



## MEMORANDUM

**TO:** Board of Directors  
**FROM:** Brian Thompson, Government Affairs Administrator  
**DATE:** June 16, 2023  
**RE:** June 22, 2023, Board Meeting

This memorandum shall serve as notice of a Regular Meeting of the Board of Directors of the Eagle River Water & Sanitation District:

**Thursday, June 22, 2023  
12:00 p.m.**

**This meeting will be held at:**

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

The meeting can also be accessed on Microsoft Teams. Login information can be requested by sending an email at least 24 hours in advance to [info@erwsd.org](mailto:info@erwsd.org). In-person attendance is subject to public health protocols.

Input from members of the public is welcomed during the meeting's designated Public Comment period consistent with §18-9-108, C.R.S. Speakers may address the Board on a first-recognized basis by the Chair. Public Comments are limited to three minutes per speaker on relevant matters not listed on the agenda.



BOARD OF DIRECTORS REGULAR MEETING  
June 22, 2023  
**12:00 p.m.**  
Walter Kirch Conference Room

**AGENDA**

- |   | <b><u>Attachment Link</u></b> |
|---|-------------------------------|
| <b>1. Introductions</b>   |                               |
| <b>2. Public Comment</b>  |                               |
| <b>3. Action Items</b>  |                               |
| 3.1. Consideration of minutes from May 25, 2023, Regular Meeting                          | <a href="#">Action Item</a>   |
| 3.2. Consideration of contract log  | <a href="#">Action Item</a>   |
| 3.3. Consideration of Fiscal Year 2022 Audited Financial Statement – McMahan & Associates | <a href="#">Action Item</a>   |
| <b>4. Information Reports</b>   |                               |
| 4.1. Development report   | <a href="#">Informational</a> |
| 4.2. Board committees   | <a href="#">Informational</a> |
| 4.3. May Authority meeting summary – draft  | <a href="#">Informational</a> |
| <b>5. Board Member Input</b>  |                               |
| <b>6. General Manager Report – Siri Roman</b>   |                               |
| 6.1. GM information items   |                               |
| 6.2. Business Administration report – David Norris  |                               |
| 6.2.1. Water conservation program update  |                               |
| 6.2.2. 2023 Spring compensation analysis – Tom Borawski                                   | <a href="#">Informational</a> |
| 6.2.3. Housing program update   | <a href="#">Informational</a> |
| 6.3. Operations report – Brad Zachman   | <a href="#">Informational</a> |
| 6.3.1. Consumer confidence report   | <a href="#">Informational</a> |
| 6.3.2. East Vail sanitary sewer overflow  |                               |
| 6.4. Engineering and Water Resources report – Jason Cowles                                | <a href="#">Informational</a> |
| 6.4.1. Work Session: Development Report   |                               |
| 6.5. Communications and Public Affairs report – Diane Johnson                             | <a href="#">Informational</a> |
| <b>7. Water Counsel Report – Kristin Moseley</b>  |                               |
| 7.1. <i>State v. Hill</i> – Stream access ruling  | <a href="#">Informational</a> |
| <b>8. General Counsel Report – Kathryn Winn</b>   | <a href="#">Confidential</a>  |

**9. Executive Session**

**9.1.** Motion to move into Executive Session pursuant to §24-6-402(4)(b), C.R.S., to receive legal advice related to:

**9.1.1.** Water court case updates

Confidential

**9.1.2.** Homestake/Independence Pass Exchange

Confidential

**9.2.** Motion to move into Executive Session pursuant to §24-6-402(4)(a), C.R.S., to receive legal advice related to the purchase and sale of real property

**10. Any Action as a Result of Executive Session**

**10.1. Res. No. 2023-05:** Resolution Authorizing the Purchase of Real Property

Action Item

**10.2. Res. No. 2023-06:** Resolution Authorizing the Sale of Real Property

Action Item

**11. Adjournment**

**EAGLE RIVER WATER AND SANITATION DISTRICT 2023 CONTRACT LOG**

| <b>Contract No.</b> | <b>Date Executed</b> | <b>Change Order Signed On</b> | <b>Project Name</b>                             | <b>Contractor</b>                       | <b>Contract Amt</b> | <b>Project Mgr.</b> | <b>Account No.</b>                  | <b>Status / Description</b>  |
|---------------------|----------------------|-------------------------------|---|---|---------------------|---------------------|-------------------------------------|--|
| 23.15.045           | Pending              |                               | On-Call Engineering Services 2023               | Carollo Engineers, Inc.                 | \$10,000.00         | M. Harris           | 10.3.9.10.10.790                    | General on call contract for engineering services.   |
| 23.15.046           | 06/12/23             |                               | 2023 ERWSD/UERWA Comprehensive Tank Inspections | Apex Inspection And Consulting LLC      | \$31,420.00         | T. Young            | 10.3.9.20.30.780 & 20.1.9.00.15.780 | Cleaning and inspection of 19 tanks using ROV technology, and comprehensive reports and consultation services. |
| 23.15.047           | 06/06/23             |                               | Edwards Wastewater Treatment Facility Repairs   | J. R. Filanc Construction Company, Inc. | \$93,302.76         | K. Nelson           | 10.3.2.10.13.114                    | Various repairs and installations in Edwards Wastewater Treatment Facility.                                    |
| 23.15.048           | Pending              |                               | Lawn Conversion Demonstration                   | Ethos Landscaping LLC                   | \$11,016.50         | K. Koppel           | 10.3.9.20.30.778                    | Prepare existing lawn area to be demo'd, sew, spread compost bioblend, site cleanup.                           |
| 23.15.049           | Pending              |                               | Well R4 Static Mixer Improvements               | Velocity Plant Services, LLC            | \$7,145.00          | A. Kirsch           | 10.3.2.20.09.020                    | Repair/replacement of static mixer in well house R4.   |
| 23.15.050           | Pending              |                               | Maintenance Services for Various Generators     | Fleet Core Inc                          | \$37,132.97         | D. Siebert          | Various                             | Maintenance, fuel, and training services for various operations generators.                                    |



## BOARD ACTION REQUEST

**TO:** The Board of Directors  
**FROM:** Jim Cannava  
**DATE:** June 22, 2023  
**RE:** FY 2022 Audited Financial Statement

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**Summary of Subject:** Each year we are required to have an independent auditing firm audit our financial statements. The auditing firm of McMahan and Associates, L.L.C., performs this service. The draft of our audited financial statements for the year ended December 31, 2022, is attached for your review. Matt Miller attended the Audit Committee meeting on June 13, 2023, to present the material and answer questions.

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

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

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

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

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

**Attached Supporting Documentation:**

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

Draft Audited Financial Statement Report for December 31, 2022.

(Before Printing: Large Doc 79 pages)

Table of Contents:

A section: Auditors opinion – “Clean”

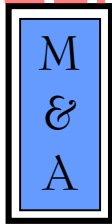
B Section: Management Discussion & Analysis letter

C Section: GAAP Financial Statements - Audited

D Section: Footnotes

E Section: Budgetary Basis Financials and Debt service Schedules

F Section: Statistical Data – Charts and graphs



## MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

CHAPEL SQUARE, BLDG C  
245 CHAPEL PLACE, SUITE 300  
P.O. Box 5850, AVON, CO 81620

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### **Audit Committee and the Board of Directors Eagle River Water and Sanitation District Eagle County, Colorado**

We have audited the financial statements of Eagle River Water and Sanitation District for the year ended December 31, 2022. Professional standards require that we provide you with the following information related to our audit.

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

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Eagle River Water and Sanitation District are described in the Notes to the financial statements.

The District implemented Governmental Accounting Standards Board Statement No. 87, *Leases*. The new standard improves accounting and financial reporting for leases.

No other new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

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

Estimated allowance for uncollectible receivables at December 31, 2022, which management has based on industry practice and experience, including actual collections since year-end.

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

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

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

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements prior to audit procedures being performed. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Member: American Institute of Certified Public Accountants*

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

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## ***Disagreements with Management***

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

## ***Management Representations***

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

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

Sincerely,

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



**Eagle River Water and Sanitation District  
Vail, Colorado**

**Financial Statements  
December 31, 2022**

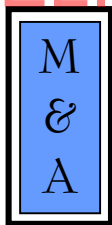


**EAGLE RIVER  
WATER & SANITATION  
DISTRICT**

**Eagle River Water and Sanitation District  
Financial Statements  
December 31, 2022**

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## MCMAHAN AND ASSOCIATES, L.L.C.

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### INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Eagle River Water and Sanitation District  
Vail, Colorado**

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

We have audited the financial statements of the business-type activities of Eagle River Water and Sanitation District (the "District"), as of and for the year ended December 31, 2022, which collectively comprise the District's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Eagle River Water and Sanitation District, as of December 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

##### ***Basis for Opinions***

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

##### ***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note V to the financial statements, the District adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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

The Eagle River Water and Sanitation District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

*Member: American Institute of Certified Public Accountants*

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*To the Board of Directors  
Eagle River Water and Sanitation District*

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information***

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

# PRELIMINARY DRAFT

**To the Board of Directors  
Eagle River Water and Sanitation District**

## ***Supplementary Information***

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS



**EAGLE RIVER**  
**WATER & SANITATION**  
**DISTRICT**

## Eagle River Water and Sanitation District Management's Discussion and Analysis December 31, 2022

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

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

### Financial Highlights

In 2022, overall net position increased by \$5,329,112. As part of the long term capital improvement program, the District spent cash on capital assets of \$29,515,333 (capital outlay). This construction was partially funded by the 2019 and 2020 bond proceeds. The remaining proceeds from the 2019 and 2020 bonds were held as restricted cash and investments at December 31, 2022. In addition, the District's capital assets were depreciated \$8,720,742.

The District's 2022 financial activity generated a decrease of \$20,199,111 in net position on a budgetary basis. In accordance with Generally Accepted Accounting Principles (GAAP), \$8,720,742 of capital asset depreciation was expensed, which does not represent cash funding for capital assets in the current period. The District reconciliation from budgetary basis to GAAP basis, which includes depreciation expense, can be found on page E3 of the financial statements. The net result was a decrease in net position of \$5,329,112 for 2022, compared to a \$1,532,621 decrease in 2021.

In 2022, total revenues were \$43,544,510, which was an increase of \$8,861,290 over 2021 levels. Service fees revenue increased \$2,700,059. This was a result of increases in water usage and service rates. Operating revenue increased \$4,147,683. This was a result of an increase in contract services provided. Additional details can be found on page E1 – E3 of the financial statements.

In 2022, total expenses were \$38,215,398, which was an increase of \$1,999,557 over 2021 levels. The increase was largely attributable to the higher expenses associated with utility services and engineering costs. Additional details can be found on page E1 – E3 of the financial statements.

The water service rate structure is designed to encourage wise use of water and is based upon the customer's Single-Family Equivalents (SFE) usage. Water service rates in 2022 were increased from 2021 rates. The water service base rate is \$20.09 per SFE. The usage rates for tier one (0 to 6,999 gallons) is \$3.39 per 1,000 gallons. The usage rates for tier two (7,000 to 13,999 gallons), tier three (14,000 to 20,999 gallons), tier four (21,000 to 27,999 gallons) and tier five (28,000 and over) are \$5.93, \$11.72, \$20.02 and \$33.03 per 1,000 gallons, respectively. The Capital Replacement Program fee was \$6.23 per month per SFE for Water and \$2.95 per month per SFE for Wastewater. The Debt Service base rate is established to provide a reliable revenue source for repayment of the 2017 Wastewater bonds, 2017 Water bonds, 2019 Water bonds and 2020 Wastewater bonds. For 2022 the bond rates were established at \$2.77, \$6.44, \$2.28 and \$7.89 per month per SFE, respectively.

Water service rates in 2021 were increased from 2020 rates. The water service base rate is \$18.26 per SFE. The usage rates for tier one (0 to 7,999 gallons) is \$3.08 per 1,000 gallons. The usage rates for tier two (8,000 to 15,999 gallons), tier three (16,000 to 23,999 gallons), tier four (24,000 to 31,999 gallons), and tier five (32,000 and over) are \$5.39 and \$9.77, \$14.68 and \$22.02 per 1,000 gallons, respectively. The Capital Replacement Program fee was \$5.93 per month per SFE for Water and \$1.00 per month per SFE for Wastewater. The Debt Service base rate is established to provide a reliable revenue source for repayment of the 2017 Wastewater bonds, 2017 Water bonds, 2019 Water bonds and 2020 Wastewater bonds. For 2022 the bond rates were established at \$2.77, \$6.44, \$2.28 and \$7.89 per month per SFE, respectively.

**Eagle River Water and Sanitation District  
Management's Discussion and Analysis  
December 31, 2022  
(continued)**

**Overview of the Financial Statements**

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

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

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

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

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

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**Eagle River Water and Sanitation District  
Management's Discussion and Analysis  
December 31, 2022  
(continued)**

**NET POSITION**

|  | 2022       |             |             | 2021                |                          |                     |
|--|------------|-------------|-------------|---------------------|--------------------------|---------------------|
|  | Water      | Sanitation  | Total       | Water<br>(restated) | Sanitation<br>(restated) | Total<br>(restated) |
| <b>Assets:</b>                             |            |             |             |                     |                          |                     |
| Current and other assets                   | 10,018,588 | 35,051,102  | 45,069,690  | 13,064,104          | 52,590,052               | 65,654,156          |
| Capital assets, net                        | 37,946,202 | 168,214,003 | 206,160,205 | 36,650,495          | 148,611,428              | 185,261,923         |
| <b>Total Assets</b>                        | 47,964,790 | 203,265,105 | 251,229,895 | 49,714,599          | 201,201,480              | 250,916,079         |
| <b>Deferred Outflow of Resources:</b>      |            |             |             |                     |                          |                     |
| Deferred charge on refunding               | 926,551    | -           | 926,551     | 1,009,457           | -                        | 1,009,457           |
| <b>Total Deferred Outflow of Resources</b> | 926,551    | -           | 926,551     | 1,009,457           | -                        | 1,009,457           |
| <b>Liabilities:</b>                        |            |             |             |                     |                          |                     |
| Other liabilities                          | 342,840    | 11,300,799  | 11,643,639  | 659,900             | 11,826,831               | 12,486,731          |
| Long-term liabilities                      | 20,139,662 | 98,244,165  | 118,383,827 | 21,645,885          | 100,827,023              | 122,472,908         |
| <b>Total Liabilities</b>                   | 20,482,502 | 109,544,964 | 130,027,466 | 22,305,785          | 112,653,854              | 134,959,639         |
| <b>Deferred Inflow of Resources:</b>       |            |             |             |                     |                          |                     |
| Unavailable property tax revenue           | 1,361,249  | 1,962,819   | 3,324,068   | 1,518,392           | 1,971,705                | 3,490,097           |
| <b>Total Deferred Inflow of Resources</b>  | 1,361,249  | 1,962,819   | 3,324,068   | 1,518,392           | 1,971,705                | 3,490,097           |
| <b>Net Position:</b>                       |            |             |             |                     |                          |                     |
| Net investment in capital assets           | 21,444,386 | 84,722,877  | 106,167,263 | 18,938,612          | 68,758,105               | 87,696,717          |
| Restricted:                                |            |             |             |                     |                          |                     |
| Debt                                       | 1,836,096  | 5,851,312   | 7,687,408   | 1,836,096           | 5,851,312                | 7,687,408           |
| Unrestricted                               | 3,767,108  | 1,183,133   | 4,950,241   | 6,125,171           | 11,966,504               | 18,091,675          |
| <b>Total Net Position</b>                  | 27,047,590 | 91,757,322  | 118,804,912 | 26,899,879          | 86,575,921               | 113,475,800         |

As noted earlier, net position may serve, over time, as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$27,047,590 and \$91,757,322 for water and sanitation, respectively, as of December 31, 2022 and \$26,881,354 and \$86,594,446 for water and sanitation, respectively, as of December 31, 2021.

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

**Eagle River Water and Sanitation District  
Management's Discussion and Analysis  
December 31, 2022  
(continued)**

**NET POSITION (continued)**

During 2022, overall net position increased \$5,329,112. Overall assets increased \$313,816.

As of December 31, 2022, total net capital assets are \$206,160,205, which is an increase of \$20,898,282 from the 2021 amount of \$185,261,923. The change in net capital assets of \$20,898,282 is net of the current year additions, deletions, and depreciation. Capital asset details can be found on pages D13 – D14.

During 2022, total liabilities decreased \$4,932,173. The decrease in total liabilities is related to ongoing payments of existing debt.

During 2021, overall net position decreased \$1,532,621. In 2021, current and other assets increased \$100,810. The increase in total liabilities is related to ongoing construction activity at year end.

Capital asset additions net of deletions in 2021 of \$16,601,303 and depreciation were part of the District's long term capital improvement program.

During 2021, total liabilities increased \$1,495,696. The increase in liabilities is related to 2021 debt issuances.

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**Eagle River Water and Sanitation District  
Management's Discussion and Analysis  
December 31, 2022  
(continued)**

**REVIEW OF REVENUES**

|                            | 2022      |            |            | 2021                |                          |                     |
|----------------------------|-----------|------------|------------|---------------------|--------------------------|---------------------|
|                            | Water     | Sanitation | Total      | Water<br>(restated) | Sanitation<br>(restated) | Total<br>(restated) |
| <b>Revenues:</b>           |           |            |            |                     |                          |                     |
| Operating revenues:        |           |            |            |                     |                          |                     |
| Service fees               | 7,614,996 | 18,274,894 | 25,889,890 | 6,921,232           | 16,268,599               | 23,189,831          |
| Contract services          | -         | 8,459,112  | 8,459,112  | -                   | 7,559,245                | 7,559,245           |
| Meter sales and rentals    | -         | 1,547,177  | 1,547,177  | -                   | 1,243,544                | 1,243,544           |
| Other                      | 191,121   | 569,294    | 760,415    | 117,008             | 399,283                  | 516,291             |
| Non-operating revenues:    |           |            |            |                     |                          |                     |
| Property taxes             | 1,516,730 | 1,970,192  | 3,486,922  | 1,486,928           | 1,961,888                | 3,448,816           |
| Specific ownership taxes   | 89,120    | 111,354    | 200,474    | 89,479              | 113,017                  | 202,496             |
| Investment income          | 10,793    | 74,411     | 85,204     | (991)               | (18,024)                 | (19,015)            |
| Gain (loss) on investments | 5,689     | 43,523     | 49,212     | 3,110               | 31,558                   | 34,668              |
| Other                      | 53,784    | 161,354    | 215,138    | 29,817              | (3,608,418)              | (3,578,601)         |
| Capital contributions:     |           |            |            |                     |                          |                     |
| Tap fees                   | 259,212   | 2,437,698  | 2,696,910  | 677,841             | 1,155,945                | 1,833,786           |
| Contributed assets         | -         | 154,056    | 154,056    | -                   | 56,837                   | 56,837              |
| Other                      | -         | -          | -          | 53,715              | 141,607                  | 195,322             |
| <b>Total Revenues</b>      | 9,741,445 | 33,803,065 | 43,544,510 | 9,378,139           | 25,305,081               | 34,683,220          |

In 2022, total revenues were \$43,544,510, which is an increase of \$8,861,290 over 2021 revenues of \$34,683,220.

Service fee revenue increased \$2,700,059 in 2022. This resulted from increasing water usage and increased fees. Overall operating revenue increased \$4,147,683 in 2021. This was a result of an increase in contract services provided and increased service fees.

In 2021, total revenues were \$34,683,220, which is an increase of \$553,966 over 2020 levels.

Service fee revenue in 2021 increased \$1,974,935. This was a result of increased water usage and increased fees. Overall operating revenue increased \$3,512,427. This was a result of an increase in contract services provided.

# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District  
Management's Discussion and Analysis  
December 31, 2022  
(continued)**

## REVIEW OF EXPENSES

|   | 2022              |                   |                    | 2021                |                          |                     |
|---|-------------------|-------------------|--------------------|---------------------|--------------------------|---------------------|
|   | Water             | Sanitation        | Total              | Water<br>(restated) | Sanitation<br>(restated) | Total<br>(restated) |
| <b>Expenses:</b>                        |                   |                   |                    |                     |                          |                     |
| Operating Expenses:                     |                   |                   |                    |                     |                          |                     |
| Maintenance                             | 863,261           | 2,674,156         | 3,537,417          | 1,013,883           | 2,640,401                | 3,654,284           |
| Water operations                        | 3,258,220         | 1,513,961         | 4,772,181          | 2,985,905           | 1,364,787                | 4,350,692           |
| Utility services                        | 765,105           | 1,396,122         | 2,161,227          | 415,164             | 1,618,230                | 2,033,394           |
| Wastewater treatment                    | -                 | 8,449,451         | 8,449,451          | -                   | 8,799,198                | 8,799,198           |
| Engineering                             | 495,654           | 1,348,429         | 1,844,083          | 403,448             | 1,210,343                | 1,613,791           |
| Laboratory                              | 186,305           | 558,915           | 745,220            | 164,713             | 494,140                  | 658,853             |
| Employee housing                        | -                 | 348,580           | 348,580            | -                   | 260,697                  | 260,697             |
| General and administrative              | 3,242,407         | 9,405,149         | 12,647,556         | 2,801,745           | 8,327,553                | 11,129,298          |
| Non-operating expenses:                 |                   |                   |                    |                     |                          |                     |
| Interest expense                        | 718,714           | 2,886,258         | 3,604,972          | 764,891             | 2,847,190                | 3,612,081           |
| Treasurer's fees                        | 45,543            | 59,168            | 104,711            | 44,639              | 58,914                   | 103,553             |
| <b>Total Expenses</b>                   | <b>9,575,209</b>  | <b>28,640,189</b> | <b>38,215,398</b>  | <b>8,594,388</b>    | <b>27,621,453</b>        | <b>36,215,841</b>   |
| <b>Change in Net Position</b>           | <b>166,236</b>    | <b>5,162,876</b>  | <b>5,329,112</b>   | <b>783,751</b>      | <b>(2,316,372)</b>       | <b>(1,532,621)</b>  |
| <b>Net Position - Beginning of Year</b> | <b>26,881,354</b> | <b>86,594,446</b> | <b>113,475,800</b> | <b>26,116,128</b>   | <b>88,892,293</b>        | <b>115,008,421</b>  |
| <b>Net Position - End of Year</b>       | <b>27,047,590</b> | <b>91,757,322</b> | <b>118,804,912</b> | <b>26,899,879</b>   | <b>86,575,921</b>        | <b>113,475,800</b>  |

In 2022, total expenses were \$38,215,398, which was an increase of \$1,999,557 over 2021 expenses of \$36,215,841.

