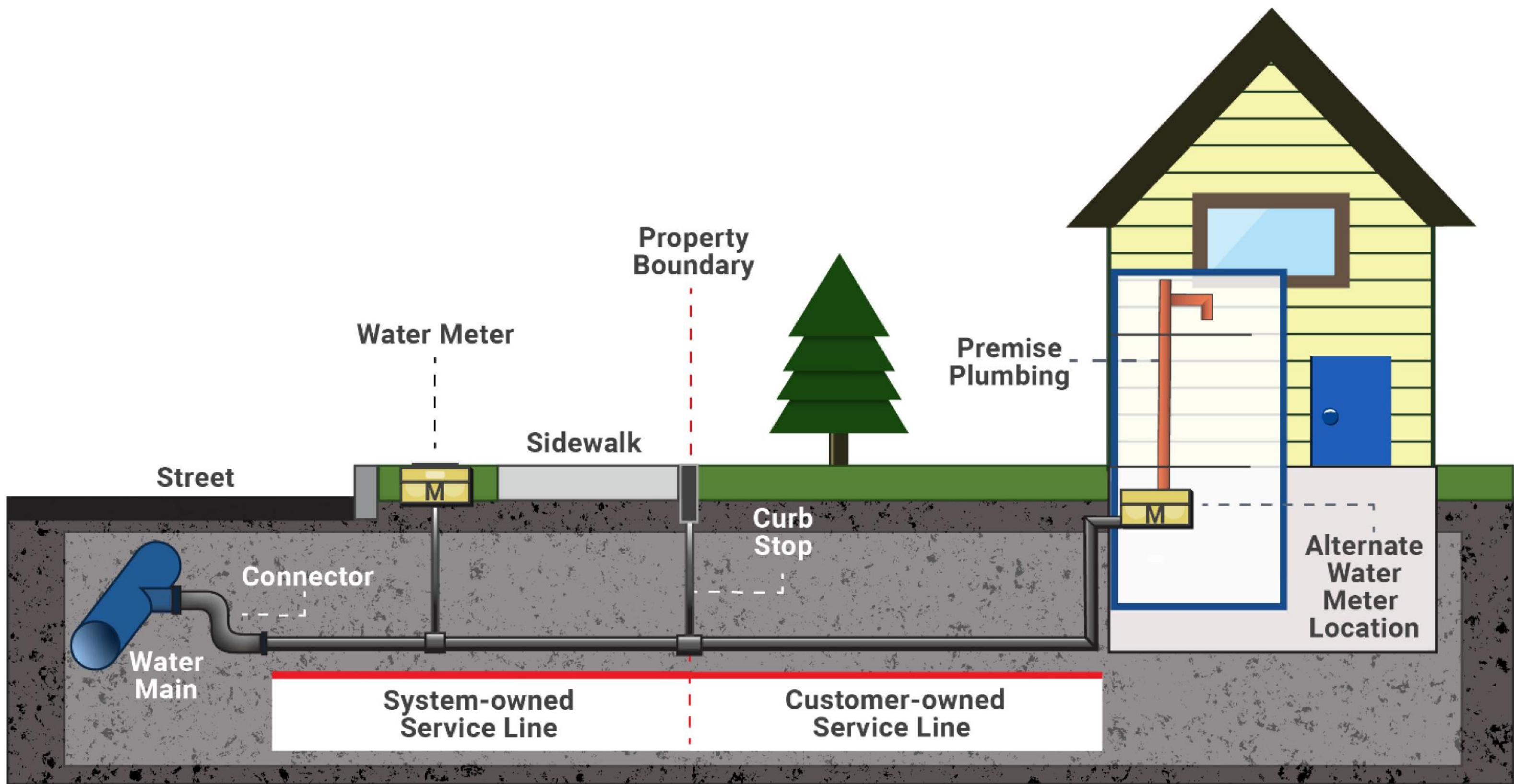
Per the SLIG Chapters 6 and 7, water systems, including those exclusively with non-Lead Service Lines, must create and submit the initial inventory of service lines to their respective states by October 16, 2024. Within 30 days of completing the initial inventory, systems must inform individuals served by lead, GRR, and lines with Lead Status Unknown. Any non-Lead Service lines must be identified using an evidence-based record, method, or technique to verify it is not lead or GRR (EPA 2022). The service line inventories must be publicly accessible, each including a location identified. For water systems serving over 50,000 people, the inventory must be provided online. The systems are also required to include in their annual CCR a statement that they have prepared a service line inventory and instructions on how to access the inventory (EPA 2022).

REFERENCES

U.S. Environmental Protection Agency (EPA). 2022. Guidance for Developing and Maintaining a Service Line Inventory.

0075Q-003-0010

ATTACHMENT A



ATTACHMENT B

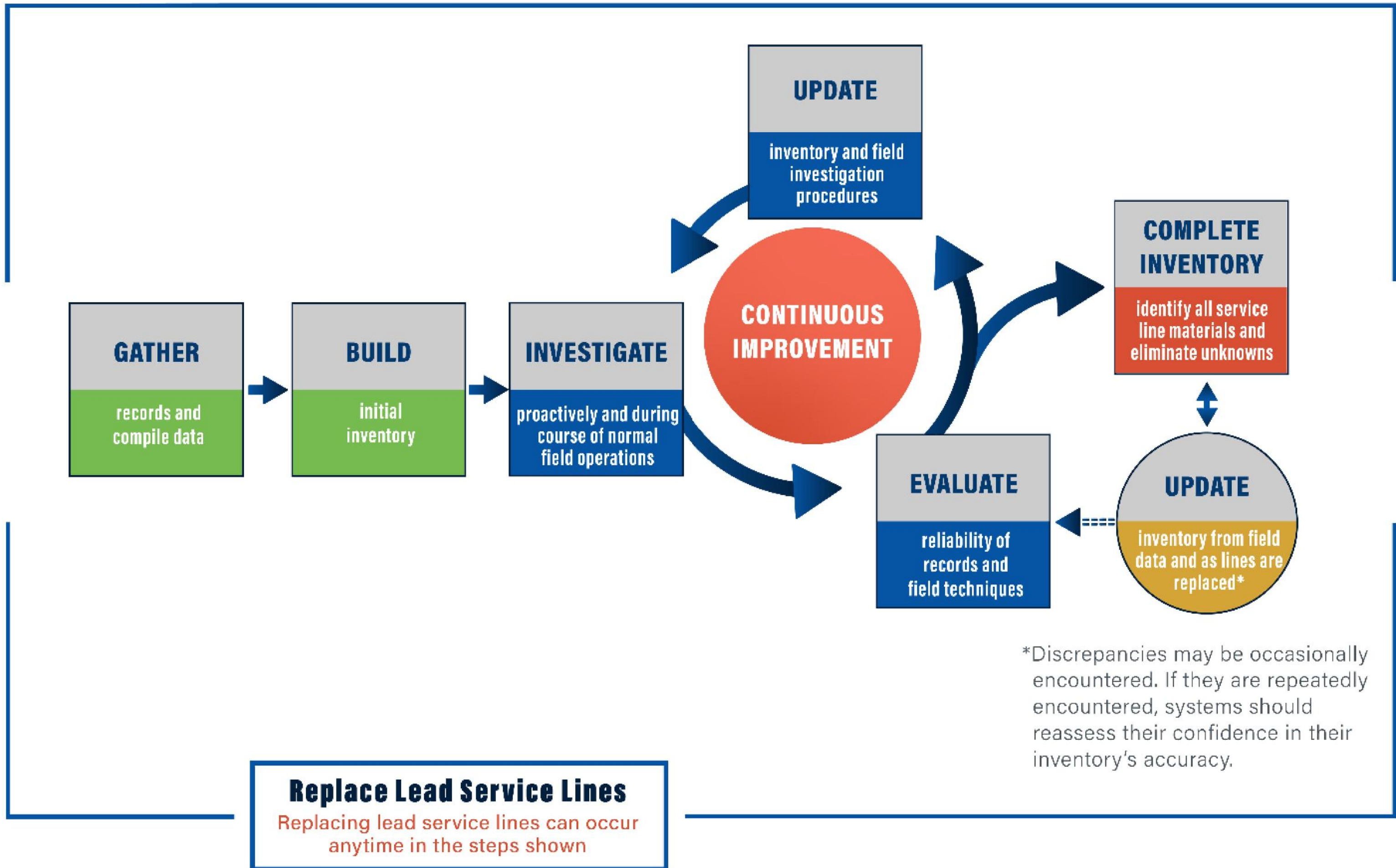
**ATTACHMENT B. SERVICE LINE MATERIALS CLASSIFICATION
EPA LEAD SERVICE LINE INVENTORY SUMMARY
NORTH WELD COUNTY WATER DISTRICT
WELD COUNTY, CO**