Operating expenses increased \$2,005,508 in 2022. The increase was largely attributable to the higher expenses associated with utility services and engineering costs.

In 2021, total expenses were \$36,215,841, which was an increase of \$1,129,759 over 2020 levels.

Operating expenses increased \$857,141 in 2021. The increase largely related to 2020 debt issuance costs.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

The District's investment in capital assets at December 31, 2022 and 2021 amounted to \$206,160,205 and \$185,261,923 (net of accumulated depreciation), respectively. This investment in capital assets includes land and easements, water rights, treatment plants, distribution systems, employee housing, computers, equipment and vehicles. Capital assets are shown on the Statement of Net Position at the cost on the day of acquisition.

**Eagle River Water and Sanitation District  
Management's Discussion and Analysis  
December 31, 2022  
(continued)**

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

Most of the water and storage rights currently used by the District were provided by previous government water providers at no cost to the District. In accordance with Governmental Accounting Standards Board (GASB), only owned water and storage rights are shown on the District's Statement of Net Position at historic cost, totaling \$1,496,416. This cost represents mostly legal expenditures to establish the District's ability to use these rights to provide water to its customers and some additional acquisitions of new rights. Also in accordance with GASB, the investment in Eagle Park Reservoir Company Stock, which provides a valuable source of raw water supply, is not reflected in capital assets, but is shown in Other Assets at the historic cost of \$3,453,442. Management of the District believes the actual value of these water and storage rights used by the District to be much greater than historical cost at December 31, 2022. See the Schedule of Water and Storage Rights in the Statistical Section (pages F10-13) for additional information. The change in capital assets in 2022 is as follows:

|   | <b>Water</b>   |                    |                    | <b>12/31/22<br/>Ending<br/>Balance</b> |
|---|--|--------------------|--------------------|--|
|   | <b>1/1/22<br/>Beginning<br/>Balance<br/>(restated)</b> | <b>Additions</b>   | <b>Retirements</b> |  |
| Capital assets, not being depreciated:                            |  |                    |                    |  |
| Water rights  | 1,496,416  | -                  | -                  | 1,496,416                              |
| Construction in progress  | 581,633  | 3,373,699          | (1,238,711)        | 2,716,621                              |
| <b>Total capital assets, not being depreciated</b>                | <b>2,078,049</b>                                       | <b>3,373,699</b>   | <b>(1,238,711)</b> | <b>4,213,037</b>                       |
| Capital assets, being depreciated and amortized:                  |  |                    |                    |  |
| Treatment plants  | 4,684,615  | -                  | -                  | 4,684,615                              |
| Distribution systems  | 55,554,915   | 718,980            | -                  | 56,273,895                             |
| Computers, equipment and vehicles                                 | 3,761,717  | 522,230            | (65,148)           | 4,218,799                              |
| Leased assets   | 190,052  | -                  | -                  | 190,052                                |
| <b>Total capital assets being depreciated and amortized</b>       | <b>64,191,299</b>                                      | <b>1,241,210</b>   | <b>(65,148)</b>    | <b>65,367,361</b>                      |
| Less accumulated depreciation and amortization for:               |  |                    |                    |  |
| Treatment plants  | (2,616,891)  | (165,088)          | -                  | (2,781,979)                            |
| Distribution systems  | (24,286,887)   | (1,603,772)        | -                  | (25,890,659)                           |
| Computers, equipment and vehicles                                 | (2,672,312)  | (286,111)          | 58,633             | (2,899,790)                            |
| Leased assets   | (42,762)   | (19,006)           | -                  | (61,768)                               |
| <b>Total accumulated depreciation and amortization</b>            | <b>(29,618,852)</b>                                    | <b>(2,073,977)</b> | <b>58,633</b>      | <b>(31,634,196)</b>                    |
| <b>Total capital assets, being depreciated and amortized, net</b> | <b>34,572,447</b>                                      | <b>(832,767)</b>   | <b>(6,515)</b>     | <b>33,733,165</b>                      |
| <b>Total capital assets, net</b>                                  | <b>36,650,496</b>                                      | <b>2,540,932</b>   | <b>(1,245,226)</b> | <b>37,946,202</b>                      |

**Eagle River Water and Sanitation District  
Management's Discussion and Analysis  
December 31, 2022  
(continued)**

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

|   | Sanitation                                   |                    |                    | 12/31/22<br>Ending<br>Balance |
|---|--|--------------------|--------------------|-------------------------------|
|   | 1/1/22<br>Beginning<br>Balance<br>(restated) | Additions          | Retirements        |                               |
| Capital assets, not being depreciated:                            |  |                    |                    |                               |
| Land and easements  | 3,553,680                                    | -                  | -                  | 3,553,680                     |
| Construction in progress  | 45,308,366                                   | 26,087,305         | (4,113,726)        | 67,281,945                    |
| <b>Total capital assets, not being depreciated</b>                | <b>48,862,046</b>                            | <b>26,087,305</b>  | <b>(4,113,726)</b> | <b>70,835,625</b>             |
| Capital assets, being depreciated and amortized:                  |  |                    |                    |                               |
| Treatment plants  | 121,856,742                                  | 1,110,804          | -                  | 122,967,546                   |
| Distribution systems  | 57,015,207                                   | 1,181,679          | -                  | 58,196,886                    |
| Computers, equipment and vehicles                                 | 11,285,150                                   | 1,566,690          | (195,444)          | 12,656,396                    |
| Employee housing  | 20,357,180                                   | 436,133            | -                  | 20,793,313                    |
| Leased assets   | 570,152                                      | -                  | -                  | 570,152                       |
| <b>Total capital assets being depreciated and amortized</b>       | <b>211,084,431</b>                           | <b>4,295,306</b>   | <b>(195,444)</b>   | <b>215,184,293</b>            |
| Less accumulated depreciation and amortization for                |  |                    |                    |                               |
| Treatment plants  | (69,474,655)                                 | (3,714,301)        | -                  | (73,188,956)                  |
| Distribution systems  | (30,927,902)                                 | (1,419,098)        | -                  | (32,347,000)                  |
| Computers, equipment and vehicles                                 | (8,016,936)                                  | (858,335)          | 175,900            | (8,699,371)                   |
| Employee housing  | (2,787,273)                                  | (598,016)          | -                  | (3,385,289)                   |
| Leased assets   | (128,284)                                    | (57,015)           | -                  | (185,299)                     |
| <b>Total accumulated depreciation and amortization</b>            | <b>(111,335,050)</b>                         | <b>(6,646,765)</b> | <b>175,900</b>     | <b>(117,805,915)</b>          |
| <b>Total capital assets, being depreciated and amortized, net</b> | <b>99,749,381</b>                            | <b>(2,351,459)</b> | <b>(19,544)</b>    | <b>97,378,378</b>             |
| <b>Total capital assets, net</b>                                  | <b>148,611,427</b>                           | <b>23,735,846</b>  | <b>(4,133,270)</b> | <b>168,214,003</b>            |

Additional information on the District's capital assets can be found on pages D13 – D14 in Note III in the Notes to Financial Statements.

**Eagle River Water and Sanitation District  
Management's Discussion and Analysis  
December 31, 2022  
(continued)**

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

**Long-term Debt**

At December 31, 2022, the District loans payable to the water loan for Eagle Park Reservoir shares from the Colorado Water Conservation Board (CWCB) had \$653,865 outstanding. Also, the Water General Obligation Bonds issued in 2012 for water system improvements had an outstanding balance at December 31, 2022 of \$4,470,000. The 2017 Water Revenue Refunding Bonds had outstanding principal of \$10,210,000. The 2019 Water Revenue bonds had outstanding principal of \$3,420,000. The 2012, 2017 and 2020 Sanitation District Revenue Bonds had principal outstanding of \$70,715,000. The 2016 Sanitation District General Obligation Bonds had principal outstanding of \$19,920,000. Other changes in debt in the current year are representative of scheduled reductions on long term obligations.

At December 31, 2021, the District loans payable to the Colorado Water Resources and Power Development Authority (Authority) for sanitation facilities were paid in full. The water loan for Eagle Park Reservoir shares from the Colorado Water Conservation Board (CWCB) had \$744,000 outstanding. Also, the Water General Obligation Bonds issued in 2011 and 2012 for water system improvements had an outstanding balance at December 31, 2021 of \$5,205,000. The 2017 Water Revenue Refunding Bonds had outstanding principal of \$10,630,000. The 2019 Water Revenue bonds had outstanding principal of \$3,565,000. The 2012, 2017 and 2020 Sanitation District Revenue Bonds had principal outstanding of \$72,420,000. The 2016 Sanitation District General Obligation Bonds had principal outstanding of \$20,465,000. Other changes in debt in the current year are representative of scheduled reductions on long term obligations.

Additional detail on debt is in Note III in the Notes to Financial Statements.

**BUDGET VARIANCES AND FUTURE CONSIDERATIONS**

**Budget Variances**

In 2022, budgeted revenues were \$39,327,625. Revenues came in over budget expectations by \$3,465,118. The variance is mostly due to the budgeted proceeds on bond issuances which were not issued. The expenditure original budget was \$72,823,473, which was amended to \$82,568,160 for capital projects and bond refunding payments carried forward from previous years. Actual expenditures of \$62,991,854 were \$19,576,306 under budget, mainly due to multi-year capital project spending projects being carried forward.

**2023 Budget Considerations**

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

In 2023, the approved revenue budget is \$42,907,611 and the approved expenditure budget is \$36,431,472, including \$28,578,328 of new capital additions.

**REQUESTS FOR INFORMATION**

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

**BASIC FINANCIAL STATEMENTS**



**EAGLE RIVER  
WATER & SANITATION  
DISTRICT**



# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District**  
**Statement of Net Position**  
**December 31, 2022**  
**(With Comparative Totals for 2021)**

|  | <b>2022</b>       |                    |                    | <b>2021</b>        |
|--|-------------------|--------------------|--------------------|--------------------|
|  | <b>Water</b>      | <b>Sanitation</b>  | <b>Total</b>       | <b>Total</b>       |
| <b>Assets:</b>   |                   |                    |                    |                    |
| <b>Current Assets:</b>                                 |                   |                    |                    |                    |
| Cash and cash equivalents - Unrestricted               | 270,132           | 15,653,381         | 15,923,513         | 22,042,703         |
| Cash and cash equivalents - Restricted                 | 1,693,241         | 5,091,373          | 6,784,614          | 21,097,002         |
| Investments - Unrestricted                             | -                 | 2,486,313          | 2,486,313          | 3,339,588          |
| Investments - Restricted                               | 143,168           | 759,939            | 903,107            | 3,174,428          |
| Due (to) from other funds                              |                   |                    | -                  | -                  |
| Receivables, net of allowance for uncollectibles:      |                   |                    |                    |                    |
| Service  | 686,638           | 3,128,015          | 3,814,653          | 3,268,578          |
| Property taxes   | 1,361,249         | 1,962,819          | 3,324,068          | 3,490,097          |
| Current portion of notes receivable                    | -                 | 4,413              | 4,413              | 4,413              |
| Interest   | 2,913             | 9,229              | 12,142             | 22,939             |
| Other  | 1,185,058         | 3,820,974          | 5,006,032          | 3,397,638          |
| Inventory  | 873,442           | 790,218            | 1,663,660          | 960,809            |
| Prepaid expenses                                       | 87,449            | 296,746            | 384,195            | 716,752            |
| <b>Total Current Assets</b>                            | <b>6,303,290</b>  | <b>34,003,420</b>  | <b>40,306,710</b>  | <b>61,514,947</b>  |
| <b>Non-current Assets:</b>                             |                   |                    |                    |                    |
| <b>Other Assets:</b>                                   |                   |                    |                    |                    |
| Notes receivable - Due in more than one year           | -                 | 638,350            | 638,350            | 131,148            |
| Patronage dividend receivable                          | 137,677           | 409,332            | 547,009            | 537,160            |
| Other receivables                                      | 124,179           | -                  | 124,179            | 17,459             |
| Investment in Eagle Park Reservoir Company             | 3,453,442         | -                  | 3,453,442          | 3,453,442          |
| <b>Total Other Assets</b>                              | <b>3,715,298</b>  | <b>1,047,682</b>   | <b>4,762,980</b>   | <b>4,139,209</b>   |
| <b>Capital Assets:</b>                                 |                   |                    |                    |                    |
| Land and easements                                     | -                 | 3,553,680          | 3,553,680          | 3,553,680          |
| Water rights   | 1,496,416         | -                  | 1,496,416          | 1,496,416          |
| Construction in progress                               | 2,716,621         | 67,281,945         | 69,998,566         | 45,889,999         |
| Treatment plants                                       | 4,684,615         | 122,967,546        | 127,652,161        | 126,541,357        |
| Distribution systems                                   | 56,273,895        | 58,196,886         | 114,470,781        | 112,570,122        |
| Computers, equipment, and vehicles                     | 4,218,799         | 12,656,396         | 16,875,195         | 15,046,866         |
| Employee housing                                       | -                 | 20,793,313         | 20,793,313         | 20,357,180         |
| Leased assets  | 190,052           | 570,152            | 760,204            | 760,204            |
| Less: Accumulated depreciation and amortization        | (31,634,196)      | (117,805,915)      | (149,440,111)      | (140,953,901)      |
| <b>Total Capital Assets</b>                            | <b>37,946,202</b> | <b>168,214,003</b> | <b>206,160,205</b> | <b>185,261,923</b> |
| <b>Total Non-current Assets</b>                        | <b>41,661,500</b> | <b>169,261,685</b> | <b>210,923,185</b> | <b>189,401,132</b> |
| <b>Total Assets</b>                                    | <b>47,964,790</b> | <b>203,265,105</b> | <b>251,229,895</b> | <b>250,916,079</b> |
| <b>Deferred Outflows of Resources:</b>                 |                   |                    |                    |                    |
| Deferred charge on refunding                           | 926,551           | -                  | 926,551            | 1,009,457          |
| <b>Total Deferred Outflows of Resources</b>            | <b>926,551</b>    | <b>-</b>           | <b>926,551</b>     | <b>1,009,457</b>   |
| <b>Total Assets and Deferred Outflows of Resources</b> | <b>48,891,341</b> | <b>203,265,105</b> | <b>252,156,446</b> | <b>251,925,536</b> |

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

# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District**  
**Statement of Net Position**  
**December 31, 2022**  
**(With Comparative Totals for 2021)**  
**(Continued)**

|   | <b>2022</b>       |                    |                    | <b>2021</b>        |
|---|-------------------|--------------------|--------------------|--------------------|
|   | <b>Water</b>      | <b>Sanitation</b>  | <b>Total</b>       | <b>Total</b>       |
| <b>Liabilities:</b>   |                   |                    |                    |                    |
| <b>Current Liabilities:</b>                                 |                   |                    |                    |                    |
| Accounts payable  | 251,135           | 7,402,813          | 7,653,948          | 9,786,955          |
| Service fees payable  | -                 | 3,470,947          | 3,470,947          | 2,184,787          |
| Accrued payroll and related liabilities                     | 27,021            | 81,063             | 108,084            | 93,731             |
| Interest payable  | 64,684            | 262,772            | 327,456            | 337,602            |
| Loans, bonds and leases payable - Due within one year       | 1,262,676         | 2,362,888          | 3,625,564          | 3,706,257          |
| Deposits  | -                 | 83,204             | 83,204             | 83,656             |
| <b>Total Current Liabilities</b>                            | <b>1,605,516</b>  | <b>13,663,687</b>  | <b>15,269,203</b>  | <b>16,192,988</b>  |
| <b>Non-current Liabilities:</b>                             |                   |                    |                    |                    |
| Compensated absences - Due in more than one year            | 184,974           | 554,923            | 739,897            | 682,168            |
| Loans, bonds and leases payable - Due in more than one year | 18,692,012        | 95,326,354         | 114,018,366        | 118,084,483        |
| <b>Total Non-current Liabilities</b>                        | <b>18,876,986</b> | <b>95,881,277</b>  | <b>114,758,263</b> | <b>118,766,651</b> |
| <b>Total Liabilities</b>                                    | <b>20,482,502</b> | <b>109,544,964</b> | <b>130,027,466</b> | <b>134,959,639</b> |
| <b>Deferred Inflows of Resources:</b>                       |                   |                    |                    |                    |
| Unavailable property tax revenue                            | 1,361,249         | 1,962,819          | 3,324,068          | 3,490,097          |
| <b>Total Deferred Inflows of Resources</b>                  | <b>1,361,249</b>  | <b>1,962,819</b>   | <b>3,324,068</b>   | <b>3,490,097</b>   |
| <b>Net Position:</b>  |                   |                    |                    |                    |
| Net investment in capital assets                            | 21,444,386        | 84,722,877         | 106,167,263        | 87,696,717         |
| Restricted for:   |                   |                    |                    |                    |
| Debt  | 1,836,096         | 5,851,312          | 7,687,408          | 7,687,408          |
| Unrestricted  | 3,767,108         | 1,183,133          | 4,950,241          | 18,091,675         |
| <b>Total Net Position</b>                                   | <b>27,047,590</b> | <b>91,757,322</b>  | <b>118,804,912</b> | <b>113,475,800</b> |

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

# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended December 31, 2022**  
**(With Comparative Totals for 2021)**

|  | <b>2022</b>        |                   |                    | <b>2021</b>        |
|--|--------------------|-------------------|--------------------|--------------------|
|  | <b>Water</b>       | <b>Sanitation</b> | <b>Total</b>       | <b>Total</b>       |
| <b>Operating Revenues:</b>                         |                    |                   |                    |                    |
| Service fees                                       | 7,614,996          | 18,274,894        | 25,889,890         | 23,189,831         |
| Contract services                                  | -                  | 8,459,112         | 8,459,112          | 7,559,245          |
| Meter sales and rental income                      | -                  | 1,547,177         | 1,547,177          | 1,243,544          |
| Other charges for services                         | 191,121            | 569,294           | 760,415            | 516,291            |
| <b>Total Operating Revenues</b>                    | <b>7,806,117</b>   | <b>28,850,477</b> | <b>36,656,594</b>  | <b>32,508,911</b>  |
| <b>Operating Expenses:</b>                         |                    |                   |                    |                    |
| Maintenance  | 863,261            | 2,674,156         | 3,537,417          | 3,654,284          |
| Water operations                                   | 3,258,220          | 1,513,961         | 4,772,181          | 4,350,692          |
| Utility services                                   | 765,105            | 1,396,122         | 2,161,227          | 2,033,394          |
| Wastewater treatment                               | -                  | 8,449,451         | 8,449,451          | 8,799,198          |
| Engineering  | 495,654            | 1,348,429         | 1,844,083          | 1,613,791          |
| Laboratory   | 186,305            | 558,915           | 745,220            | 658,853            |
| Employee housing                                   | -                  | 348,580           | 348,580            | 260,697            |
| General and administrative                         | 3,242,407          | 9,405,149         | 12,647,556         | 11,129,298         |
| <b>Total Operating Expenses</b>                    | <b>8,810,952</b>   | <b>25,694,763</b> | <b>34,505,715</b>  | <b>32,500,207</b>  |
| <b>Operating Income (Loss)</b>                     | <b>(1,004,835)</b> | <b>3,155,714</b>  | <b>2,150,879</b>   | <b>8,704</b>       |
| <b>Non-operating Revenues (Expenses):</b>          |                    |                   |                    |                    |
| Property taxes                                     | 1,516,730          | 1,970,192         | 3,486,922          | 3,448,816          |
| Specific ownership taxes                           | 89,120             | 111,354           | 200,474            | 202,496            |
| Investment income                                  | 10,793             | 74,411            | 85,204             | (19,015)           |
| Gain (loss) on investments                         | 5,689              | 43,523            | 49,212             | 34,668             |
| Gain (loss) on disposal of capital assets          | 20,100             | 60,301            | 80,401             | (3,697,869)        |
| Other non-operating revenues                       | 33,684             | 101,053           | 134,737            | 119,268            |
| Interest expense, net of amortization expense      | (718,714)          | (2,886,258)       | (3,604,972)        | (3,612,081)        |
| Treasurer's fees                                   | (45,543)           | (59,168)          | (104,711)          | (103,553)          |
| <b>Total Non-operating Revenues (Expenses)</b>     | <b>911,859</b>     | <b>(584,592)</b>  | <b>327,267</b>     | <b>(3,627,270)</b> |
| <b>Income (Loss) Before Capital Contributions</b>  | <b>(92,976)</b>    | <b>2,571,122</b>  | <b>2,478,146</b>   | <b>(3,618,566)</b> |
| <b>Capital Contributions:</b>                      |                    |                   |                    |                    |
| Tap fees   | 259,212            | 2,437,698         | 2,696,910          | 1,833,786          |
| Contributed assets - physical assets               | -                  | 154,056           | 154,056            | 56,837             |
| Contributed assets - cash                          | -                  | -                 | -                  | 195,322            |
| <b>Total Capital Contributions</b>                 | <b>259,212</b>     | <b>2,591,754</b>  | <b>2,850,966</b>   | <b>2,085,945</b>   |
| <b>Change in Net Position</b>                      | <b>166,236</b>     | <b>5,162,876</b>  | <b>5,329,112</b>   | <b>(1,532,621)</b> |
| <b>Net Position - Beginning of Year (restated)</b> | <b>26,881,354</b>  | <b>86,594,446</b> | <b>113,475,800</b> | <b>115,008,421</b> |
| <b>Net Position - End of Year</b>                  | <b>27,047,590</b>  | <b>91,757,322</b> | <b>118,804,912</b> | <b>113,475,800</b> |