System -Owned Portion	Customer-Owned Portion	Classification for Entire Service Line
Lead	Lead	Lead
Lead	Galvanized Requiring Replacement	Lead
Lead	Non-Lead	Lead
Lead	Lead Status Unknown	Lead
Non-Lead	Lead	Lead
Non-Lead and never previously lead	Non-Lead, specifically galvanized pipe material	Non-Lead
Non-Lead	Non-Lead, material other than galvanized	Non-Lead
Non-Lead	Lead Status Unknown	Lead Status Unknown
Non-Lead, but system is unable to demonstrate it was not previously Lead	Galvanized Requiring Replacement	Galvanized Requiring Replacement
Lead Status Unknown	Lead	Lead
Lead Status Unknown	Galvanized Requiring Replacement	Galvanized Requiring Replacement
Lead Status Unknown	Non-Lead	Lead Status Unknown
Lead Status Unknown	Lead Status Unknown	Lead Status Unknown

Note:

1. Document sourced from the EPA Guidance for Developing and Maintaining a Service Line Inventory (Exhibit 2-3)

ATTACHMENT C



ATTACHMENT D

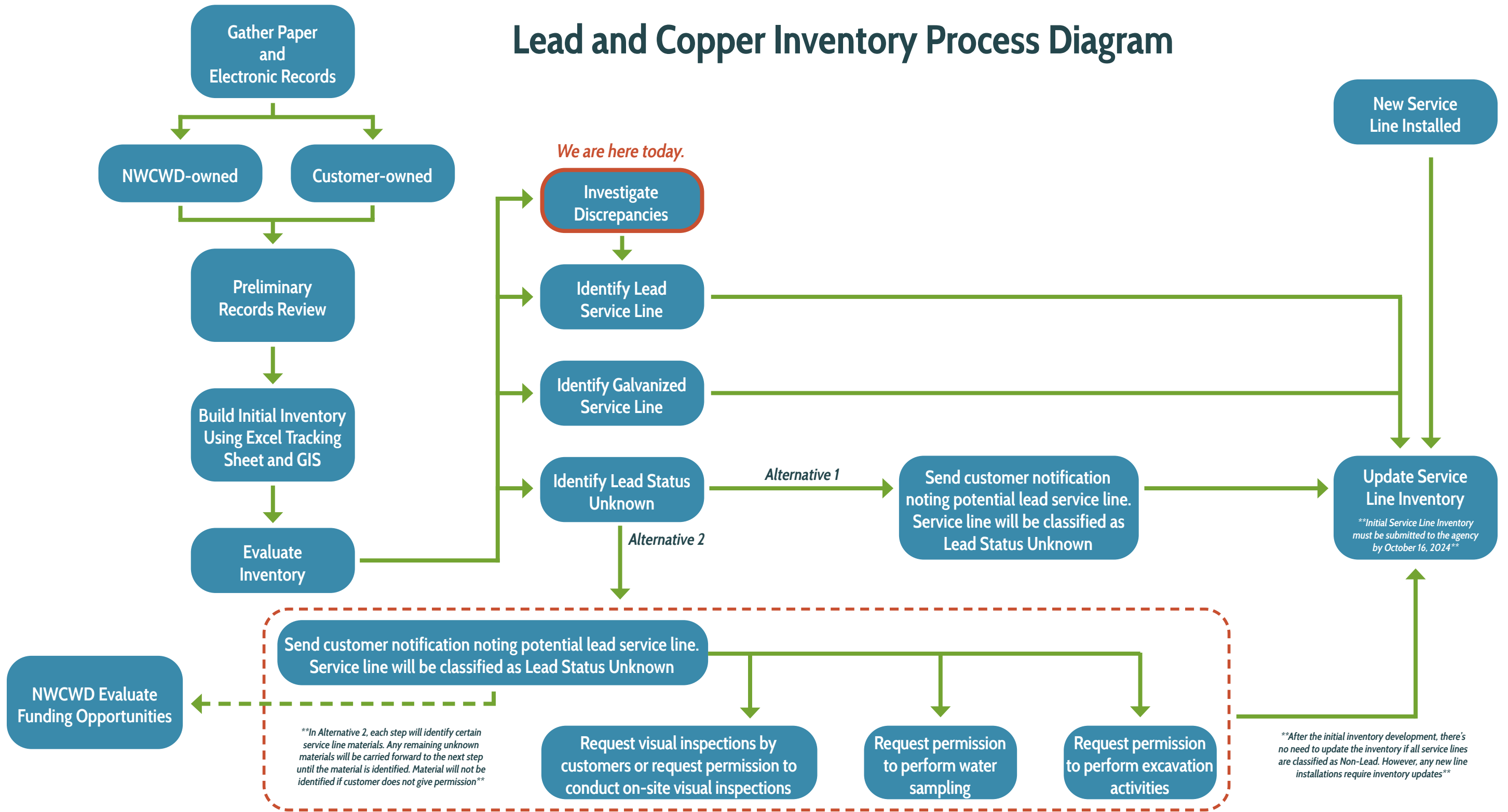
**ATTACHMENT D. HISTORICAL RECORDS REVIEW REQUIREMENTS
EPA LEAD SERVICE LINE INVENTORY SUMMARY
NORTH WELD COUNTY WATER DISTRICT
WELD COUNTY, CO**

Type of Historical Rerecords	Regulatory Requirement (Citation)	Primary Uses for Inventory Development (Including but not limited to)
Previous Materials Evaluation	Water systems must use the information on lead and galvanized iron or steel that it identified under 40 CFR § 141.42(d)1 when conducting the inventory of service lines in its distribution system for the initial inventory (40 CFR §141.84(a)(3)).	<ul style="list-style-type: none"> • Reporting construction materials present in their distribution systems. • Identifying LSL material for a subset of sites that were used for lead and copper tap monitoring.
Construction and Plumbing Codes and Records	Systems must review all construction and plumbing codes, permits, and existing records or other documentation which indicates the service line materials used to connect structures to the distribution system to identify service line materials for the initial inventory (40 CFR §141.84(a)(3)(I)).	<ul style="list-style-type: none"> • Identify when LSLs were allowed/specified or banned from use. • Identify service areas most likely to have LSLs by home/building construction date and service line size. • Review construction and plumbing permits for identification of service line (customer and/or system-owned) and plumbing materials.
Water System Records	Systems must review all water system records, including distribution system maps and drawings, historical records on each service connection, meter installation records, historical capital improvement or master plans, and standard operating procedures, to identify service line materials for the initial inventory (40 CFR §141.84(a)(3)(ii)).	<ul style="list-style-type: none"> • Identify service line material for system-owned and customer-owned sides.
Distribution System Inspections and Records	Systems must review all inspections and records of the distribution system that indicate material composition of the service connections that connect a structure to the distribution system to identify service line materials for the initial inventory (40 CFR §141.84(a)(3)(iii)).	<ul style="list-style-type: none"> • Identify service line material for system- and customer-owned portions. • Verify construction and water system records.

Note:

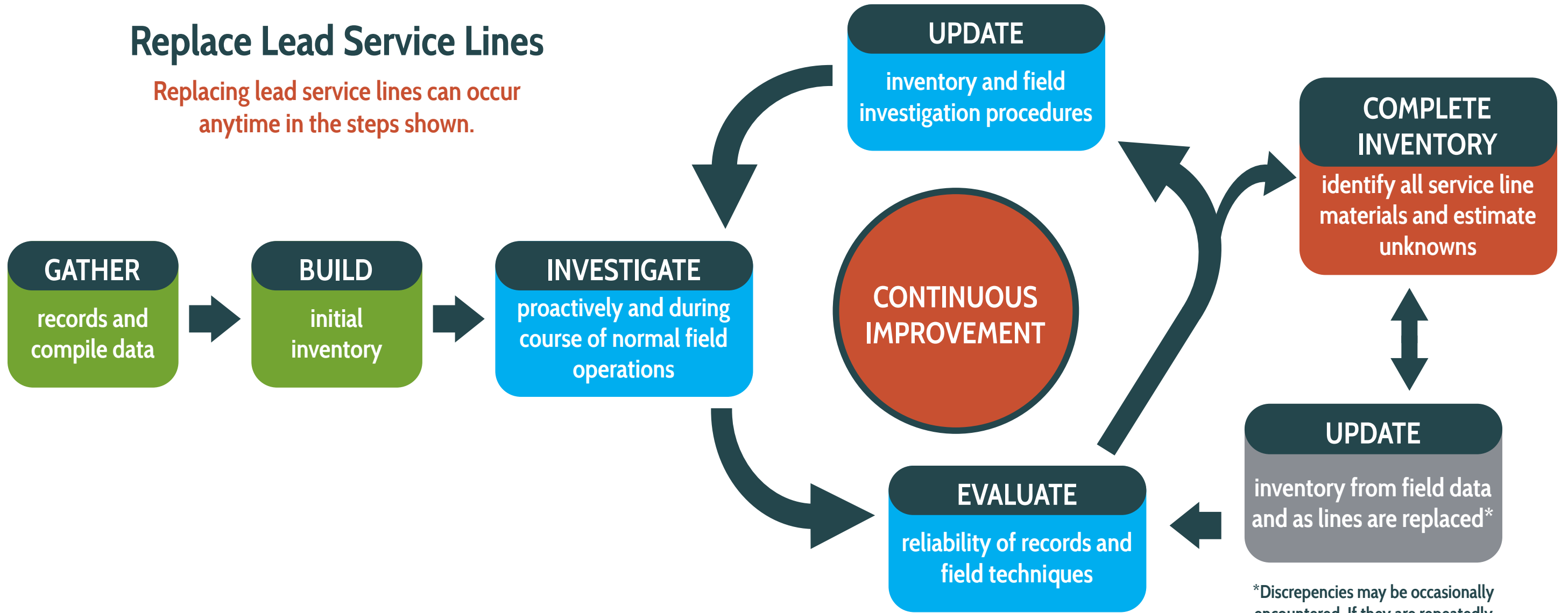
1. Document sourced from the EPA Guidance for Developing and Maintaining a Service Line Inventory (Exhibit 4-1).

Lead and Copper Inventory Process Diagram



Replace Lead Service Lines

Replacing lead service lines can occur anytime in the steps shown.



*Discrepancies may be occasionally encountered. If they are repeatedly encountered, systems should reassess their confidence in their inventory's accuracy.