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

**Eagle River Water and Sanitation District**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2022**  
**(With Comparative Totals for the Year Ended 2021)**

|   | 2022        |              |              | 2021         |
|---|-------------|--------------|--------------|--------------|
|   | Water       | Sanitation   | Total        | Total        |
| <b>Cash Flows From Operating Activities:</b>                                |             |              |              |              |
| Cash received from customers and others                                     | 7,247,036   | 27,148,366   | 34,395,402   | 32,393,600   |
| Cash payments for goods and services  | (3,713,710) | (7,119,785)  | (10,833,495) | (3,667,759)  |
| Cash payments to employees and for benefits                                 | (3,479,680) | (12,072,769) | (15,552,449) | (13,336,296) |
| <b>Net Cash Provided (Used) by Operating Activities</b>                     | 53,646      | 7,955,812    | 8,009,458    | 15,389,545   |
| <b>Cash Flows From Non-capital Financing Activities:</b>                    |             |              |              |              |
| Property taxes levied for operations, net                                   | 497,555     | 541,011      | 1,038,566    | 1,026,514    |
| Specific ownership taxes received   | 30,140      | 31,524       | 61,664       | 62,257       |
| Patronage dividend received   | 10,921      | 30,661       | 41,582       | 39,114       |
| Other cash receipts   | 20,826      | 62,480       | 83,306       | 73,880       |
| <b>Net Cash Provided (Used) by Non-capital Financing Activities</b>         | 559,442     | 665,676      | 1,225,118    | 1,201,765    |
| <b>Cash Flows From Capital and Related Financing Activities:</b>            |             |              |              |              |
| Property taxes levied for debt service, net                                 | 973,631     | 1,370,013    | 2,343,644    | 2,318,749    |
| Specific ownership taxes received   | 58,980      | 79,830       | 138,810      | 140,239      |
| Cash received from tap fees   | 259,212     | 2,437,698    | 2,696,910    | 1,833,786    |
| Proceeds from sale of capital assets  | 26,615      | 79,845       | 106,460      | -            |
| Cash received (paid) related to capital asset deposit                       | -           | (452)        | (452)        | 33,561       |
| Fees in lieu of water and sewer lines                                       | -           | -            | -            | 195,305      |
| Cash paid for principal on debt   | (1,406,665) | (2,299,588)  | (3,706,253)  | (3,535,476)  |
| Cash paid for interest on debt  | (754,660)   | (3,218,106)  | (3,972,766)  | (4,078,379)  |
| Cash paid for capital acquisitions  | (3,403,528) | (26,631,592) | (30,035,120) | (30,190,412) |
| <b>Net Cash Provided (Used) by Capital and Related Financing Activities</b> | (4,246,415) | (28,182,352) | (32,428,767) | (33,282,627) |
| <b>Cash Flows From Investing Activities:</b>                                |             |              |              |              |
| Interest income received  | 65,922      | 286,414      | 352,336      | 199,340      |
| Proceeds from sales and maturities of investments                           | 570,234     | 3,517,790    | 4,088,024    | 5,549,617    |
| Principal received on notes receivable                                      | -           | 4,413        | 4,413        | 102,207      |
| Purchase of investments   | (163,278)   | (1,007,267)  | (1,170,545)  | (1,053,623)  |
| Issuance of notes receivable  | -           | (511,615)    | (511,615)    | -            |
| <b>Net Cash Provided (Used) by Investing Activities</b>                     | 472,878     | 2,289,735    | 2,762,613    | 4,797,541    |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                 | (3,160,449) | (17,271,129) | (20,431,578) | (11,893,776) |
| <b>Cash and Cash Equivalents - Beginning of Year</b>                        | 5,123,822   | 38,015,883   | 43,139,705   | 55,033,481   |
| <b>Cash and Cash Equivalents - End of Year</b>                              | 1,963,373   | 20,744,754   | 22,708,127   | 43,139,705   |
| <b>Represented by Balance Sheet captions:</b>                               |             |              |              |              |
| Cash and cash equivalents - Unrestricted                                    | 270,132     | 15,653,381   | 15,923,513   | 22,042,703   |
| Cash and cash equivalents - Restricted                                      | 1,693,241   | 5,091,373    | 6,784,614    | 21,097,002   |
| <b>Cash and Cash Equivalents - End of Year</b>                              | 1,963,373   | 20,744,754   | 22,708,127   | 43,139,705   |

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

# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2022**  
**(With Comparative Totals for the Year Ended 2021)**  
**(Continued)**

|   | 2022             |                  |                  | 2021              |
|---|------------------|------------------|------------------|-------------------|
|   | Water            | Sanitation       | Total            | Total             |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b> |                  |                  |                  |                   |
| Operating income (loss)   | (1,004,835)      | 3,155,714        | 2,150,879        | 26,798            |
| <b>Adjustments:</b>   |                  |                  |                  |                   |
| Depreciation and amortization   | 2,073,977        | 6,646,765        | 8,720,742        | 9,096,295         |
| (Increase) decrease in accounts receivable  | (559,063)        | (1,702,125)      | (2,261,188)      | (115,317)         |
| (Increase) decrease in inventory  | (272,058)        | (430,794)        | (702,852)        | (79,871)          |
| (Increase) decrease in deposits   | -                | -                | -                | 120,153           |
| (Increase) decrease in prepaid expenses   | 86,064           | 246,493          | 332,557          | (57,968)          |
| Increase (decrease) in accounts payable   | (288,459)        | (1,300,463)      | (1,588,922)      | 6,014,663         |
| Increase (decrease) in service fees payable   | -                | 1,286,160        | 1,286,160        | 333,312           |
| Increase (decrease) in payroll liabilities  | 3,588            | 10,765           | 14,353           | (15,472)          |
| Increase (decrease) in accrued compensated absences   | 14,432           | 43,297           | 57,729           | 66,952            |
| <b>Total Adjustments</b>  | <u>1,058,481</u> | <u>4,800,098</u> | <u>5,858,579</u> | <u>15,362,747</u> |
| <b>Net Cash Provided (Used) by Operating Activities</b>   | <u>53,646</u>    | <u>7,955,812</u> | <u>8,009,458</u> | <u>15,389,545</u> |
| <b>Non-cash Investing, Capital, and Financing Activities:</b>   |                  |                  |                  |                   |
| Contribution of capital assets from developers  | -                | 154,056          | 154,056          | 57,013            |
| Unrealized gain (loss) on investments   | (60,020)         | (228,750)        | (288,770)        | (160,508)         |
| Receipt of note receivable in exchange for water rights   | -                | -                | -                | -                 |
| <b>Total non-cash Investing, Capital and Financing Activities:</b>                                    | <u>(60,020)</u>  | <u>(74,694)</u>  | <u>(134,714)</u> | <u>(103,495)</u>  |

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

NOTES TO THE FINANCIAL STATEMENTS



**EAGLE RIVER**  
**WATER & SANITATION**  
**DISTRICT**

**Eagle River Water and Sanitation District  
Notes to the Financial Statements  
December 31, 2022**

**I. Summary of Significant Accounting Policies**

Eagle River Water and Sanitation District (the “District”) was formed July 1, 1996, pursuant to an agreement to consolidate the sanitation functions of the Upper Eagle Valley Consolidated Sanitation District and the water service functions of the Vail Valley Consolidated Water District, both of which are located in Eagle County, Colorado. The District, a quasi-municipal corporation, is governed pursuant to provisions of the Colorado Special District Act. The District was established to ensure a more effective and economical operation of water and sanitation systems within the jurisdictional boundaries of the District. Seven elected board members govern the District.

The 1996 consolidation of Upper Eagle Valley Consolidated Sanitation District and Vail Valley Consolidated Water District was accomplished pursuant to Colorado law which specifically provides that a separate ad valorem tax be levied against the area comprising the consolidating districts which, together with any other special rates, tolls, fees or charges for service within the consolidating District area, will be sufficient to pay the principal and interest on the consolidating Districts' outstanding bonds.

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

**A. Reporting Entity**

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity. Based upon these criteria, the District is not a component unit of any other government. The District has three blended component units and while they are legally separate entities they are in substance part of the District's operations:

**Eagle River Water and Sanitation District Water Subdistrict** - The Eagle River Water and Sanitation District Water Subdistrict (the “Water Subdistrict”) was incorporated in 2002 and formed for the purpose of creating a separate taxing district pursuant to the Special District Act. The boundaries of the Subdistrict are generally identical to the boundaries of the Town, but include some properties which are not within the Town. The Subdistrict issued bonds in 2002, 2004, 2009, 2011, 2012, 2017 and 2019 for the construction of various facilities. The financial data of the Subdistrict is reported as part of the primary government because it is fiscally dependent upon the District and provides financing solely to the District. Although the Subdistrict is a separate legal entity, for financial reporting purposes, it is part of the District and is included in the Water Fund.

**Wolcott Water and Sewer Subdistrict** – During 2013, the District incorporated the Wolcott Water and Sewer Subdistrict (the “Wolcott Subdistrict”) for the purpose of creating a separate taxing district pursuant to the Special District Act near the town of Wolcott, Colorado. Although the Subdistrict is a separate legal entity, for financial reporting purposes, it is part of the District and is included in the Sanitation Fund.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2022**  
**(Continued)**

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

**A. Reporting Entity (continued)**

**Bighorn Terrace Sewer Subdistrict** – During 2018, the District incorporated the Bighorn Terrace Sewer Subdistrict (the “Bighorn Terrace Subdistrict”) for the purpose of creating a separate taxing district pursuant to the Special District Act. Although the Subdistrict is a separate legal entity, for financial reporting purposes, it is part of the District and is included in the Sanitation Fund.

**B. Fund Accounting**

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

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

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

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

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

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

**2. Financial Statement Presentation**

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



**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2022**  
**(Continued)**

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

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

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

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

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

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

**2. Receivables**

Receivables are reported net of an allowance for uncollectible accounts. An allowance for doubtful accounts in the amount of \$80,256 and \$80,256 had been established at December 31, 2022 and 2021, respectively, to estimate uncollectible accounts.

**3. Property Taxes**

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as unavailable property tax revenue.

**4. Inventory**

Inventory is determined at the lower of cost (determined on the first-in, first-out basis) or market.

**5. Capital Assets**

Capital assets, which include land and easements, water rights, construction in progress, treatment plants, distribution systems, computers, equipment, vehicles, and employee housing, are reported in the financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of water rights includes acquisition cost, legal, and engineering costs related to the development and augmentation of those rights. Since the rights have a perpetual life, they are not depreciated. All other costs, including costs incurred for the protection of those rights, are expensed. See the Schedule of Water and Storage Rights in the Statistical Section (pages F10-F13) for additional information.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred.

**Eagle River Water and Sanitation District  
Notes to the Financial Statements  
December 31, 2022  
(Continued)**

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

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

**5. Capital Assets (continued)**

Treatment plants, distribution systems, computers, equipment, leased assets, vehicles, and employee housing are depreciated or amortized using the straight-line method over the following estimated useful lives or length of the lease:

| <u>Assets</u>                      | <u>Years</u> |
|------------------------------------|--------------|
| Treatment plants                   | 5 - 40       |
| Distribution systems               | 5 - 40       |
| Computers, equipment, and vehicles | 2 - 10       |
| Employee housing                   | 40           |

**6. Net Position**

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

**7. Compensated Absences**

Earned but unused vacation and sick leave benefits are accrued when incurred in the financial statements.

**8. Long-term Obligations**

Long-term debt and other long-term obligations are reported as liabilities in Statement of Net Position. Bond premiums and discounts are deferred and amortized over the respective life of the respective debt using a combination of the effective-interest and straight-line methods. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred. The deferred cost on bond refunding is being amortized over the lesser of the life of the new bond or the remaining life of the refunded bonds using the straight-line method which approximates the effective interest method. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

**9. Leases**

Lessee – The District is lessee for noncancellable leases of office space. The District recognizes a lease liability and an intangible right-to-use lease asset. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term.

**Eagle River Water and Sanitation District  
Notes to the Financial Statements  
December 31, 2022  
(Continued)**

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

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

**9. Leases (continued)**

Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines the following:

**Discount Rate:** The District uses the interest rate charged by the lessor as the discount rate to discount the expected lease payments to present value. When the interest rate charged by the lessor is not provided, the District uses its incremental rate of borrowing.

**Lease Term:** The lease term includes the noncancellable period of the lease and extended term(s) that the District is reasonably certain to exercise.

**Lease Payments:** Lease payments included in the measurement of the lease liability are composed of fixed increasing payments, and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category. It is unavailable revenue that is deferred and recognized as an inflow of resources in the period that the amounts become available.

**Eagle River Water and Sanitation District  
Notes to the Financial Statements  
December 31, 2022  
(Continued)**

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

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

**11. Use of Estimates**

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

**12. Restricted and Unrestricted Resources**

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

**13. Comparative Data**

The financial statements include certain prior year comparative information in total, but not by segment. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2021, from which comparative totals were derived.

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

**A. Budgetary Information**

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

As required by Colorado statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2022.

1. For the 2022 budget year, prior to August 25, 2021, the County Assessor sent to the District an assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10 only once by a single notification to the District.
2. The District submitted, on or before October 15, 2021, a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
3. Prior to December 15, 2021, after a required publication of "Notice of Proposed Budget" and a public hearing, the District certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.

**Eagle River Water and Sanitation District  
Notes to the Financial Statements  
December 31, 2022  
(Continued)**

**II. Stewardship, Compliance, and Accountability (continued)**

**A. Budgetary Information (continued)**

4. After adoption of the budget resolution, the District may make the following changes: a) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; b) approve emergency appropriations; and c) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2021 were collected in 2022 and taxes certified in 2022 will be collected in 2023. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16.

**B. TABOR Amendment**

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

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

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

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

**Eagle River Water and Sanitation District  
Notes to the Financial Statements  
December 31, 2022  
(Continued)**

**III. Detailed Notes on All Funds**

**A. Deposits and Investments**

The District's deposits are entirely covered by the Federal Deposit Insurance Corporation ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures depositors up to \$250,000 for all accounts. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amounts of the District's petty cash, demand deposits and investments were \$26,097,547 and \$46,653,721 as of December 31, 2022 and 2021, respectively.

*Fair Value of Investments*

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

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

At December 31, 2022, the District had the following recurring fair value measurements:

| <b>Investments Measured at Fair Value</b>      | <b>Total</b> | <b>Fair Value Measurements Using</b> |                |                |
|--|--------------|--------------------------------------|----------------|----------------|
|  |              | <b>Level 1</b>                       | <b>Level 2</b> | <b>Level 3</b> |
| United States Treasury notes                   | 2,450,484    | -                                    | 2,450,484      | -              |
| Federal agency securities                      | 938,936      | -                                    | 938,936        | -              |
| <b>Investments Measured at Net Asset Value</b> |              | <b>Total</b>                         |                |                |
| Money Market                                   |              |                                      | 16,468,566     |                |
| Colotrust                                      |              |                                      | 1,464,675      |                |

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;

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

**Interest Rate Risk.** As a means of limiting its exposure to interest rate risk, the District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. The investment policy also limits types of investments to specific maturity dates. Finally, the policy requires the District, at all times, to maintain 10% of its total investment portfolio in instruments maturing in 120 days or less.

**Eagle River Water and Sanitation District  
Notes to the Financial Statements  
December 31, 2022  
(Continued)**

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

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

**Credit Risk.** Colorado statutes and the District investment policy specify instruments in which local governments may invest, including:

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

The District's investment policy has further restricted the investment of District funds to U.S. Treasury obligations, Federal agency securities, commercial paper, U. S. Corporate securities, eligible banker's acceptances, written repurchase agreements collateralized by certain authorized securities, local government investment pools, time certificates of deposit, and certain money market funds. The District's investment policy requires all investments to be highly rated by nationally recognized statistical rating agencies as follows:

|                                   | <b>Required Ratings</b> |
|-----------------------------------|-------------------------|
| Federal agency securities         | AAA                     |
| Commercial paper                  | A-1                     |
| United States Treasury notes      | AAA                     |
| Eligible bankers acceptances      | A-1                     |
| Local government investment pools | AAAm                    |
| Money market mutual funds         | AAAm                    |

In addition, the District's investment policy requires that approved counterparties to repurchase agreements have at least a short-term debt rating of A-1 and a long-term debt rating of A.

At December 31, 2022, unrealized losses were \$288,770, which reflects changes in the fair market value of investments. At December 31, 2022, the District had the following cash and investments with the following maturities:

|                              | <b>Standard &amp; Poors Rating</b> | <b>Carrying Amounts</b> | <b>Maturities</b>         |                          |
|------------------------------|------------------------------------|-------------------------|---------------------------|--------------------------|
|                              |                                    |                         | <b>Less than one year</b> | <b>One to five years</b> |
| <i>Deposits:</i>             |                                    |                         |                           |                          |
| Checking                     | Not rated                          | 4,774,886               | 4,774,886                 | -                        |
| Money market                 | AAA                                | 16,468,566              | 16,468,566                | -                        |
| <i>Investment pools</i>      |                                    |                         |                           |                          |
|                              | AAAm                               | 1,464,675               | 1,464,675                 | -                        |
| <i>Investments:</i>          |                                    |                         |                           |                          |
| United States Treasury notes | AA+                                | 2,450,484               | 412,334                   | 2,038,150                |
| Federal agency securities    | AA+                                | 938,936                 | 641,856                   | 297,080                  |
| <b>Total</b>                 |                                    | 26,097,547              | 23,762,317                | 2,335,230                |

**Eagle River Water and Sanitation District  
Notes to the Financial Statements  
December 31, 2022  
(Continued)**

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

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

**Concentration of Credit Risk.** The District's investment policy requires its portfolio to be adequately diversified to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions or maturities. The District may invest to the following maximum limits:

|   | <b>Maximum<br/>Percentage</b> |
|---|-------------------------------|
| U.S. Treasury obligations                                     | 100%                          |
| Federal agency securities                                     | 100%                          |
| Repurchase agreements   | 100%                          |
| Certificates of deposit                                       | 50%                           |
| Local government investment pools                             | 50%                           |
| Combined total in bankers acceptances<br>and commercial paper | 30%                           |

Investments in any one issuer (other than U.S. Treasury obligations, mutual funds, and external investment pools) that represented 5% or more of the total District investments at December 31, 2022 were as follows:

| <b>Issuer</b>                      | <b>Reported<br/>Amount</b> | <b>Percentage of<br/>Investment<br/>Portfolio</b> |
|------------------------------------|----------------------------|---|
| U.S. Treasury obligations          | 2,450,484                  | 11%   |
| Wells Fargo Advantage Money Market | 16,468,566                 | 77%   |
| Colotrust                          | 1,464,675                  | 7%  |

**B. Restricted Cash, Cash Equivalents and Investments**

At December 31, 2022, cash has been restricted for the following purposes:

|                          | <b>Water</b> | <b>Sanitation</b> | <b>Total</b> |
|--------------------------|--------------|-------------------|--------------|
| Debt service reserves    | 1,236,409    | 5,251,312         | 6,487,721    |
| Rate stabilization funds | 600,000      | 600,000           | 1,200,000    |
| <b>Total</b>             | 1,836,409    | 5,851,312         | 7,687,721    |



**Eagle River Water and Sanitation District  
Notes to the Financial Statements  
December 31, 2022  
(Continued)**

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

**C. Summary of Cash and Investments**

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

|  | <b>Water</b>     | <b>Sanitation</b> | <b>Total</b>      |
|--|------------------|-------------------|-------------------|
| Cash and cash equivalents - Unrestricted | 270,132          | 15,653,381        | 15,923,513        |
| Cash and cash equivalents - Restricted   | 1,693,241        | 5,091,373         | 6,784,614         |
| Investments - Unrestricted               | -                | 2,486,313         | 2,486,313         |
| Investments - Restricted                 | 143,168          | 759,939           | 903,107           |
| <b>Total</b>                             | <b>2,106,541</b> | <b>23,991,006</b> | <b>26,097,547</b> |

**D. Notes Receivable**

The following is an analysis of changes in notes receivable for the year ended December 31, 2022:

|                       | <b>1/1/22<br/>Beginning<br/>Balance</b> | <b>Additions</b> | <b>Reductions</b> | <b>12/31/22<br/>Ending<br/>Balance</b> |
|-----------------------|---|------------------|-------------------|--|
| Employees             | 126,735                                 | 511,615          | -                 | 638,350                                |
| Sewer tap purchases   | 8,826                                   | -                | (4,413)           | 4,413                                  |
|                       | 135,561                                 | 511,615          | (4,413)           | 642,763                                |
| Less: Current portion | (4,413)                                 | -                | -                 | (4,413)                                |
| Long-term portion     | 131,148                                 | 511,615          | (4,413)           | 638,350                                |

The following notes receivable were outstanding as of December 31, 2022:

**1. Employees**

The District provides down payment assistance to employees as part of its Employee Home Ownership Program. These non-interest bearing notes are secured by the related properties and will be collected over a period of fifteen years.