10. **Executive Session: The Board reserves the right to enter into Executive Session for the following purposes: Receiving legal advice and discussing matters subject to negotiation and strategy pursuant to § 24-6-402(4)(b) & (e), C.R.S. related to Cost-of-Service Study**



November 23, 2023

Eric Reckentine
 North Weld County Water District
 PO Box 56
 Lucerne, CO 80646

Subject: Sanitary Survey of North Weld County Water District
 Public Water System Identification No. CO0162553
 Weld County

Dear Eric Reckentine:

A sanitary survey was performed on October 24, 2023 by the Field Services Section of the Colorado Department of Public Health & Environment’s Water Quality Control Division (the department) at North Weld County Water District (the supplier) in accordance with the *Colorado Primary Drinking Water Regulations, 5 CCR 1002-11* (Regulation 11), Sections 11.38(1)(b) and 11.38(2). This letter serves to provide the supplier with written notification of the sanitary survey findings, including any identified significant deficiencies and violations of Regulation 11. The assistance provided was very helpful and is greatly appreciated. Table 1 identifies the parties present during the sanitary survey.

Table 1: Parties Present

Name	Organization
Eric Reckentine and Garret Mick	North Weld County Water District
Richard Jacobson, Jay Ligocki, Garret Mick, Michelle Sell and Hui Thurston	Trihydro Corporation
Dominic Delgado	Colorado Department of Public Health & Environment

Table 2 summarizes the number of findings and the required written response and resolution dates.

Table 2: Sanitary Survey Findings

Severity Category	Number Identified	Written Response Due (within 45 days of letter date)	Resolution Due (within 120 days of letter, or department-approved alternate date)	Public Notice Required (Violations of Regulations 11)
Significant Deficiencies	0	No response required	Not applicable	Not required
Violations	0	No response required	Not applicable	Not required
Observations - Recommendations	3	No response required	Not applicable	Not applicable

A list of the findings for each category in Table 2 can be found in the following sections:

Section I: Significant Deficiencies

No significant deficiencies were identified.

Section II: Violations

No violations were identified.



Section III: Observations/Recommendations

The department recommends the supplier follow up and consider the following observations-recommendations. Please direct questions regarding any of the items below to the department inspector.

1. R540 - Monitoring, Recordkeeping and Data Verification:

Design Approval Observation: Plans and specifications approval by the department prior to construction of renovations to the water system, including the addition of new sources, modifications of treatment or addition of storage tanks.

At the time of the sanitary survey, the department inspector discussed the public water system's improvement plans with the supplier. The supplier indicated they are planning to construct a new tank, Tank 1C, at Tank Site 1 by 2025. As a reminder, as per Regulation 11, Section 11.4(1), the supplier must not begin construction of any new waterworks, make improvements to or modify existing waterworks, or begin using a new source until the supplier submits and receives department approval of plans and specifications for such construction, improvements, modifications or use.

The supplier is expected to submit complete design plans and specifications for the water system to the department for review and approval prior to beginning construction on Tank 1C or any other new facilities. The department prefers that an electronic copy of the design review be submitted to CDPHE.WQEngReview@state.co.us and one hard copy be mailed to:

Tyson Ingels, P.E.
Engineering Section Manager
CDPHE-WQCD ES B2
4300 Cherry Creek Drive South
Denver, CO 80246-1530

For more information concerning the design review process, please contact Tyson Ingels at tyson.ingels@state.co.us or 303-692-3002.

2. R518 - Monitoring, Recordkeeping and Data Verification:

Total Coliform Sampling Observation: Documentation practices for the supplier's routine total coliform sampling.

Regulation 11, Section 11.16(3) (Revised Total Coliform Rule) requires the supplier to develop a written sampling plan that identifies routine total coliform sample sites that are representative of water throughout the distribution system and requires the supplier to collect samples according to the written sample siting plan. At the time of the sanitary survey, the department inspector evaluated the supplier's total coliform sampling plan and determined the supplier had been performing representative sampling in accordance with their total coliform sampling plan. However, the supplier did not include the sample point ID alongside the results when performing total coliform sampling within the distribution system. Failing to confirm and include the sample point ID with samples can lead to miscommunication when sampling or unintentionally sampling from unapproved locations, which may result in future violations. The department inspector recommends the supplier include the sample point ID with the results of each sample taken in accordance with their total coliform sampling plan.