**2. Sewer tap purchases**

The District provides Sewer Tap deferral payment plans. These loans bear interest at 3.5% annually and are collected over a period of ten years.

**E. Patronage Dividend Receivable**

The District has a dividend receivable from Holy Cross Electric Association ("Holy Cross") which represents allocated refundable operating profits. These amounts are held by Holy Cross as working capital until the financial condition of Holy Cross permits a refund. Refunds are normally received annually approximately ten years in arrears. During the year ended December 31, 2022, the District received a refund of \$35,384 from Holy Cross. The balance due to the District at December 31, 2022 and 2021 was \$547,009 and \$537,160, respectively.

**Eagle River Water and Sanitation District  
Notes to the Financial Statements  
December 31, 2022  
(Continued)**

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

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

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

In 1998, the District acquired 3,300 Class A Shares (approximately 16.4%) and 125 Class B shares of the stock in the Reservoir Company for \$1,909,732 and the contribution/pledge of certain water rights. The \$1,909,732 was financed through an assessment obligation payable to the Reservoir Company, which is explained in Note III.H.1, and is recorded as an investment in Eagle Park Reservoir Company, along with \$130,000 of legal costs related to the issuance of the assessment payable. Since 1998, the District has acquired additional shares of the Reservoir Company through various transactions. As of December 31, 2021, the District held 4,345 Class A Shares, 125 Class B Series 1 and 125 Class B Series 2 shares of the stock in the Reservoir Company at a cost of \$3,466,756.

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

In March 2018, the District transferred 16.8789 Class A, Series 2 shares to Upper Eagle Regional Water Authority, which had a historical cost of \$13,314.

As of December 31, 2022, the District held 4,328.121 Class A Shares (approximately 16.7%), 125 Class B Series 1 and 125 Class B Series 2 shares of the stock in the Reservoir Company at a cost of \$3,453,442. See the Schedule of Water and Storage Rights in the Statistical Section (pages F10-F13) for additional information.

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**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2022**  
**(Continued)**

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

**G. Capital Assets**

Capital asset activity related to water services for 2022 was as follows:

|   | <b>1/1/22<br/>Beginning<br/>Balance<br/>(restated)</b> | <b>Additions</b>   | <b>Retirements<br/>and Transfers</b> | <b>12/31/22<br/>Ending<br/>Balance</b> |
|---|--|--------------------|--------------------------------------|--|
| <b>Water</b>  |  |                    |                                      |  |
| Capital assets, not being depreciated:                                |  |                    |                                      |  |
| Water rights  | 1,496,416  | -                  | -                                    | 1,496,416                              |
| Construction in progress  | 581,633  | 3,373,699          | (1,238,711)                          | 2,716,621                              |
| <b>Total capital assets,<br/>not being depreciated</b>                | <b>2,078,049</b>                                       | <b>3,373,699</b>   | <b>(1,238,711)</b>                   | <b>4,213,037</b>                       |
| Capital assets, being depreciated and amortized:                      |  |                    |                                      |  |
| Treatment plants  | 4,684,615  | -                  | -                                    | 4,684,615                              |
| Distribution systems  | 55,554,915   | 718,980            | -                                    | 56,273,895                             |
| Computers, equipment and vehicles                                     | 3,761,717  | 522,230            | (65,148)                             | 4,218,799                              |
| Leased assets   | 190,052  | -                  | -                                    | 190,052                                |
| <b>Total capital assets being<br/>depreciated and amortized</b>       | <b>64,191,299</b>                                      | <b>1,241,210</b>   | <b>(65,148)</b>                      | <b>65,367,361</b>                      |
| Less accumulated depreciation and amortization for:                   |  |                    |                                      |  |
| Treatment plants  | (2,616,891)  | (165,088)          | -                                    | (2,781,979)                            |
| Distribution systems  | (24,286,887)   | (1,603,772)        | -                                    | (25,890,659)                           |
| Computers, equipment and vehicles                                     | (2,672,312)  | (286,111)          | 58,633                               | (2,899,790)                            |
| Leased assets   | (42,762)   | (19,006)           | -                                    | (61,768)                               |
| <b>Total accumulated depreciation and amortization</b>                | <b>(29,618,852)</b>                                    | <b>(2,073,977)</b> | <b>58,633</b>                        | <b>(31,634,196)</b>                    |
| <b>Total capital assets,<br/>being depreciated and amortized, net</b> | <b>34,572,447</b>                                      | <b>(832,767)</b>   | <b>(6,515)</b>                       | <b>33,733,165</b>                      |
| <b>Total capital assets, net - Water</b>                              | <b>36,650,496</b>                                      | <b>2,540,932</b>   | <b>(1,245,226)</b>                   | <b>37,946,202</b>                      |

Fully depreciated assets totaled \$5,375,410 for the year ended December 31, 2022.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2022**  
**(Continued)**

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

**G. Capital Assets (continued)**

Capital asset activity related to sanitation services for 2022 was as follows:

|   | <b>1/1/22<br/>Beginning<br/>Balance<br/>(restated)</b> | <b>Additions</b>  | <b>Retirements<br/>and Transfers</b> | <b>12/31/22<br/>Ending<br/>Balance</b> |
|---|--|-------------------|--------------------------------------|--|
| <b>Sanitation</b>   |  |                   |                                      |  |
| Capital assets, not being depreciated:                        |  |                   |                                      |  |
| Land and easements  | 3,553,680  | -                 | -                                    | 3,553,680                              |
| Construction in progress                                      | 45,308,366   | 26,087,305        | (4,113,726)                          | 67,281,945                             |
| Total capital assets,<br>not being depreciated                | 48,862,046   | 26,087,305        | (4,113,726)                          | 70,835,625                             |
| Capital assets, being depreciated and amortized:              |  |                   |                                      |  |
| Treatment plants  | 121,856,742  | 1,110,804         | -                                    | 122,967,546                            |
| Distribution systems  | 57,015,207   | 1,181,679         | -                                    | 58,196,886                             |
| Computers, equipment and vehicles                             | 11,285,150   | 1,566,690         | (195,444)                            | 12,656,396                             |
| Employee housing  | 20,357,180   | 436,133           | -                                    | 20,793,313                             |
| Leased assets   | 570,152  | -                 | -                                    | 570,152                                |
| Total capital assets being<br>depreciated and amortized       | 211,084,431  | 4,295,306         | (195,444)                            | 215,184,293                            |
| Less accumulated depreciation and amortization for:           |  |                   |                                      |  |
| Treatment plants  | (69,474,655)   | (3,714,301)       | -                                    | (73,188,956)                           |
| Distribution systems  | (30,927,902)   | (1,419,098)       | -                                    | (32,347,000)                           |
| Computers, equipment and vehicles                             | (8,016,936)  | (858,335)         | 175,900                              | (8,699,371)                            |
| Employee housing  | (2,787,273)  | (598,016)         | -                                    | (3,385,289)                            |
| Leased assets   | (128,284)  | (57,015)          | -                                    | (185,299)                              |
| Total accumulated depreciation and amortization               | (111,335,050)  | (6,646,765)       | 175,900                              | (117,805,915)                          |
| Total capital assets,<br>being depreciated and amortized, net | 99,749,381   | (2,351,459)       | (19,544)                             | 97,378,378                             |
| <b>Total capital assets, net - Sanitation</b>                 | <b>148,611,427</b>                                     | <b>23,735,846</b> | <b>(4,133,270)</b>                   | <b>168,214,003</b>                     |

Fully depreciated assets totaled \$33,087,669 for the year ended December 31, 2022.

Depreciation and amortization expense for the year ended December 31, 2022 was charged to the following departments:

|                            | <b>Water</b>     | <b>Sanitation</b> | <b>Total</b>     |
|----------------------------|------------------|-------------------|------------------|
| Maintenance                | 85,664           | 256,991           | 342,655          |
| Water operations           | 1,768,860        | -                 | 1,768,860        |
| Wastewater treatment       | -                | 5,133,398         | 5,133,398        |
| General and administrative | 219,453          | 1,256,376         | 1,475,829        |
| <b>Total</b>               | <b>2,073,977</b> | <b>6,646,765</b>  | <b>8,720,742</b> |

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2022**  
**(Continued)**

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

**H. Long-Term Debt – Water**

The District has the following long-term debt outstanding related to its water operations:

**1. 1998 Assessment Obligation Note**

As previously explained in Note III.F, the District financed its 1998 investment in the Reservoir Company through the execution of an assessment obligation note in the amount of \$1,909,842. This note bears interest at 5.45% annually. Debt service payments of \$130,683 are due annually on September 16, through 2027.

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

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

**2. General Obligation Water Refunding Bonds, Series 2011**

The District, through the Water Subdistrict, issued \$2,930,000 of general obligation water refunding bonds in December 2011, the proceeds of which were used to retire the 2002 CWRPDA loan and pay the costs of issuance. The interest rates on the bonds range from 3.00% to 4.00%. Interest is payable on June 1 and December 1, through 2022. The principal is payable on December 1 and matures in various increments through 2022.

Principal on the serial bonds is due beginning in 2012 through 2022 in amounts ranging from \$225,000 to \$315,000. These bonds are not subject to optional redemption prior to their respective maturity dates.

The bonds are not secured by the Water Subdistrict's assets and are not obligations of the District. The bonds are direct obligations and pledge the full faith and credit of the Water Subdistrict and are ultimately secured by the Water Subdistrict's general ad valorem tax collections.

The District is maintaining a reserve equal to interest accrued through December 31, 2022 plus one twelfth (1/12) of the first principal payment due in the subsequent year for this debt.

The bonds were fully repaid during 2022.

**Eagle River Water and Sanitation District  
Notes to the Financial Statements  
December 31, 2022  
(Continued)**

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

**H. Long-Term Debt – Water (continued)**

**3. General Obligation Water Bonds, Series 2012A**

The District, through the Water Subdistrict, issued \$1,000,000 of general obligation water bonds in December 2012, the proceeds of which will be used to construct improvements to the District's water system and pay the costs of issuance. The interest rates on the bonds range from 2.30% to 2.50%. Interest is payable on June 1 and December 1, through 2029. The principal is payable on December 1 and matures in various increments through 2029.

Principal on the serial bonds is due beginning in 2023 through 2029 in amounts ranging from \$130,000 to \$155,000.

The bonds are not secured by the Water Subdistrict's assets and are not obligations of the District. The bonds are direct obligations and pledge the full faith and credit of the Water Subdistrict and are ultimately secured by the Water Subdistrict's general ad valorem tax collections.

Bonds maturing on or after December 1, 2023, are subject to redemption prior to maturity at the option of District at par plus accrued interest.

**4. General Obligation Water Refunding Bonds, Series 2012B**

The District, through the Water Subdistrict, issued \$6,605,000 of general obligation water refunding bonds in December 2012, the proceeds of which were used to partially refund the aforementioned 2004 General Obligation Water Bonds (Note III.H.2) and pay the costs of issuance. The interest rates on the bonds range from 2.00% to 3.00%. Interest is payable on June 1 and December 1, through 2029. The principal is payable on December 1 and matures in various increments through 2029.

Principal on the serial bonds is due beginning in 2013 through 2029 in amounts ranging from \$25,000 to \$555,000.

The District realized a present value savings on the refunding of \$801,658.

The bonds are not secured by the Water Subdistrict's assets and are not obligations of the District. The bonds are direct obligations and pledge the full faith and credit of the Water Subdistrict and are ultimately secured by the Water Subdistrict's general ad valorem tax collections.

Bonds maturing on or after December 1, 2023, are subject to redemption prior to maturity at the option of District at par plus accrued interest.

**5. Water Enterprise Revenue Refunding Bonds, Series 2017**

The District, through the Water Subdistrict, issued \$12,545,000 of water enterprise revenue bonds in May 2017, with annual interest rates ranging from 3.00% to 5.00%. Interest is payable June 1 and December, through 2039. The principal is payable on December 1 and matures in various increments through 2039. The proceeds were used to retire the 2009 water enterprise revenue bonds and pay the costs of issuance. The 2009 bonds are considered defeased and have been removed from long-term debt.

**Eagle River Water and Sanitation District  
Notes to the Financial Statements  
December 31, 2022  
(Continued)**

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

**H. Long-Term Debt – Water (continued)**

**5. Water Enterprise Revenue Refunding Bonds, Series 2017 (continued)**

Principal on the bonds is due beginning in 2017 through 2039 in amounts ranging from \$345,000 to \$780,000.

Only bonds maturing on and after December 1, 2028, are subject to redemption prior to maturity; these bonds are subject to redemption prior to maturity at the option of the District at par.

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

These bonds are secured by a Reserve Fund equal to the least of 1) 10% of the principal amount of the bonds, 2) the maximum annual principal and interest on the bonds, or 3) 125% of average principal and interest on the bonds which will become due in any fiscal year. The District has purchased a bond reserve insurance policy to provide reserve funds if needed; therefore, no reserve has been reflected in these financial statements for this purpose.

The bond documents include a Rate Maintenance Covenant, which requires the District to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 115% of each fiscal year's debt service requirements of outstanding District bonds.

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

The District realized a present value savings on the refunding of \$1,096,697.

**6. Water Enterprise Revenue Bonds, Series 2019**

The District, through the Water Subdistrict, issued \$3,825,000 of water revenue bonds in December 2019, the proceeds of which will be used to construct improvements to the District's water system and pay the costs of issuance. The interest rate on the bonds are 4.00%. Interest is payable on June 1 and December 1, through 2039. The principal is payable on December 1 and matures in various increments through 2039.

Principal on the serial bonds is due beginning in 2020 through 2039 in amounts ranging from \$125,000 to \$255,000.

Only bonds maturing on and after December 1, 2029, are subject to redemption prior to maturity; these bonds are subject to redemption prior to maturity at the option of the District at par.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2022**  
**(Continued)**

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

**H. Long-Term Debt – Water (continued)**

**6. Water Enterprise Revenue Bonds, Series 2019 (continued)**

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

These bonds are secured by a Reserve Fund equal to the least of 1) 10% of the principal amount of the bonds, 2) the maximum annual principal and interest on the bonds, or 3) 125% of average principal and interest on the bonds which will become due in any fiscal year. The District has purchased a bond reserve insurance policy to provide reserve funds if needed; therefore, no reserve has been reflected in these financial statements for this purpose.

The bond documents include a Rate Maintenance Covenant, which requires the District to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 115% of each fiscal year's debt service requirements of outstanding District bonds.

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

**I. Long-Term Debt – Sanitation**

**1. Enterprise Wastewater Revenue Bonds, Series 2012**

The District issued \$28,060,000 of wastewater revenue bonds in December 2012, with annual interest rates ranging from 2.00% to 5.00%. Interest is payable June 1 and December 1, through 2042. The principal is payable on December 1 and matures in various increments through 2042. The proceeds of these bonds were used to finance improvements to the wastewater system.

As special, limited obligations of the District, principal and interest on the bonds are payable solely from Net Pledged Revenues, as defined in the bond documents. Such net revenue includes income from the operation and use of the wastewater treatment facilities and other legally available revenue after the payment of operation and maintenance expenses of the system. In connection with the issuance of these bonds, the District has adopted a resolution imposing a new Sewer Debt Service Rate which is collected monthly from each single family equivalent ("SFE") in the system.

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



**Eagle River Water and Sanitation District  
Notes to the Financial Statements  
December 31, 2022  
(Continued)**

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

**I. Long-Term Debt – Sanitation (continued)**

**1. Enterprise Wastewater Revenue Bonds, Series 2012 (continued)**

These bonds are secured by a common Reserve Fund equal to the minimum of: a) 10% of the principal amount of the bonds, b) the maximum annual debt service in any calendar year, or c) 125% of the average annual debt service of the bonds.

In conjunction with the issuance of the 2012 Bonds, the District is required to maintain a Rate Stabilization Fund of \$600,000; the Rate Stabilization Fund was created to help offset or reduce any increase in fees, rates, and other charges to the users of the water system which was created by the Rate Maintenance Covenant.

Bonds maturing on and before December 1, 2022, are not subject to optional prior redemption. Bonds maturing on or after December 1, 2023, are subject to redemption prior to maturity at the option of District at par plus accrued interest.

**2. General Obligation Wastewater Bonds, Series 2016**

The District, through the Wasterwater Subdistrict, issued \$23,295,000 of general obligation wastewater bonds in March 2016, the proceeds of which will be used to construct improvements to the District's wastewater system and pay the costs of issuance. The interest rates on the bonds range from 2.00% to 5.00%. Interest is payable on June 1 and December 1, through 2045. The principal is payable on December 1 and matures in various increments through 2045.

Principal on the serial bonds is due beginning in 2016 through 2045 in amounts ranging from \$315,000 to \$1,305,000.

The bonds are not secured by the Wastewater Subdistrict's assets and are not obligations of the District. The bonds are direct obligations and pledge the full faith and credit of the Wastewater Subdistrict and are ultimately secured by the Wastewater Subdistrict's general ad valorem tax collections.

Bonds maturing on or after December 1, 2027, are subject to redemption prior to maturity at the option of District at par plus accrued interest.

**3. Enterprise Wastewater Revenue Crossover Refunding Bonds, Series 2017**

The District issued \$12,430,000 of enterprise wastewater revenue crossover refunding bonds in December 2017, with annual interest rates ranging from 3.00% to 5.00%. Interest is payable June 1 and December 1, through 2039. The principal is payable on December 1 and matures in various increments through 2039. The proceeds were used to retire the 2009B wastewater enterprise revenue bonds on the crossover date December 1, 2019. The 2009B bonds are considered defeased and have been removed from long-term debt.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2022**  
**(Continued)**

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

**I. Long-Term Debt – Sanitation (continued)**

**3. Enterprise Wastewater Revenue Crossover Refunding Bonds, Series 2017 (continued)**

The proceeds from the issuance are held in an escrow account until the crossover date. Principal on the bonds is due beginning in 2020 through 2039 in amounts ranging from \$440,000 to \$840,000.

Only bonds maturing on and after December 1, 2028, are subject to redemption prior to maturity; these bonds are subject to redemption prior to maturity at the option of the District.

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

These bonds are secured by a Reserve Fund equal to the least of 1) 10% of the principal amount of the bonds, 2) the maximum annual principal and interest on the bonds, or 3) 125% of average principal and interest on the bonds which will become due in any fiscal year. The District has purchased a bond reserve insurance policy to provide reserve funds if needed; therefore, no reserve has been reflected in these financial statements for this purpose.

The bond documents include a Rate Maintenance Covenant, which requires the District to establish service rates at a level sufficient to cover operating and maintenance expenses, as well as 115% of each fiscal year's debt service requirements of outstanding District bonds.

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

**4. Enterprise Wastewater Revenue Bonds, Series 2020A**

The District issued \$35,220,000 of wastewater revenue bonds in June 2020, with annual interest rates ranging from 3.00% to 4.00%. Interest is payable June 1 and December 1, through 2049. The principal is payable on December 1 and matures in various increments through 2049. The proceeds of these bonds were used to finance improvements to the wastewater system.

As special, limited obligations of the District, principal and interest on the bonds are payable solely from Net Pledged Revenues, as defined in the bond documents. Such net revenue includes income from the operation and use of the wastewater treatment facilities and other legally available revenue after the payment of operation and maintenance expenses of the system. In connection with the issuance of these bonds, the District has adopted a resolution imposing a new Sewer Debt Service Rate which is collected monthly from each single family equivalent ("SFE") in the system.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2022**  
**(Continued)**

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

**I. Long-Term Debt – Sanitation (continued)**

**4. Enterprise Wastewater Revenue Bonds, Series 2020A (continued)**

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

As previously discussed, these bonds are secured by a common Reserve Fund equal to the minimum of: a) 10% of the principal amount of the bonds, b) the maximum annual debt service in any calendar year, or c) 125% of the average annual debt service of the bonds.

In conjunction with the issuance of the 2012 Bonds, and subsequently with the 2020A Bonds, the District is required to maintain a Rate Stabilization Fund of \$600,000; the Rate Stabilization Fund was created to help offset or reduce any increase in fees, rates, and other charges to the users of the water system which was created by the Rate Maintenance Covenant.

Bonds maturing on and before December 1, 2029, are not subject to optional prior redemption. Bonds maturing on or after December 1, 2030, are subject to redemption prior to maturity at the option of District at par plus accrued interest.

**5. Enterprise Wastewater Revenue Refunding Bonds, Series 2020B**

The District issued \$24,930,000 of wastewater enterprise revenue bonds in June 2020, with annual interest rates ranging from 0.82% to 2.42%. Interest is payable June 1 and December, through 2039. The principal is payable on December 1 and matures in various increments through 2042. The proceeds were used to partially refund the 2012 wastewater enterprise revenue bonds. The 2012 bonds are considered partially defeased and have been partially removed from long-term debt.

Principal on the bonds is due through 2042 in amounts ranging from \$185,000 to \$1,575,000.

Only bonds maturing on and after December 1, 2030, are subject to redemption prior to maturity; these bonds are subject to redemption prior to maturity at the option of the District at par plus accrued interest.

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

As previously discussed, these bonds are secured by a common Reserve Fund equal to the minimum of: a) 10% of the principal amount of the bonds, b) the maximum annual debt service in any calendar year, or c) 125% of the average annual debt service of the bonds.

**Eagle River Water and Sanitation District  
Notes to the Financial Statements  
December 31, 2022  
(Continued)**

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

**I. Long-Term Debt – Sanitation (continued)**

**5. Enterprise Wastewater Revenue Refunding Bonds, Series 2020B (continued)**

In conjunction with the issuance of the 2012 Bonds, and subsequently with the 2020A and 2020B Bonds, the District is required to maintain a Rate Stabilization Fund of \$600,000; the Rate Stabilization Fund was created to help offset or reduce any increase in fees, rates, and other charges to the users of the water system which was created by the Rate Maintenance Covenant.

The District realized a present value savings on the refunding of \$3,147,296.

**J. Long-term Lease Liability – Water and Sanitation**

The District executed an office lease on August 13, 2019. The lease term expires in September 2029. Payments under the lease include interest at 1.70%. Total lease expenses under this agreement were \$76,266 including \$10,137 of interest.

**K. Long-term Liability Activity Schedule**

Long-term liability activity for 2022 was as follows:

|  | <b>1/1/22<br/>Beginning<br/>Balance<br/>(restated)</b> | <b>Additions</b>     | <b>Reductions</b>         | <b>12/31/22<br/>Ending<br/>Balance</b> | <b>Due<br/>Within<br/>One Year</b> |
|--|--|----------------------|---------------------------|--|------------------------------------|
| <b>Water</b>                             |  |                      |                           |  |                                    |
| 1998 assessment obligation note          | 744,000  | -                    | (90,135)                  | 653,865                                | 95,047                             |
| 2011 refunding general obligation bonds  | 315,000  | -                    | (315,000)                 | -                                      | -                                  |
| 2012A general obligation bonds           | 1,000,000  | -                    | -                         | 1,000,000                              | 130,000                            |
| 2012B general obligation refunding bonds | 3,890,000  | -                    | (420,000)                 | 3,470,000                              | 440,000                            |
| 2017 revenue refunding bonds             | 10,630,000   | -                    | (420,000)                 | 10,210,000                             | 430,000                            |
| 2019 revenue bonds                       | 3,565,000  | -                    | (145,000)                 | 3,420,000                              | 150,000                            |
| Unamortized bond premiums                | 1,174,791  | -                    | (113,992)                 | 1,060,799                              | -                                  |
| Lease payable                            | 156,553  | -                    | (16,529)                  | 140,024                                | 17,629                             |
| Accrued compensated absences             | 170,542  | 14,432               | -                         | 184,974                                | -                                  |
| Subtotal - Water                         | <u>21,645,886</u>                                      | <u>14,432</u>        | <u>(1,520,656)</u>        | <u>20,139,662</u>                      | <u>1,262,676</u>                   |
| <b>Sanitation</b>                        |  |                      |                           |  |                                    |
| 2012 wastewater revenue bonds            | 1,440,000  | -                    | (705,000)                 | 735,000                                | 735,000                            |
| 2016 general obligation bonds            | 20,465,000   | -                    | (545,000)                 | 19,920,000                             | 555,000                            |
| 2017 wastewater revenue refunding bonds  | 11,540,000   | -                    | (465,000)                 | 11,075,000                             | 480,000                            |
| 2020A wastewater revenue bonds           | 34,970,000   | -                    | (255,000)                 | 34,715,000                             | 260,000                            |
| 2020B wastewater revenue refunding bonds | 24,470,000   | -                    | (280,000)                 | 24,190,000                             | 280,000                            |
| Unamortized bond premiums                | 6,960,739  | -                    | (326,566)                 | 6,634,173                              | -                                  |
| Lease payable                            | 469,657  | -                    | (49,588)                  | 420,069                                | 52,888                             |
| Accrued compensated absences             | 511,626  | 43,297               | -                         | 554,923                                | -                                  |
| Subtotal - Sanitation                    | <u>100,827,022</u>                                     | <u>43,297</u>        | <u>(2,626,154)</u>        | <u>98,244,165</u>                      | <u>2,362,888</u>                   |
| <b>Total</b>                             | <u><u>122,472,908</u></u>                              | <u><u>57,729</u></u> | <u><u>(4,146,810)</u></u> | <u><u>118,383,827</u></u>              | <u><u>3,625,564</u></u>            |

**Eagle River Water and Sanitation District  
Notes to the Financial Statements  
December 31, 2022  
(Continued)**

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

**L. Debt Service Schedules**

Debt service requirements at December 31, 2022, were as follows for water operations:

| <b>Water</b>                    | <b>Principal</b>  | <b>Interest</b>  | <b>Total</b>      |
|---------------------------------|-------------------|------------------|-------------------|
| 2023                            | 1,245,047         | 704,936          | 1,949,983         |
| 2024                            | 1,295,228         | 659,331          | 1,954,559         |
| 2025                            | 1,350,689         | 601,819          | 1,952,508         |
| 2026                            | 1,401,449         | 541,759          | 1,943,208         |
| 2027                            | 1,467,524         | 479,184          | 1,946,708         |
| 2028 - 2032                     | 5,398,928         | 1,567,930        | 6,966,858         |
| 2033 - 2037                     | 4,555,000         | 810,550          | 5,365,550         |
| 2038 - 2042                     | 2,040,000         | 103,825          | 2,143,825         |
| <b>Total water debt service</b> | <b>18,753,865</b> | <b>5,469,334</b> | <b>24,223,199</b> |

Debt service requirements at December 31, 2022, were as follows for sanitation operations:

| <b>Sanitation</b>                    | <b>Principal</b>  | <b>Interest</b>   | <b>Total</b>       |
|--------------------------------------|-------------------|-------------------|--------------------|
| 2023                                 | 2,310,000         | 3,153,264         | 5,463,264          |
| 2024                                 | 2,395,000         | 3,070,966         | 5,465,966          |
| 2025                                 | 2,440,000         | 3,021,224         | 5,461,224          |
| 2026                                 | 2,495,000         | 2,966,555         | 5,461,555          |
| 2027                                 | 2,570,000         | 2,895,167         | 5,465,167          |
| 2028 - 2032                          | 14,205,000        | 13,113,788        | 27,318,788         |
| 2033 - 2037                          | 16,540,000        | 10,790,185        | 27,330,185         |
| 2038 - 2042                          | 19,375,000        | 7,928,406         | 27,303,406         |
| 2043 - 2047                          | 20,585,000        | 3,998,500         | 24,583,500         |
| 2048 - 2049                          | 7,720,000         | 466,200           | 8,186,200          |
| <b>Total sanitation debt service</b> | <b>90,635,000</b> | <b>51,404,255</b> | <b>142,039,255</b> |

Aggregate debt service requirements at December 31, 2022, were as follows for the District:

| <b>Combined</b>                    | <b>Principal</b>   | <b>Interest</b>   | <b>Total</b>       |
|------------------------------------|--------------------|-------------------|--------------------|
| 2023                               | 3,555,047          | 3,858,200         | 7,413,247          |
| 2024                               | 3,690,228          | 3,730,297         | 7,420,525          |
| 2025                               | 3,790,689          | 3,623,043         | 7,413,732          |
| 2026                               | 3,896,449          | 3,508,314         | 7,404,763          |
| 2027                               | 4,037,524          | 3,374,351         | 7,411,875          |
| 2028 - 2032                        | 19,603,928         | 14,681,718        | 34,285,646         |
| 2033 - 2037                        | 21,095,000         | 11,600,735        | 32,695,735         |
| 2038 - 2042                        | 21,415,000         | 8,032,231         | 29,447,231         |
| 2043 - 2047                        | 20,585,000         | 3,998,500         | 24,583,500         |
| 2048 - 2049                        | 7,720,000          | 466,200           | 8,186,200          |
| <b>Total combined debt service</b> | <b>109,388,865</b> | <b>56,873,589</b> | <b>166,262,454</b> |

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

**Eagle River Water and Sanitation District  
Notes to the Financial Statements  
December 31, 2022  
(Continued)**

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

**L. Debt Service Schedules**

Lease payments at December 31, 2022, were as follows for water operations:

| <b>Water</b>                  | <b>Principal</b> | <b>Interest</b> | <b>Total</b>   |
|-------------------------------|------------------|-----------------|----------------|
| 2023                          | 17,629           | 2,245           | 19,874         |
| 2024                          | 18,782           | 1,936           | 20,718         |
| 2025                          | 19,991           | 1,608           | 21,599         |
| 2026                          | 21,259           | 1,258           | 22,517         |
| 2027                          | 22,340           | 887             | 23,227         |
| 2028 - 2029                   | 40,023           | 627             | 40,650         |
| <b>Minimum lease payments</b> | <b>140,024</b>   | <b>8,561</b>    | <b>148,585</b> |

Lease payments at December 31, 2022, were as follows for sanitation operations:

| <b>Sanitation</b>             | <b>Principal</b> | <b>Interest</b> | <b>Total</b>   |
|-------------------------------|------------------|-----------------|----------------|
| 2023                          | 52,888           | 6,734           | 59,622         |
| 2024                          | 56,347           | 5,809           | 62,156         |
| 2025                          | 59,974           | 4,823           | 64,797         |
| 2026                          | 63,777           | 3,774           | 67,551         |
| 2027                          | 67,021           | 2,660           | 69,681         |
| 2028 - 2029                   | 120,062          | 1,880           | 121,942        |
| <b>Minimum lease payments</b> | <b>420,069</b>   | <b>25,680</b>   | <b>445,749</b> |

Aggregate lease payments at December 31, 2022, were as follows for the District:

| <b>Combined</b>               | <b>Principal</b> | <b>Interest</b> | <b>Total</b>   |
|-------------------------------|------------------|-----------------|----------------|
| 2023                          | 70,517           | 8,979           | 79,496         |
| 2024                          | 75,129           | 7,745           | 82,874         |
| 2025                          | 79,965           | 6,431           | 86,396         |
| 2026                          | 85,036           | 5,032           | 90,068         |
| 2027                          | 89,361           | 3,547           | 92,908         |
| 2028 - 2029                   | 160,085          | 2,507           | 162,592        |
| <b>Minimum lease payments</b> | <b>560,093</b>   | <b>34,241</b>   | <b>594,334</b> |

**Eagle River Water and Sanitation District  
Notes to the Financial Statements  
December 31, 2022  
(Continued)**

**IV. Other Information**

**A. Risk Management**

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

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

**B. Pension Plans**

**1. Defined Contribution Pension Plan - Section 401(a)**

Full-time, year round employees of the District participate in a defined contribution pension plan which was established by the District and is maintained and administered by the Principal Financial Group. Additional plan oversight and advisory services are provided by Morton and Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees participate in the District's plan upon employment. Under this plan, 5% of the employees' compensation is withheld and remitted to the Plan Administrator. Following six months of the participant's employment, the District contributes a matching 5% of all eligible employees' compensation. In addition, the District contributes 6.2% of compensation for all eligible participants hired after March 31, 1986 or 7.65% of compensation for participants hired prior to March 31, 1986. This contribution begins upon employment.

The District's contributions, plus earnings, become vested at a rate of 20% for each year of participation in the plan. District contributions for employees who leave employment before five years of participation are used to reduce the District's future contribution requirement. There is no liability for benefits under the plan beyond the District's required contributions. Plan provisions and contribution requirements are established and may be amended by the District.

The District's 2022 covered payroll was \$11,318,300. Contributions actually made, which equaled the required contributions, were \$565,915 for plan members and \$522,130 for the District for the year ended December 31, 2022. Forfeitures totaled \$83,307 and for the year ended December 31, 2022.

As of December 31, 2022, there were no outstanding contribution liabilities.

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2022**  
**(Continued)**

**IV. Other Information (continued)**

**B. Pension Plans (continued)**

**2. Deferred Compensation Plan**

The District has a deferred compensation plan created in accordance with Internal Revenue Code Section 457 for full time, year round employees. This plan is administered by Principal Financial Group. Additional plan oversight and advisory services are provided by Morton and Company. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergencies. During 2011, the District amended the plan to offer a Roth contribution option.

**C. Employee Housing Program**

The District operates a housing program that benefits its employees by providing affordable housing options as real estate prices in the Vail area are high. The objective of the program is to retain current employees and to attract new employees to the area. There are certain specified individuals who are not District employees who are also allowed to participate in the housing program depending on availability and whether they meet eligibility criteria established by the Board.

The District offers rental properties to employees as well as home buyers assistance options. The rental properties consist of condos, apartments and homes that are either built or purchased by the District. For employees using the housing program for rental properties, the District will set up a payroll deduction as a means to collect the rent. This is also done for employees using the home buyers' assistance option.

**D. Intergovernmental Agreements**

**1. Interconnect**

The District and Upper Eagle Regional Water Authority (the "Authority") entered into an intergovernmental agreement ("IGA") in 1994 to construct an interconnect between their two water systems to enable the transfer of water between the parties for the purposes of achieving operational flexibility. In accordance with the IGA, the deliveries between the two systems are to be measured daily (net distribution of water) with the net amount owed by either party to the other to be recorded by the owing party at a rate equal to 75 percent of the then current water rate charges by the owing party. The intent of the parties is to provide long-term service to each other through the availability of peak use season and emergency supplemental water supply. The agreement provides for a payment calculation year of May 1 to April 30. If at the end of the payment year there is a net distribution of water to one of the parties that party shall make payment to the other party. It should be noted that historically towards the end of each payment year (April 30) the system is run to create a zero balance outstanding, such that no payment is due to or from either party. For the payment years ended April 30, 2022 and 2021, the balance outstanding was \$0.

The value of water distributed by the District through the interconnect was \$124,179 and \$17,459 during the year ended December 31, 2022 and 2021, respectively. As the system is brought to a zero balance by the end of each payment year (April 30), the District has chosen to forgo immediate payment and carry this receivable forward. The District reserves the right to request payment from the Authority at any time in the future.



**Eagle River Water and Sanitation District  
Notes to the Financial Statements  
December 31, 2022  
(Continued)**

**IV. Other Information (continued)**

**D. Intergovernmental Agreements (continued)**

**2. Contract for Water Services**

Through an agreement, the District provides administration, operations, customer billing, system maintenance and capital program management services to the Authority. The District bills customers for the water service provided and collects and remits the monies to the Authority. The water service monies are not recognized as revenue of the District. In addition to the contract fees, the District bills the Authority for maintenance and supplies which are recognized as revenue. The District earned \$8,459,112 and \$7,559,245 of contract fees from the Authority during 2022 and 2021, respectively. The District has outstanding management fees due from the Authority as of December 31, 2022 and 2021 totaling \$4,630,024 and \$3,150,198, respectively, included in other receivables. There were other outstanding receivables, for operations services, due from the Authority as of December 31, 2022 and 2021 totaling \$4,474,452 and \$3,151,727, respectively, included in other accounts receivables. As of December 31, 2022 and 2021 there was \$930,172 and \$1,773,868 for water service billed, due to the Authority included in accounts payable, respectively.

The District earned \$20,064 and \$19,563 of contract fees from other governments which it has similar agreements (i.e. Town of Minturn and Eagle Park Reservoir Company) during 2022 and 2021, respectively.

**E. Commitments and Contingencies - Federal and State Grants and Financial Sources**

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

**F. Construction Commitments**

The District had the following significant contract commitments remaining at December 31, 2022:

| <u>Contract No.</u> | <u>Project</u>             | <u>Vendor</u>      | <u>Contract<br/>Commitment</u> | <u>Completed</u> | <u>Remaining</u> |
|---------------------|----------------------------|--------------------|--------------------------------|------------------|------------------|
| 20.15.009           | Avon WWTF Nutrient Upgrade | Moltz Construction | 49,627,823                     | 45,239,574       | 4,388,249        |

**Eagle River Water and Sanitation District**  
**Notes to the Financial Statements**  
**December 31, 2022**  
**(Continued)**

**V. Adoption of New Accounting Standard – GASB Statement No. 87, *Leases***

During 2022, the District adopted GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease assets and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District has applied this standard to the beginning of the earliest comparative period presented. The application of the new standard resulted in a restatement to lower fund balance as of January 1, 2021 in the water fund and sanitation fund of \$4,740 and \$14,217, respectively.

SUPPLEMENTARY INFORMATION



**EAGLE RIVER**  
**WATER & SANITATION**  
**DISTRICT**

# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District**  
**Schedule of Revenues, Expenditures, and Funds Available**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2022**  
**(With Comparative Totals for the Year Ended 2021)**

|                                  | 2022               |                   |                   | 2021   |                   |
|----------------------------------|--------------------|-------------------|-------------------|--|-------------------|
|                                  | Original<br>Budget | Final<br>Budget   | Actual            | Final Budget<br>Variance<br>Positive<br>(Negative) | Actual            |
| <b>Revenues:</b>                 |                    |                   |                   |  |                   |
| <b>Water:</b>                    |                    |                   |                   |  |                   |
| Service fees                     | 8,209,991          | 8,209,991         | 7,614,996         | (594,995)  | 6,921,232         |
| Other charges for services       | 18,750             | 22,866            | 84,401            | 61,535   | 119,255           |
| Property taxes                   | 1,498,069          | 1,498,069         | 1,516,730         | 18,661   | 1,486,928         |
| Specific ownership taxes         | 83,779             | 83,779            | 89,120            | 5,341  | 89,479            |
| Investment income                | 118,047            | 118,047           | 10,793            | (107,254)  | (991)             |
| Gain (loss) on investment        | 70,000             | 70,000            | 5,689             | (64,311)   | 3,110             |
| Proceeds from sale of assets     | -                  | -                 | 26,432            | 26,432   | -                 |
| Tap fees                         | 238,075            | 238,075           | 259,212           | 21,137   | 677,841           |
| Contributed assets               | -                  | -                 | -                 | -  | 53,715            |
| Other                            | 18,068             | 18,068            | 31,748            | 13,680   | 28,730            |
| <b>Total Water Revenues</b>      | <b>10,254,779</b>  | <b>10,258,895</b> | <b>9,639,121</b>  | <b>(619,774)</b>                                   | <b>9,379,299</b>  |
| <b>Sanitation:</b>               |                    |                   |                   |  |                   |
| Service fees                     | 17,860,307         | 17,860,307        | 18,274,894        | 414,587  | 16,268,599        |
| Contract services                | 6,750,000          | 6,750,000         | 8,459,112         | 1,709,112  | 7,559,245         |
| Rental income                    | 605,143            | 605,143           | 711,746           | 106,603  | 637,285           |
| Meter sales                      | 500,000            | 500,000           | 835,431           | 335,431  | 606,259           |
| Other charges for services       | 416,250            | 428,598           | 569,294           | 140,696  | 399,283           |
| Property taxes                   | 1,999,348          | 1,999,348         | 1,970,192         | (29,156)   | 1,961,888         |
| Specific ownership taxes         | 123,653            | 123,653           | 111,354           | (12,299)   | 113,017           |
| Investment income                | 402,000            | 402,000           | 74,411            | (327,589)  | (18,024)          |
| Gain (loss) on investment        | -                  | -                 | 43,523            | 43,523   | 31,558            |
| Proceeds from sale of assets     | -                  | -                 | 80,028            | 80,028   | -                 |
| Tap fees                         | 363,645            | 363,645           | 2,437,698         | 2,074,053  | 1,155,945         |
| Contributed assets               | -                  | -                 | -                 | -  | 141,607           |
| Net loan (advances) repayments   | -                  | -                 | (507,202)         | (507,202)  | 102,207           |
| Other                            | 52,500             | 52,500            | 93,141            | 40,641   | 84,264            |
| <b>Total Sanitation Revenues</b> | <b>29,072,846</b>  | <b>29,085,194</b> | <b>33,153,622</b> | <b>4,068,428</b>                                   | <b>29,043,133</b> |
| <b>Total Revenues</b>            | <b>39,327,625</b>  | <b>39,344,089</b> | <b>42,792,743</b> | <b>3,448,654</b>                                   | <b>38,422,432</b> |
| <b>Expenditures - Water:</b>     |                    |                   |                   |  |                   |
| <b>Water Operations:</b>         |                    |                   |                   |  |                   |
| Salaries and benefits            | 3,294,846          | 3,326,096         | 3,488,772         | (162,676)  | 2,934,756         |
| Supplies and materials           | 479,989            | 525,489           | 611,184           | (85,695)   | 607,640           |
| Telephone and radio service      | 79,538             | 79,538            | 83,145            | (3,607)  | 91,950            |
| Insurance                        | 83,751             | 83,751            | 83,229            | 522  | 79,593            |
| Repairs and maintenance          | 258,703            | 258,703           | 229,897           | 28,806   | 313,853           |
| Other                            | 728,588            | 757,088           | 678,261           | 78,827   | 589,030           |
| Utilities                        | 297,340            | 297,340           | 284,958           | 12,382   | 278,756           |
| Chemicals                        | 78,750             | 78,750            | 113,080           | (34,330)   | 86,931            |
| Meter replacement                | 153,000            | 153,000           | 441,098           | (288,098)  | 200,302           |
| Outside services                 | 8,750              | 16,250            | 17,162            | (912)  | 9,944             |
| <b>Total Water Operations</b>    | <b>5,463,255</b>   | <b>5,576,005</b>  | <b>6,030,786</b>  | <b>(454,781)</b>                                   | <b>5,192,755</b>  |