3. M610 - Management:

Backflow Prevention and Cross-Connection Control Program Observation: Written backflow prevention and cross-connection control program.

At the time of the sanitary survey, the department inspector evaluated the supplier's backflow prevention and cross-connection control (backflow) program. The department inspector observed the supplier's backflow program cited Colorado Revised Statutes (CRS) and Regulation 11 as the system's legally enforceable mechanism to support the implementation of their backflow program. Additionally, the supplier provided an example of a letter they would send to customers, which indicated the department would have the supplier suspend service to the customer if the identified cross-connection remained uncontrolled. Please note that CRS and Regulation

11 do not grant public water systems the legal authority to implement their backflow program. Suppliers are expected to develop legally enforceable mechanisms via water user agreements, city ordinances or other legal means that allow for the following:

- Surveying non-single-family residential connections to determine if a cross-connection is present.
- The installation, maintenance, testing and inspection of backflow prevention assemblies and/or methods.

Additionally, please note there are alternative methods to control cross-connections or encourage customers to return to compliance outside of suspension of service. Cross-connections may be controlled by removal of the cross-connection or installation of an appropriate backflow prevention assembly or method. Alternatively, suppliers may find customers are encouraged to return to compliance via the use of fees. The department inspector recommends the supplier update their backflow program's legal authority and all documentation citing Regulation 11 or the department as the reason for customer suspension. The department inspector also recommends the supplier consider other means for returning customers to compliance prior to suspension of service.

Section IV: Field Verification/Sampling

While performing the sanitary survey, the department inspector performed water quality sampling for residual disinfectant concentration. Table 3 indicates the results of the water quality sampling performed on-site.

Table 3: Sampling Results

Parameter	Sample Location	Value	Units	Notes
Distribution System Disinfectant Residual	CR 64 & 61 - Hydrant	0.78	mg/L	Supplier's Value: 0.79 mg/L
Distribution System Disinfectant Residual	Tank 7	0.67	mg/L	Supplier's Value: 0.69 mg/L

Reminders

- Regulation 11, Section 11.4(1)(b) (Prior Approval Required) requires the department's approval prior to commencement of construction of any improvements, treatment process modifications or the addition of new water sources.
- Most regulations, guidance documents and forms are available on the department's website at <https://cdphe.colorado.gov/wqcdcompliance>.
- The department's water security toolbox at <https://cdphe.colorado.gov/dwsecurity> includes information to help water utilities plan for, prevent and respond to security threats including cyberattacks. All suppliers with Operational Technology, Information Technology or Industrial Control System Capabilities, including but not limited to Supervisory Control and Data Acquisition (SCADA), should assess their cybersecurity with established methods such as U.S. Environmental Protection Agency's cybersecurity evaluation program or U.S. Cybersecurity and Infrastructure Security Agency toolkits. For more cybersecurity training resources, please contact the Local Assistance Unit at cdphe.wqdtraining@state.co.us.

We would appreciate any feedback that you provide so that we can improve. Please take a few moments to complete [this survey](#).

If you have any questions, please contact me at 303-808-0436 or dominic.delgado@state.co.us. Thank you for your time and cooperation.

Sincerely,

Dominic Delgado
Environmental Protection Specialist
Field Services Section
Water Quality Control Division
Colorado Department of Public Health & Environment

cc: Weld County Health Department
Drinking Water File, PWSID No. CO0162553
Garret Mick, ORC
North Weld County Water District, Owner
Clayton Moores, P.E., CDPHE-FSS, Unit Manager
Ellen Henrichs, P.E., CDPHE-FSS, Work Group Lead
Laura Cymansky, CDPHE-DWCAS, Compliance Specialist

2024 Regular Board Meeting Dates

January 08, 2024

February 12, 2024

March 11, 2024

April 08, 2024

May 13, 2024

June 10, 2024

July 08, 2024

August 12, 2024

September 2, 2024

October 14, 2024

November 12, 2024

December 09, 2024