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

# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District**  
**Schedule of Revenues, Expenditures, and Funds Available**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2022**  
**(With Comparative Totals for the Year Ended 2021)**  
**(Continued)**

|  | 2022               |                   |                   | Final Budget<br>Variance<br>Positive<br>(Negative) | 2021              |
|--|--------------------|-------------------|-------------------|--|-------------------|
|  | Original<br>Budget | Final<br>Budget   | Actual            |  | Actual            |
| <b>Expenditures - Water (continued):</b> |                    |                   |                   |  |                   |
| <b>General and Administrative:</b>       |                    |                   |                   |  |                   |
| Legal                                    | 157,500            | 32,500            | 85,165            | (52,665)   | 125,810           |
| Accounting and audit                     | 21,750             | 28,000            | 33,224            | (5,224)  | 32,623            |
| Engineering                              | 17,500             | 17,500            | 3,089             | 14,411   | 3,926             |
| Management and consulting                | 233,884            | 231,943           | 338,635           | (106,692)  | 167,987           |
| Benefit administration                   | 11,545             | 11,545            | 16,193            | (4,648)  | 10,580            |
| Community relations                      | 29,219             | 29,219            | 36,412            | (7,193)  | 18,210            |
| Directors fees and expenses              | 8,779              | 8,779             | 6,884             | 1,895  | 4,889             |
| Maintenance contracts                    | 47,500             | 47,500            | 50,539            | (3,039)  | 88,004            |
| Water quality                            | 130,900            | 130,900           | 129,708           | 1,192  | 138,223           |
| Treasurer's fees                         | 47,812             | 47,812            | 45,543            | 2,269  | 44,639            |
| <b>Total General and Administrative</b>  | <b>706,389</b>     | <b>585,698</b>    | <b>745,392</b>    | <b>(159,694)</b>                                   | <b>634,891</b>    |
| <b>Debt Service:</b>                     |                    |                   |                   |  |                   |
| Principal                                | 1,390,135          | 1,390,135         | 1,390,135         | -  | 1,345,476         |
| Interest                                 | 749,340            | 749,340           | 749,800           | (460)  | 796,070           |
| <b>Subtotal - Debt Service</b>           | <b>2,139,475</b>   | <b>2,139,475</b>  | <b>2,139,935</b>  | <b>(460)</b>                                       | <b>2,141,546</b>  |
| <b>Capital Outlay</b>                    | <b>3,693,583</b>   | <b>4,437,731</b>  | <b>3,384,453</b>  | <b>1,053,278</b>                                   | <b>1,468,149</b>  |
| <b>Total Water Expenditures</b>          | <b>12,002,702</b>  | <b>12,738,909</b> | <b>12,300,566</b> | <b>438,343</b>                                     | <b>9,437,341</b>  |
| <b>Expenditures - Sanitation:</b>        |                    |                   |                   |  |                   |
| <b>Sanitation Operations:</b>            |                    |                   |                   |  |                   |
| Salaries and benefits                    | 11,920,048         | 12,013,798        | 12,370,505        | (356,707)  | 10,639,443        |
| Supplies and materials                   | 1,659,838          | 1,796,338         | 1,951,450         | (155,112)  | 1,989,017         |
| Telephone and radio service              | 238,613            | 238,613           | 249,434           | (10,821)   | 275,850           |
| Insurance                                | 251,253            | 251,253           | 249,688           | 1,565  | 238,780           |
| Repairs and maintenance                  | 567,633            | 691,218           | 634,763           | 56,455   | 331,599           |
| Other                                    | 1,215,047          | 1,178,475         | 1,345,362         | (166,887)  | 1,121,651         |
| Utilities                                | 1,133,565          | 1,133,565         | 1,070,309         | 63,256   | 1,007,212         |
| Meter replacement                        | 800,000            | 740,000           | 424,239           | 315,761  | 973,722           |
| Permits                                  | 43,500             | 43,500            | 44,367            | (867)  | 42,999            |
| Outside services                         | 26,250             | 48,750            | 51,486            | (2,736)  | 30,150            |
| <b>Total Sanitation Operations</b>       | <b>17,855,747</b>  | <b>18,135,510</b> | <b>18,391,603</b> | <b>(256,093)</b>                                   | <b>16,650,423</b> |
| <b>General and Administrative:</b>       |                    |                   |                   |  |                   |
| Legal                                    | 130,000            | 130,000           | 142,895           | (12,895)   | 88,659            |
| Accounting and audit                     | 65,250             | 65,250            | 41,741            | 23,509   | 47,630            |
| Engineering                              | 22,500             | 22,500            | 9,267             | 13,233   | 11,779            |
| Management and consulting                | 96,500             | 39,500            | 18,904            | 20,596   | 145,607           |
| Benefit administration                   | 34,634             | 34,634            | 48,579            | (13,945)   | 31,739            |
| Community relations                      | 31,724             | 31,724            | 16,631            | 15,093   | 12,648            |
| Directors fees and expenses              | 26,336             | 26,336            | 20,652            | 5,684  | 14,667            |
| Maintenance contracts                    | 202,500            | 202,500           | 166,041           | 36,459   | 276,608           |
| Sanitation quality                       | 257,500            | 257,500           | 182,106           | 75,394   | 256,230           |
| Treasurer's fees                         | 61,909             | 61,909            | 59,168            | 2,741  | 58,914            |
| <b>Total General and Administrative</b>  | <b>928,853</b>     | <b>871,853</b>    | <b>705,984</b>    | <b>165,869</b>                                     | <b>944,481</b>    |

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

# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District**  
**Schedule of Revenues, Expenditures, and Funds Available**  
**Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2022**  
**(With Comparative Totals for the Year Ended 2021)**  
**(Continued)**

|  | 2022               |                    |                   | 2021  |                   |
|--|--------------------|--------------------|-------------------|---|-------------------|
|  | Original<br>Budget | Final<br>Budget    | Actual            | Final<br>Budget<br>Variance<br>Positive<br>(Negative) | Actual            |
| <b>Expenditures - Sanitation (continued):</b>              |                    |                    |                   |   |                   |
| <b>Debt Service:</b>                                       |                    |                    |                   |   |                   |
| Principal  | 2,250,000          | 2,250,000          | 2,250,000         | -   | 2,190,000         |
| Interest   | 3,212,901          | 3,212,901          | 3,212,821         | 80  | 3,272,768         |
| <b>Subtotal - Debt Service</b>                             | <u>5,462,901</u>   | <u>5,462,901</u>   | <u>5,462,821</u>  | <u>80</u>   | <u>5,462,768</u>  |
| <b>Capital Outlay</b>                                      | <u>36,573,270</u>  | <u>45,358,987</u>  | <u>26,130,880</u> | <u>19,228,107</u>                                     | <u>27,870,306</u> |
| <b>Total Sanitation Expenditures</b>                       | <u>60,820,771</u>  | <u>69,829,251</u>  | <u>50,691,288</u> | <u>19,137,963</u>                                     | <u>50,927,978</u> |
| <b>Total District Expenditures</b>                         | <u>72,823,473</u>  | <u>82,568,160</u>  | <u>62,991,854</u> | <u>19,576,306</u>                                     | <u>60,365,319</u> |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b>   | (33,495,848)       | (43,224,071)       | (20,199,111)      | 23,024,960  | (21,942,887)      |
| <b>Funds Available - Beginning of Year</b>                 | <u>37,041,313</u>  | <u>37,041,313</u>  | <u>45,538,114</u> | <u>8,496,801</u>                                      | <u>67,481,001</u> |
| <b>Funds Available - End of Year</b>                       | <u>3,545,465</u>   | <u>(6,182,758)</u> | <u>25,339,003</u> | <u>31,521,761</u>                                     | <u>45,538,114</u> |
| <b>Funds available at year-end is computed as follows:</b> | <b>Water</b>       | <b>Sanitation</b>  | <b>Total</b>      |   | <b>Total</b>      |
| Current assets   | 6,303,290          | 34,003,420         | 40,306,710        |   | 61,514,947        |
| Current liabilities and unavailable property tax revenue   | (2,966,765)        | (15,626,506)       | (18,593,271)      |   | (19,616,968)      |
| Current portion of long-term obligations                   | 1,262,676          | 2,362,888          | 3,625,564         |   | 3,640,135         |
|  | <u>4,599,201</u>   | <u>20,739,802</u>  | <u>25,339,003</u> |   | <u>45,538,114</u> |

**Reconciliation to GAAP Basis**

|  | Water          | Sanitation       | Total            | Total              |
|--|----------------|------------------|------------------|--------------------|
| Excess (deficiency) of revenues over expenditures          | (2,661,445)    | (17,537,666)     | (20,199,111)     | (21,942,887)       |
| Contributed assets   | -              | 154,056          | 154,056          | 57,013             |
| Change in patronage dividends receivable                   | 1,936          | 7,912            | 9,848            | 6,274              |
| Change in other long-term receivables                      | 106,720        | -                | 106,720          | (2,247)            |
| Proceeds from disposition of capital assets                | (26,613)       | (79,847)         | (106,460)        | -                  |
| Gain (loss) on disposition of property                     | 20,100         | 60,301           | 80,401           | (3,697,869)        |
| Depreciation and amortization                              | (2,073,977)    | (6,646,765)      | (8,720,742)      | (9,172,314)        |
| Amortization of bond premiums, discounts, and refunding cc | 31,085         | 326,563          | 357,648          | 456,712            |
| Net loan advances (repayments)                             | -              | 507,202          | 507,202          | (102,207)          |
| Debt principal payments                                    | 1,390,135      | 2,250,000        | 3,640,135        | 3,535,476          |
| Lease principal payments                                   | 16,529         | 49,588           | 66,117           | 57,925             |
| Capitalized assets   | 3,384,453      | 26,130,880       | 29,515,333       | 29,338,455         |
| Prior year construction in progress expensed               | (8,255)        | (16,051)         | (24,306)         | -                  |
| Change in compensated absences                             | (14,432)       | (43,297)         | (57,729)         | (66,952)           |
| <b>Change in Net Position - GAAP Basis</b>                 | <u>166,236</u> | <u>5,162,876</u> | <u>5,329,112</u> | <u>(1,532,621)</u> |

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

# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District  
Schedule of Debt Service Requirements to Maturity - Water  
December 31, 2022**

**1998 Assessment Obligation Note  
Payable to Eagle Park Reservoir Company  
Original Principal - \$1,909,842  
Interest Rate - 5.45%**

| <b>Year Ending<br/>December 31,</b> | <b>Principal Due<br/>September 16</b> | <b>Interest Due<br/>September 16</b> | <b>Total</b>   |
|-------------------------------------|---------------------------------------|--------------------------------------|----------------|
| 2023                                | 95,047                                | 35,636                               | 130,683        |
| 2024                                | 100,227                               | 30,456                               | 130,683        |
| 2025                                | 105,689                               | 24,994                               | 130,683        |
| 2026                                | 111,449                               | 19,234                               | 130,683        |
| 2027                                | 117,524                               | 13,159                               | 130,683        |
| 2028                                | 123,929                               | 6,754                                | 130,683        |
|                                     | <u>653,865</u>                        | <u>130,233</u>                       | <u>784,098</u> |

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

# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District**  
**Schedule of Debt Service Requirements to Maturity - Water**  
**December 31, 2022**

| <b>2012 Water General Obligation Bonds</b> |                      |                     |                  |
|--|----------------------|---------------------|------------------|
| <b>Original Principal - \$1,000,000</b>    |                      |                     |                  |
| <b>Interest Rate - 2.30% to 2.50%</b>      |                      |                     |                  |
| <b>Year Ending</b>                         | <b>Principal Due</b> | <b>Interest Due</b> |                  |
| <b>December 31,</b>                        | <b>December 1</b>    | <b>June 1 and</b>   | <b>Total</b>     |
|  |                      | <b>December 1</b>   |                  |
| 2023                                       | 130,000              | 40,000              | 170,000          |
| 2024                                       | 135,000              | 35,000              | 170,000          |
| 2025                                       | 140,000              | 29,800              | 169,800          |
| 2026                                       | 145,000              | 24,400              | 169,400          |
| 2027                                       | 145,000              | 18,600              | 163,600          |
| 2028                                       | 150,000              | 12,600              | 162,600          |
| 2029                                       | 155,000              | 6,400               | 161,400          |
|  | <u>1,000,000</u>     | <u>166,800</u>      | <u>1,166,800</u> |

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



# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District**  
**Schedule of Debt Service Requirements to Maturity - Water**  
**December 31, 2022**

| <b>2012 General Obligation Water Refunding Bonds</b> |                      |                     |                  |
|--|----------------------|---------------------|------------------|
| <b>Original Principal - \$6,605,000</b>              |                      |                     |                  |
| <b>Interest Rate - 2.00% to 3.00%</b>                |                      |                     |                  |
| <b>Year Ending</b>                                   | <b>Principal Due</b> | <b>Interest Due</b> |                  |
| <b>December 31,</b>                                  | <b>December 1</b>    | <b>June 1 and</b>   | <b>Total</b>     |
|  |                      | <b>December 1</b>   |                  |
| 2023   | 440,000              | 138,800             | 578,800          |
| 2024   | 460,000              | 121,200             | 581,200          |
| 2025   | 475,000              | 102,800             | 577,800          |
| 2026   | 490,000              | 83,800              | 573,800          |
| 2027   | 515,000              | 64,200              | 579,200          |
| 2028   | 535,000              | 43,600              | 578,600          |
| 2029   | 555,000              | 22,200              | 577,200          |
|  | <u>3,470,000</u>     | <u>576,600</u>      | <u>4,046,600</u> |

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

# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District**  
**Schedule of Debt Service Requirements to Maturity - Water**  
**December 31, 2022**

**2017 Water Revenue Refunding Bonds**

**Original Principal - \$12,545,000**

**Interest Rate - 2.00% to 5.00%**

| <b>Year Ending<br/>December 31,</b> | <b>Principal Due<br/>December 1</b> | <b>Interest Due</b>              |  | <b>Total</b>      |
|-------------------------------------|-------------------------------------|----------------------------------|--|-------------------|
|                                     |                                     | <b>June 1 and<br/>December 1</b> |  |                   |
| 2023                                | 430,000                             | 376,150                          |  | 806,150           |
| 2024                                | 445,000                             | 364,325                          |  | 809,325           |
| 2025                                | 470,000                             | 342,075                          |  | 812,075           |
| 2026                                | 490,000                             | 318,575                          |  | 808,575           |
| 2027                                | 515,000                             | 294,075                          |  | 809,075           |
| 2028                                | 540,000                             | 268,325                          |  | 808,325           |
| 2029                                | 560,000                             | 246,725                          |  | 806,725           |
| 2030                                | 585,000                             | 224,325                          |  | 809,325           |
| 2031                                | 600,000                             | 206,775                          |  | 806,775           |
| 2032                                | 620,000                             | 188,775                          |  | 808,775           |
| 2033                                | 640,000                             | 170,175                          |  | 810,175           |
| 2034                                | 660,000                             | 149,375                          |  | 809,375           |
| 2035                                | 685,000                             | 127,925                          |  | 812,925           |
| 2036                                | 705,000                             | 103,950                          |  | 808,950           |
| 2037                                | 730,000                             | 79,275                           |  | 809,275           |
| 2038                                | 755,000                             | 53,725                           |  | 808,725           |
| 2039                                | 780,000                             | 27,300                           |  | 807,300           |
|                                     | <u>10,210,000</u>                   | <u>3,541,850</u>                 |  | <u>13,751,850</u> |

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

# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District**  
**Schedule of Debt Service Requirements to Maturity - Water**  
**December 31, 2022**

| <b>2019 Water Revenue Bonds</b>         |                      |                     |                  |
|---|----------------------|---------------------|------------------|
| <b>Original Principal - \$3,825,000</b> |                      |                     |                  |
| <b>Interest Rate - 3.00% to 4.50%</b>   |                      |                     |                  |
| <b>Year Ending</b>                      | <b>Principal Due</b> | <b>Interest Due</b> |                  |
| <b>December 31,</b>                     | <b>December 1</b>    | <b>June 1 and</b>   | <b>Total</b>     |
|   |                      | <b>December 1</b>   |                  |
| 2023                                    | 150,000              | 114,350             | 264,350          |
| 2024                                    | 155,000              | 108,350             | 263,350          |
| 2025                                    | 160,000              | 102,150             | 262,150          |
| 2026                                    | 165,000              | 95,750              | 260,750          |
| 2027                                    | 175,000              | 89,150              | 264,150          |
| 2028                                    | 180,000              | 82,150              | 262,150          |
| 2029                                    | 190,000              | 74,950              | 264,950          |
| 2030                                    | 195,000              | 67,350              | 262,350          |
| 2031                                    | 200,000              | 61,500              | 261,500          |
| 2032                                    | 210,000              | 55,500              | 265,500          |
| 2033                                    | 215,000              | 49,200              | 264,200          |
| 2034                                    | 220,000              | 42,750              | 262,750          |
| 2035                                    | 225,000              | 36,150              | 261,150          |
| 2036                                    | 235,000              | 29,400              | 264,400          |
| 2037                                    | 240,000              | 22,350              | 262,350          |
| 2038                                    | 250,000              | 15,150              | 265,150          |
| 2039                                    | 255,000              | 7,650               | 262,650          |
|   | <u>3,420,000</u>     | <u>1,053,850</u>    | <u>4,473,850</u> |

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

# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District  
Schedule of Debt Service Requirements to Maturity - Sanitation  
December 31, 2022**

| <b>2012 Wastewater Revenue Bonds</b> |                      |                     |                |
|--------------------------------------|----------------------|---------------------|----------------|
| <b>Principal - \$28,060,000</b>      |                      |                     |                |
| <b>Interest Rate - 2.00% - 5.00%</b> |                      |                     |                |
|                                      |                      | <b>Interest Due</b> |                |
| <b>Year Ending</b>                   | <b>Principal Due</b> | <b>June 1 and</b>   | <b>Total</b>   |
| <b>December 31,</b>                  | <b>December 1</b>    | <b>December 1</b>   |                |
| <u>2023</u>                          | <u>735,000</u>       | <u>29,400</u>       | <u>764,400</u> |
|                                      | <u>735,000</u>       | <u>29,400</u>       | <u>764,400</u> |

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

**Eagle River Water and Sanitation District  
Schedule of Debt Service Requirements to Maturity - Sanitation  
December 31, 2022**

**2016 Wastewater General Obligation Bonds**

**Principal - \$23,295,000**

**Interest Rate - 2.00% - 5.00%**

| <b>Year Ending<br/>December 31,</b> | <b>Principal Due<br/>December 1</b> | <b>Interest Due</b>              | <b>Total</b>      |
|-------------------------------------|-------------------------------------|----------------------------------|-------------------|
|                                     |                                     | <b>June 1 and<br/>December 1</b> |                   |
| 2023                                | 555,000                             | 814,900                          | 1,369,900         |
| 2024                                | 585,000                             | 787,150                          | 1,372,150         |
| 2025                                | 595,000                             | 772,525                          | 1,367,525         |
| 2026                                | 610,000                             | 757,650                          | 1,367,650         |
| 2027                                | 630,000                             | 740,875                          | 1,370,875         |
| 2028                                | 660,000                             | 709,375                          | 1,369,375         |
| 2029                                | 695,000                             | 676,375                          | 1,371,375         |
| 2030                                | 720,000                             | 648,575                          | 1,368,575         |
| 2031                                | 750,000                             | 619,775                          | 1,369,775         |
| 2032                                | 775,000                             | 597,275                          | 1,372,275         |
| 2033                                | 795,000                             | 574,025                          | 1,369,025         |
| 2034                                | 830,000                             | 538,250                          | 1,368,250         |
| 2035                                | 870,000                             | 500,900                          | 1,370,900         |
| 2036                                | 910,000                             | 461,750                          | 1,371,750         |
| 2037                                | 950,000                             | 420,800                          | 1,370,800         |
| 2038                                | 980,000                             | 387,550                          | 1,367,550         |
| 2039                                | 1,015,000                           | 353,250                          | 1,368,250         |
| 2040                                | 1,050,000                           | 317,725                          | 1,367,725         |
| 2041                                | 1,085,000                           | 280,975                          | 1,365,975         |
| 2042                                | 1,125,000                           | 243,000                          | 1,368,000         |
| 2043                                | 1,185,000                           | 186,750                          | 1,371,750         |
| 2044                                | 1,245,000                           | 127,500                          | 1,372,500         |
| 2045                                | 1,305,000                           | 65,250                           | 1,370,250         |
|                                     | <u>19,920,000</u>                   | <u>11,582,200</u>                | <u>31,502,200</u> |

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

# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District**  
**Schedule of Debt Service Requirements to Maturity - Sanitation**  
**December 31, 2022**

**2017 Wastewater Revenue Crossover Refunding Bonds**  
**Original Principal - \$12,430,000**  
**Interest Rate - 3.00% to 5.00%**

| <b>Year Ending<br/>December 31,</b> | <b>Principal Due<br/>December 1</b> | <b>Interest Due<br/>June 1 and<br/>December 1</b> | <b>Total</b>      |
|-------------------------------------|-------------------------------------|---|-------------------|
| 2023                                | 480,000                             | 388,169   | 868,169           |
| 2024                                | 495,000                             | 373,769   | 868,769           |
| 2025                                | 510,000                             | 358,919   | 868,919           |
| 2026                                | 525,000                             | 343,619   | 868,619           |
| 2027                                | 550,000                             | 317,369   | 867,369           |
| 2028                                | 580,000                             | 289,869   | 869,869           |
| 2029                                | 605,000                             | 260,869   | 865,869           |
| 2030                                | 635,000                             | 230,619   | 865,619           |
| 2031                                | 655,000                             | 211,569   | 866,569           |
| 2032                                | 675,000                             | 191,919   | 866,919           |
| 2033                                | 695,000                             | 171,669   | 866,669           |
| 2034                                | 720,000                             | 149,950   | 869,950           |
| 2035                                | 740,000                             | 127,450   | 867,450           |
| 2036                                | 765,000                             | 104,325   | 869,325           |
| 2037                                | 790,000                             | 79,463  | 869,463           |
| 2038                                | 815,000                             | 53,788  | 868,788           |
| 2039                                | 840,000                             | 27,296  | 867,296           |
|                                     | <u>11,075,000</u>                   | <u>3,680,631</u>                                  | <u>14,755,631</u> |

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

**Eagle River Water and Sanitation District**  
**Schedule of Debt Service Requirements to Maturity - Sanitation**  
**December 31, 2022**

**2020A Wastewater Revenue Improvement Bonds**

**Original Principal - \$35,220,000**

**Interest Rate - 3.00% to 4.00%**

| <b>Year Ending<br/>December 31,</b> | <b>Principal Due<br/>December 1</b> | <b>Interest Due</b>              |  | <b>Total</b>      |
|-------------------------------------|-------------------------------------|----------------------------------|--|-------------------|
|                                     |                                     | <b>June 1 and<br/>December 1</b> |  |                   |
| 2023                                | 260,000                             | 1,344,500                        |  | 1,604,500         |
| 2024                                | 265,000                             | 1,336,700                        |  | 1,601,700         |
| 2025                                | 275,000                             | 1,328,750                        |  | 1,603,750         |
| 2026                                | 285,000                             | 1,317,750                        |  | 1,602,750         |
| 2027                                | 300,000                             | 1,306,350                        |  | 1,606,350         |
| 2028                                | 310,000                             | 1,294,350                        |  | 1,604,350         |
| 2029                                | 325,000                             | 1,281,950                        |  | 1,606,950         |
| 2030                                | 340,000                             | 1,268,950                        |  | 1,608,950         |
| 2031                                | 350,000                             | 1,255,350                        |  | 1,605,350         |
| 2032                                | 365,000                             | 1,241,350                        |  | 1,606,350         |
| 2033                                | 380,000                             | 1,226,750                        |  | 1,606,750         |
| 2034                                | 395,000                             | 1,211,550                        |  | 1,606,550         |
| 2035                                | 410,000                             | 1,199,700                        |  | 1,609,700         |
| 2036                                | 415,000                             | 1,187,400                        |  | 1,602,400         |
| 2037                                | 425,000                             | 1,174,950                        |  | 1,599,950         |
| 2038                                | 445,000                             | 1,162,200                        |  | 1,607,200         |
| 2039                                | 455,000                             | 1,148,850                        |  | 1,603,850         |
| 2040                                | 1,340,000                           | 1,135,200                        |  | 2,475,200         |
| 2041                                | 1,375,000                           | 1,095,000                        |  | 2,470,000         |
| 2042                                | 1,430,000                           | 1,040,000                        |  | 2,470,000         |
| 2043                                | 3,110,000                           | 982,800                          |  | 4,092,800         |
| 2044                                | 3,235,000                           | 858,400                          |  | 4,093,400         |
| 2045                                | 3,365,000                           | 729,000                          |  | 4,094,000         |
| 2046                                | 3,500,000                           | 594,400                          |  | 4,094,400         |
| 2047                                | 3,640,000                           | 454,400                          |  | 4,094,400         |
| 2048                                | 3,785,000                           | 308,800                          |  | 4,093,800         |
| 2049                                | 3,935,000                           | 157,400                          |  | 4,092,400         |
|                                     | <u>34,715,000</u>                   | <u>28,642,800</u>                |  | <u>63,357,800</u> |

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

# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District**  
**Schedule of Debt Service Requirements to Maturity - Sanitation**  
**December 31, 2022**

**2020B Wastewater Revenue Refunding Bonds**

**Original Principal - \$24,930,000**

**Interest Rate - 0.82% to 2.42%**

| <b>Year Ending<br/>December 31,</b> | <b>Principal Due<br/>December 1</b> | <b>Interest Due<br/>June 1 and<br/>December 1</b> | <b>Total</b>      |
|-------------------------------------|-------------------------------------|---|-------------------|
| 2023                                | 280,000                             | 576,295   | 856,295           |
| 2024                                | 1,050,000                           | 573,347   | 1,623,347         |
| 2025                                | 1,060,000                           | 561,030   | 1,621,030         |
| 2026                                | 1,075,000                           | 547,536   | 1,622,536         |
| 2027                                | 1,090,000                           | 530,573   | 1,620,573         |
| 2028                                | 1,110,000                           | 511,738   | 1,621,738         |
| 2029                                | 1,130,000                           | 490,481   | 1,620,481         |
| 2030                                | 1,150,000                           | 468,277   | 1,618,277         |
| 2031                                | 1,175,000                           | 445,104   | 1,620,104         |
| 2032                                | 1,200,000                           | 420,018   | 1,620,018         |
| 2033                                | 1,230,000                           | 393,198   | 1,623,198         |
| 2034                                | 1,255,000                           | 364,724   | 1,619,724         |
| 2035                                | 1,285,000                           | 335,043   | 1,620,043         |
| 2036                                | 1,320,000                           | 304,010   | 1,624,010         |
| 2037                                | 1,360,000                           | 264,278   | 1,624,278         |
| 2038                                | 1,395,000                           | 223,342   | 1,618,342         |
| 2039                                | 1,440,000                           | 181,353   | 1,621,353         |
| 2040                                | 1,480,000                           | 138,009   | 1,618,009         |
| 2041                                | 1,530,000                           | 93,461  | 1,623,461         |
| 2042                                | 1,575,000                           | 47,407  | 1,622,407         |
|                                     | <u>24,190,000</u>                   | <u>7,469,224</u>                                  | <u>31,659,224</u> |

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



# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District**  
**Schedule of Debt Service Requirements to Maturity**  
**December 31, 2022**

| <b>Office Lease</b>                   |  |   |              |
|---------------------------------------|--|---|--------------|
| <b>Original Principal - \$190,052</b> |  |   |              |
| <b>Interest Rate - 1.70%</b>          |  |   |              |
| <b>Year Ending<br/>December 31,</b>   | <b>Water<br/>Principal Due<br/>Monthly</b> | <b>Water<br/>Interest Due<br/>Monthly</b> | <b>Total</b> |
| 2023                                  | 17,629                                     | 2,245                                     | 19,874       |
| 2024                                  | 18,782                                     | 1,936                                     | 20,718       |
| 2025                                  | 19,991                                     | 1,608                                     | 21,599       |
| 2026                                  | 21,259                                     | 1,258                                     | 22,517       |
| 2027                                  | 22,340                                     | 887                                       | 23,227       |
| 2028                                  | 22,725                                     | 504                                       | 23,229       |
| 2029                                  | 17,298                                     | 123                                       | 17,421       |
|                                       | 140,024                                    | 8,561                                     | 148,585      |

| <b>Office Lease</b>                   |   |  |              |
|---------------------------------------|---|--|--------------|
| <b>Original Principal - \$570,152</b> |   |  |              |
| <b>Interest Rate - 1.70%</b>          |   |  |              |
| <b>Year Ending<br/>December 31,</b>   | <b>Sanitation<br/>Principal Due<br/>Monthly</b> | <b>Sanitation<br/>Interest Due<br/>Monthly</b> | <b>Total</b> |
| 2023                                  | 52,888  | 6,734  | 59,622       |
| 2024                                  | 56,347  | 5,809  | 62,156       |
| 2025                                  | 59,974  | 4,823  | 64,797       |
| 2026                                  | 63,777  | 3,774  | 67,551       |
| 2027                                  | 67,021  | 2,660  | 69,681       |
| 2028                                  | 68,170  | 1,512  | 69,682       |
| 2029                                  | 51,892  | 368  | 52,260       |
|                                       | 420,069   | 25,680   | 445,749      |

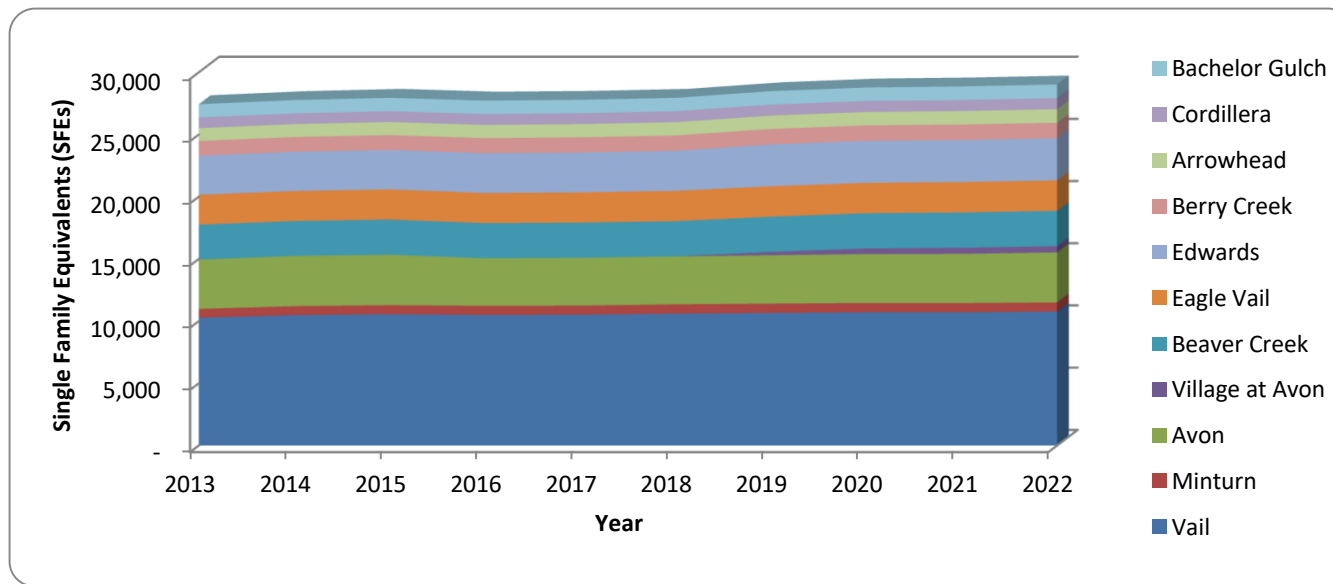
The accompanying notes are an integral part of these financial statements.

STATISTICAL SECTION



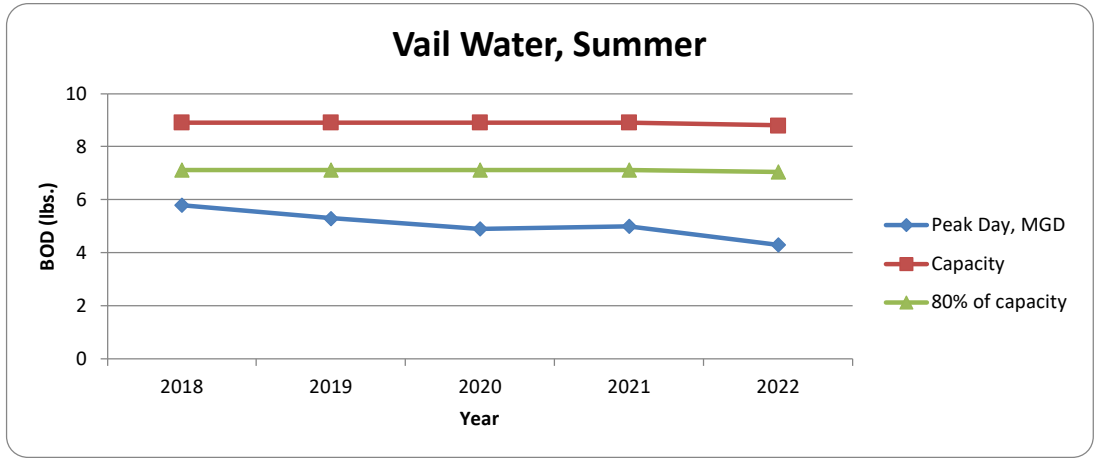
**EAGLE RIVER**  
**WATER & SANITATION**  
**DISTRICT**

## Eagle River Water and Sanitation District Single Family Equivalents (SFEs) in Service Ten Year Comparison December 31, 2022 (Unaudited)



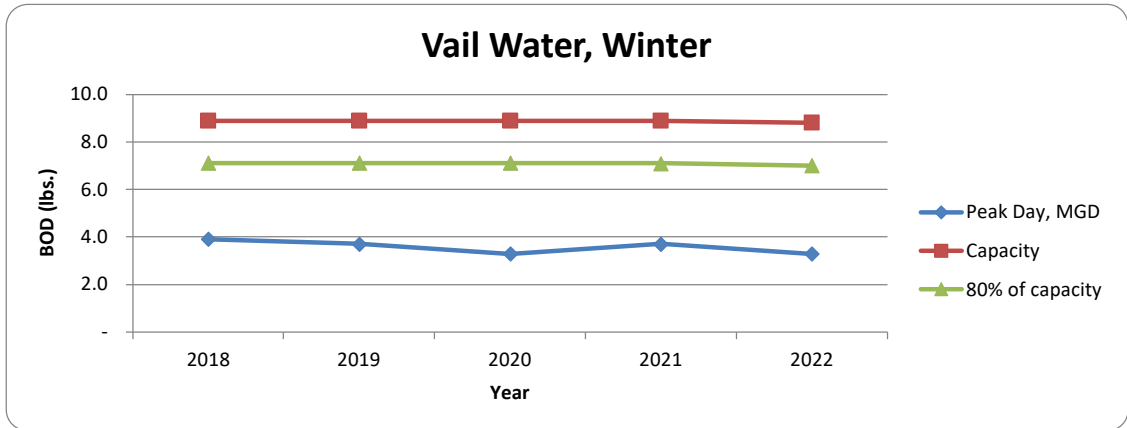
|                   | <u>2013</u>   | <u>2014</u>   | <u>2015</u>   | <u>2016</u>   | <u>2017</u>   | <u>2018</u>   | <u>2019</u>   | <u>2020</u>   | <u>2021</u>   | <u>2022</u>   |
|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Vail              | 10,264        | 10,474        | 10,551        | 10,494        | 10,509        | 10,595        | 10,650        | 10,703        | 10,706        | 10,757        |
| Minturn           | 711           | 724           | 726           | 732           | 733           | 748           | 752           | 751           | 741           | 747           |
| Avon              | 3,969         | 4,038         | 4,062         | 3,823         | 3,847         | 3,855         | 3,890         | 3,934         | 3,955         | 4,016         |
| Village at Avon   | -             | -             | -             | -             | -             | -             | 268           | 447           | 494           | 495           |
| Beaver Creek      | 2,802         | 2,807         | 2,823         | 2,824         | 2,829         | 2,829         | 2,831         | 2,834         | 2,834         | 2,846         |
| Eagle Vail        | 2,410         | 2,414         | 2,425         | 2,427         | 2,433         | 2,441         | 2,446         | 2,446         | 2,447         | 2,450         |
| Edwards           | 3,140         | 3,150         | 3,174         | 3,197         | 3,202         | 3,220         | 3,366         | 3,375         | 3,382         | 3,386         |
| Berry Creek       | 1,180         | 1,190         | 1,195         | 1,211         | 1,220         | 1,231         | 1,239         | 1,239         | 1,241         | 1,245         |
| Arrowhead         | 1,031         | 1,040         | 1,050         | 1,062         | 1,063         | 1,071         | 1,079         | 1,082         | 1,088         | 1,091         |
| Cordillera        | 858           | 862           | 868           | 880           | 877           | 882           | 884           | 886           | 888           | 897           |
| Bachelor Gulch    | 1,071         | 1,069         | 1,076         | 1,072         | 1,076         | 1,075         | 1,079         | 1,083         | 1,090         | 1,091         |
| <b>Total SFEs</b> | <u>27,436</u> | <u>27,768</u> | <u>27,948</u> | <u>27,722</u> | <u>27,789</u> | <u>27,947</u> | <u>28,484</u> | <u>28,780</u> | <u>28,866</u> | <u>29,021</u> |
| Percent increase  | <u>0.32%</u>  | <u>1.21%</u>  | <u>0.65%</u>  | <u>-0.81%</u> | <u>0.24%</u>  | <u>0.57%</u>  | <u>1.92%</u>  | <u>1.04%</u>  | <u>0.30%</u>  | <u>0.54%</u>  |

**Eagle River Water and Sanitation District  
Water Demand Compared To Capacity  
Five Year Comparison  
December 31, 2022  
(Unaudited)**



**Vail Water, Summer**

|                           | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| Peak Day, MGD             | 5.8         | 5.3         | 4.9         | 5.0         | 4.3         |
| Capacity                  | 8.9         | 8.9         | 8.9         | 8.9         | 8.8         |
| 80% of capacity           | 7.1         | 7.1         | 7.1         | 7.1         | 7.0         |
| Flow, MGD as a % Capacity | 65%         | 60%         | 55%         | 56%         | 49%         |

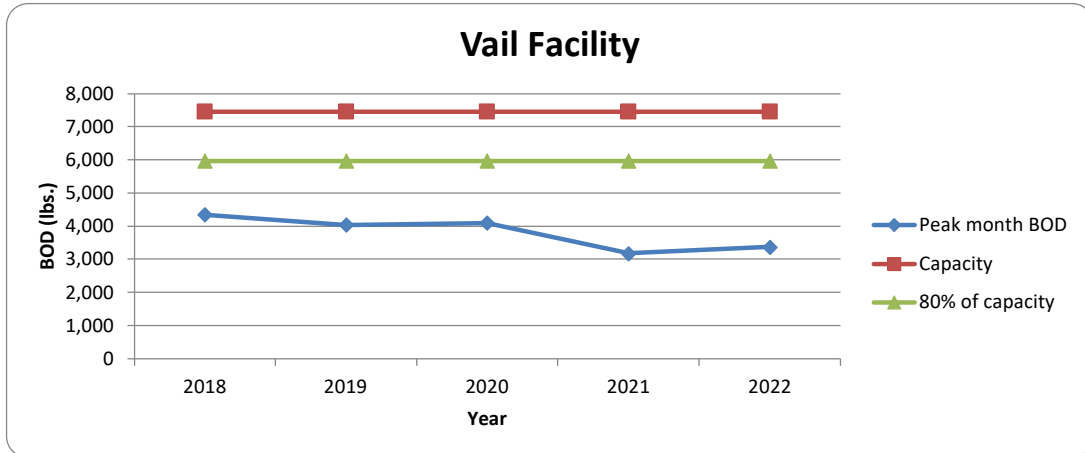


**Vail Water, Winter**

|                           | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| Peak Day, MGD             | 3.9         | 3.7         | 3.3         | 3.7         | 3.3         |
| Capacity                  | 8.9         | 8.9         | 8.9         | 8.9         | 8.8         |
| 80% of capacity           | 7.1         | 7.1         | 7.1         | 7.1         | 7.0         |
| Flow, MGD as a % Capacity | 44%         | 42%         | 37%         | 42%         | 38%         |

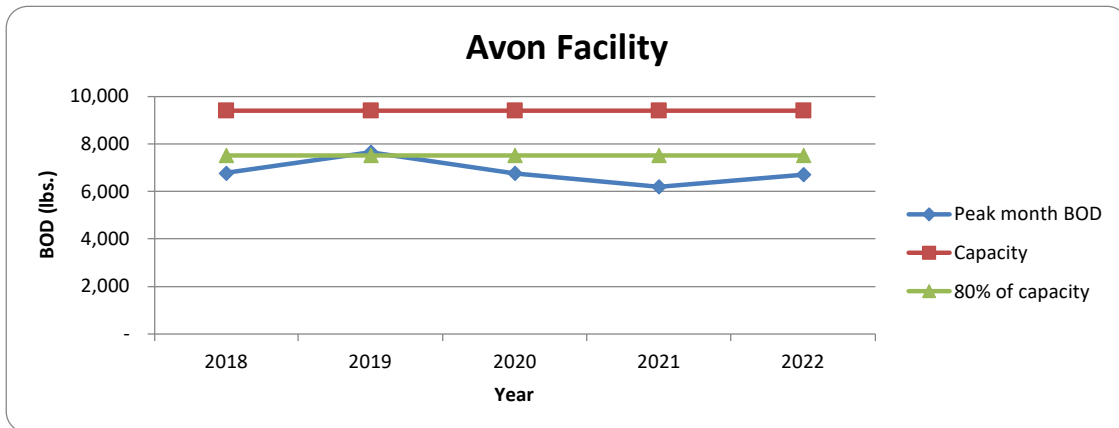
**Eagle River Water and Sanitation District  
Wastewater Loadings Compared to Facility Capacity  
Five Year Comparison  
December 31, 2022  
(Unaudited)**

Biochemical Oxygen Demand ("BOD") is the rate in which organisms use oxygen in wastewater while stabilizing decomposable organic matter under aerobic conditions. In decomposition, organic matter serves as food for the bacteria and energy results from its oxidation. BOD measurements are used as a surrogate measure of the organic strength of wastes in water.



**Vail Facility**

|                                 | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| Peak month BOD                  | 4,345       | 4,039       | 4,094       | 3,180       | 3,373       |
| Capacity                        | 7,450       | 7,450       | 7,450       | 7,450       | 7,450       |
| 80% of capacity                 | 5,960       | 5,960       | 5,960       | 5,960       | 5,961       |
| Peak month BOD as % of capacity | 58%         | 54%         | 55%         | 43%         | 45%         |

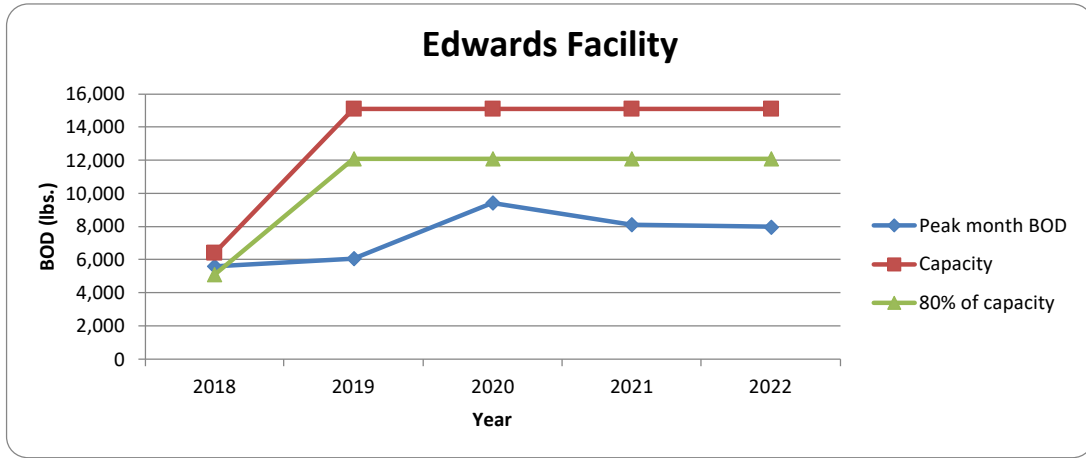


**Avon Facility**

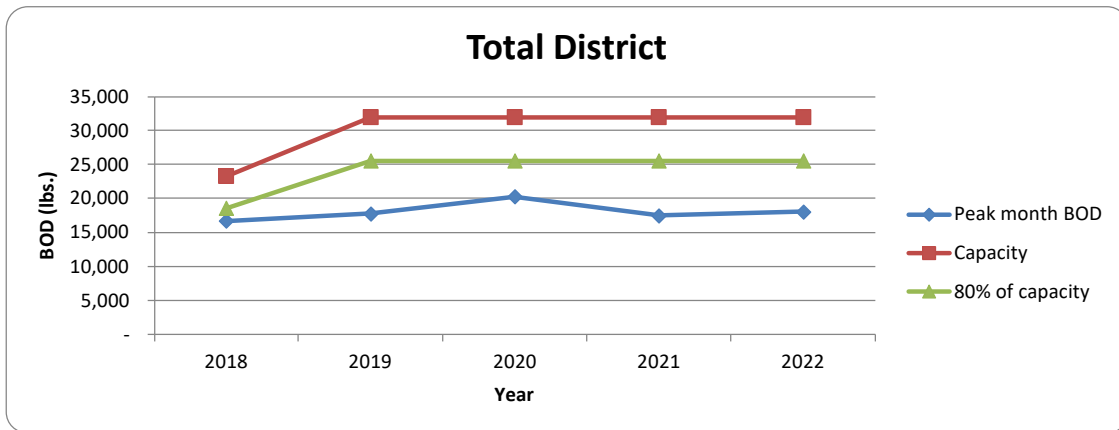
|                                 | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| Peak month BOD                  | 6,775       | 7,659       | 6,755       | 6,201       | 6,701       |
| Capacity                        | 9,400       | 9,400       | 9,400       | 9,400       | 9,400       |
| 80% of capacity                 | 7,520       | 7,520       | 7,520       | 7,520       | 7,520       |
| Peak month BOD as % of capacity | 72%         | 81%         | 72%         | 66%         | 71%         |

**Eagle River Water and Sanitation District  
Wastewater Loadings Compared to Facility Capacity  
Five Year Comparison  
December 31, 2022  
(Continued)  
(Unaudited)**

Biochemical Oxygen Demand ("BOD") is the rate in which organisms use oxygen in wastewater while stabilizing decomposable organic matter under aerobic conditions. In decomposition, organic matter serves as food for the bacteria and energy results from its oxidation. BOD measurements are used as a surrogate measure of the organic strength of wastes in water.



| <u>Edwards Facility</u>         |  | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---------------------------------|--|-------------|-------------|-------------|-------------|-------------|
| Peak month BOD                  |  | 5,617       | 6,057       | 9,426       | 8,102       | 7,972       |
| Capacity                        |  | 6,400       | 15,100      | 15,100      | 15,100      | 15,100      |
| 80% of capacity                 |  | 5,120       | 12,080      | 12,080      | 12,080      | 12,080      |
| Peak month BOD as % of capacity |  | 88%         | 40%         | 62%         | 54%         | 53%         |



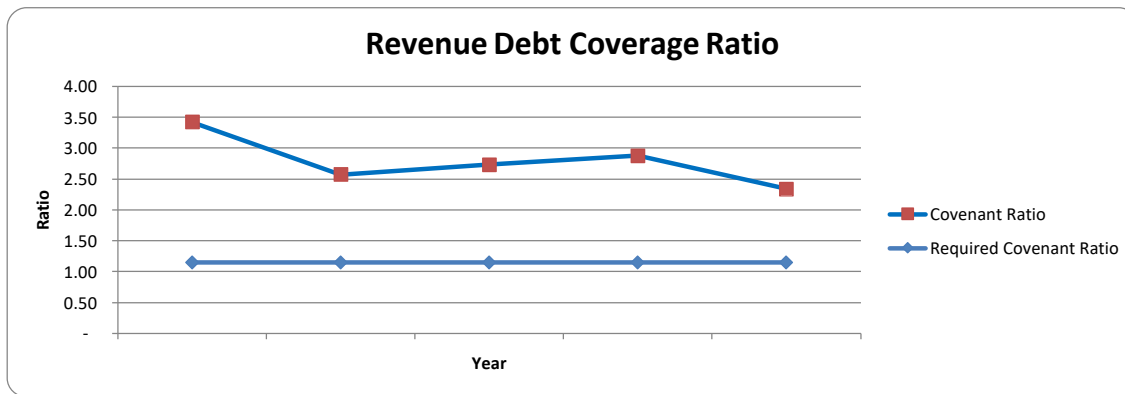
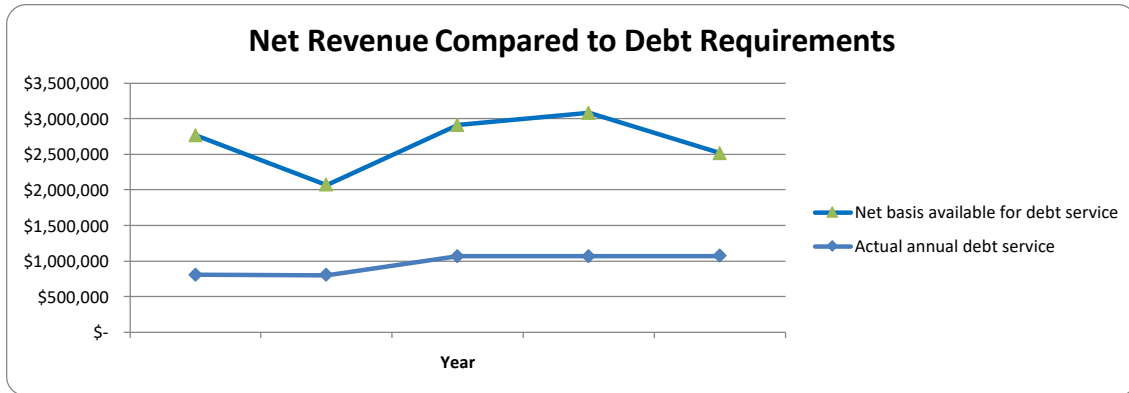
| <u>Total District</u>           |  | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---------------------------------|--|-------------|-------------|-------------|-------------|-------------|
| Peak month BOD                  |  | 16,737      | 17,755      | 20,275      | 17,483      | 18,046      |
| Capacity                        |  | 23,250      | 31,950      | 31,950      | 31,950      | 31,950      |
| 80% of capacity                 |  | 18,600      | 25,560      | 25,560      | 25,560      | 25,560      |
| Peak month BOD as % of capacity |  | 72%         | 56%         | 63%         | 55%         | 56%         |

# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District  
Top 10 Customers  
Five Year Comparison  
December 31, 2022  
(Unaudited)**

| <u>Customer Type</u>               | <u>1,000 Gallons</u> | <u>Sales Dollar Amount</u> | <u>% of Total Sales Dollars</u> |
|------------------------------------|----------------------|----------------------------|---------------------------------|
| <b><u>Vail Water Sales</u></b>     |                      |                            |                                 |
| Ski Company/Resort                 | 46,954               | \$ 174,214                 | 2.3%                            |
| Hotel/Resort                       | 17,078               | 133,363                    | 1.8%                            |
| Town of Vail                       | 18,354               | 131,337                    | 1.7%                            |
| Hospital                           | 20,254               | 127,082                    | 1.7%                            |
| Condominiums/Resort                | 9,583                | 109,634                    | 1.4%                            |
| Hotel/Resort                       | 12,161               | 90,658                     | 1.2%                            |
| Hotel/Resort                       | 12,734               | 87,560                     | 1.1%                            |
| Hotel/Resort                       | 12,028               | 83,785                     | 1.1%                            |
| Hotel/Resort                       | 12,720               | 79,710                     | 1.0%                            |
| Condominiums/Resort                | 9,641                | 64,079                     | 0.8%                            |
| <b>Total - Top 10 Customers</b>    | <u>171,507</u>       | <u>\$ 1,081,422</u>        | <u>14.2%</u>                    |
| <b>Total - All Other Customers</b> | <u>483,868</u>       | <u>6,533,574</u>           | <u>85.8%</u>                    |
| <b>Total Service Fees</b>          | <u>655,375</u>       | <u>\$ 7,614,996</u>        | <u>100.0%</u>                   |
| <b><u>Wastewater Sales</u></b>     |                      |                            |                                 |
| Ski Company/Resort                 |                      | \$ 292,301                 | 1.6%                            |
| Mobile Home Park                   |                      | 221,208                    | 1.2%                            |
| Hotel/Resort                       |                      | 215,849                    | 1.2%                            |
| Hotel/Resort                       |                      | 168,201                    | 0.9%                            |
| Hospital                           |                      | 163,529                    | 0.9%                            |
| Apartment Complex                  |                      | 128,609                    | 0.7%                            |
| Condominiums/Resort                |                      | 123,943                    | 0.7%                            |
| Condominiums/Resort                |                      | 123,178                    | 0.7%                            |
| Apartment Complex                  |                      | 115,953                    | 0.6%                            |
| Condominiums/Resort                |                      | 114,929                    | 0.6%                            |
| <b>Total - Top 10 Customers</b>    |                      | <u>\$ 1,667,700</u>        | <u>9.1%</u>                     |
| <b>Total - All Other Customers</b> |                      | <u>16,607,194</u>          | <u>90.9%</u>                    |
| <b>Total Service Fees</b>          |                      | <u>\$ 18,274,894</u>       | <u>100.0%</u>                   |

**Eagle River Water and Sanitation District  
Rate Maintenance Covenant - Water  
Five Year Comparison  
December 31, 2022  
(Unaudited)**



Per the bond covenants, the District is to assess a fee to cover operations and maintenance and 115% of water debt service.

|   | <u>2018</u>      | <u>2019</u>      | <u>2020</u>      | <u>2021</u>      | <u>2022</u>      |
|---|------------------|------------------|------------------|------------------|------------------|
| Operating revenue   | 5,708,724        | 5,711,618        | 6,589,015        | 7,038,240        | 7,806,117        |
| Plus:   |                  |                  |                  |                  |                  |
| Tap fees and other contributed cash                                   | 650,154          | 143,987          | 307,504          | 677,841          | 259,212          |
| Investment income   | 83,420           | 66,762           | 66,067           | (991)            | 10,793           |
| Property taxes for general operating                                  | 510,169          | 509,210          | 518,481          | 533,141          | 543,099          |
| Other non-operating revenues  | 21,198           | 12,137           | 19,734           | 29,817           | 33,684           |
| Rate stabilization funds  | 600,000          | 600,000          | 600,000          | 600,000          | 600,000          |
| <b>Total revenues available for debt service</b>                      | <b>7,573,665</b> | <b>7,043,714</b> | <b>8,100,801</b> | <b>8,878,048</b> | <b>9,252,905</b> |
| Expenses  | 7,728,753        | 7,853,847        | 8,201,005        | 8,545,226        | 9,529,666        |
| Less:   |                  |                  |                  |                  |                  |
| Interest expense  | (741,365)        | (762,740)        | (808,026)        | (764,891)        | (718,714)        |
| Depreciation  | (1,893,422)      | (1,982,937)      | (1,979,712)      | (1,980,544)      | (2,073,977)      |
| Major capital additions   | (289,187)        | (136,937)        | (228,434)        | (6,999)          | -                |
| <b>Total expenses available for debt service</b>                      | <b>4,804,779</b> | <b>4,971,233</b> | <b>5,184,833</b> | <b>5,792,792</b> | <b>6,736,975</b> |
| <b>Net basis available for debt service</b>                           | <b>2,768,886</b> | <b>2,072,481</b> | <b>2,915,968</b> | <b>3,085,256</b> | <b>2,515,930</b> |
| <b>Actual annual debt service (excluding general obligation debt)</b> | <b>808,200</b>   | <b>805,600</b>   | <b>1,065,263</b> | <b>1,071,600</b> | <b>1,073,900</b> |
| <b>Covenant Ratio</b>   | <b>3.43</b>      | <b>2.57</b>      | <b>2.74</b>      | <b>2.88</b>      | <b>2.34</b>      |
| <b>Required Covenant Ratio</b>  | <b>1.15</b>      | <b>1.15</b>      | <b>1.15</b>      | <b>1.15</b>      | <b>1.15</b>      |

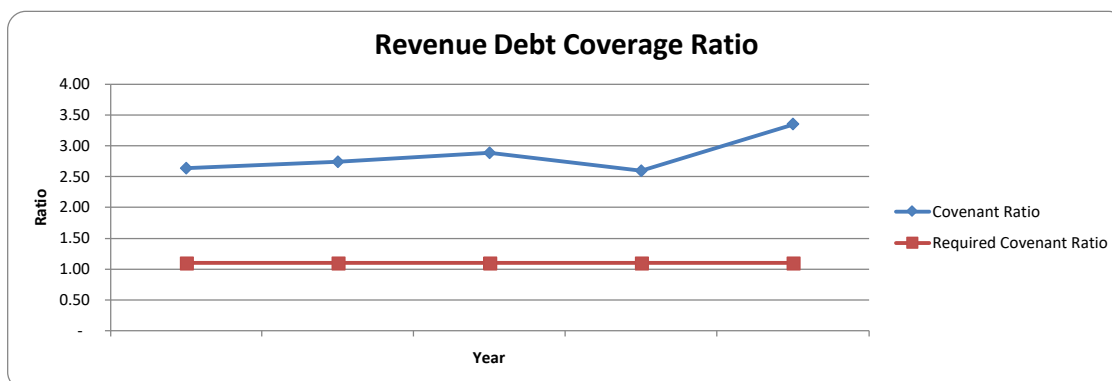
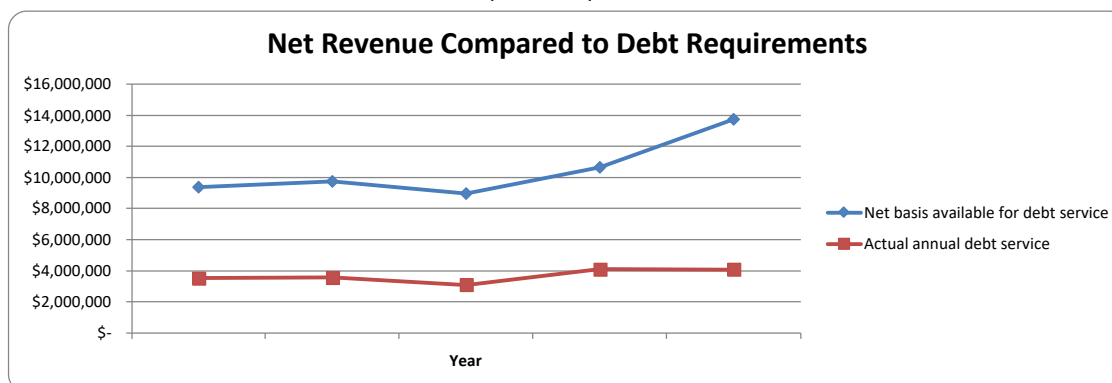
**Rate Maintenance Covenant:** The District's Water Enterprise Series 2017 and 2019 bonds include a Rate Maintenance Covenant sufficient revenues to pay: (i) Operation and Maintenance Expenses, (ii) 115% of each Fiscal Year's Bond Requirements of the Bonds, (iii) any amounts required to pay all Policy Costs then due and owing and all sums, (iv) any amounts required to meet then existing deficiencies pertaining to any fund or account relating to the Gross Pledged Revenues or any securities payable there from.

The above Rate Maintenance Covenant is tested annually. It is the District's policy to use unrestricted cash and investments (\$1,712,067 at December 31, 2022) to meet the Rate Maintenance Covenant if necessary.



# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District  
Rate Maintenance Covenant - Sanitation  
Five Year Comparison  
December 31, 2022  
(Unaudited)**



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

|   | <u>2018</u>       | <u>2019</u>       | <u>2020</u>       | <u>2021</u>       | <u>2022</u>       |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Operating revenue   | 20,288,257        | 20,474,799        | 22,407,469        | 25,470,671        | 28,850,477        |
| Plus:   |                   |                   |                   |                   |                   |
| Tap fees and other contributed cash                                   | 1,499,025         | 2,147,390         | 668,867           | 1,297,552         | 2,437,698         |
| Investment income   | 679,710           | 1,015,644         | 334,133           | (18,024)          | 74,411            |
| Interest credit - Build America Bonds                                 | 307,866           | 275,490           | -                 | -                 | -                 |
| Property taxes for general operating                                  | 567,400           | 563,588           | 581,078           | 587,406           | 589,286           |
| Other non-operating revenues  | 63,594            | 36,410            | 53,250            | 89,451            | 101,053           |
| Rate stabilization funds  | 600,000           | 600,000           | 600,000           | 600,000           | 600,000           |
| Total revenues available for debt service                             | <u>24,005,852</u> | <u>25,113,321</u> | <u>24,644,797</u> | <u>28,027,056</u> | <u>32,652,925</u> |
| Expenses  | 25,251,120        | 26,313,016        | 26,104,467        | 27,548,968        | 28,581,021        |
| Less:   |                   |                   |                   |                   |                   |
| Interest expense  | (3,010,923)       | (3,162,889)       | (2,532,808)       | (2,847,190)       | (2,886,258)       |
| Depreciation  | (7,320,592)       | (7,539,257)       | (7,679,104)       | (7,115,752)       | (6,646,765)       |
| Major capital additions   | (285,234)         | (253,368)         | (211,190)         | (207,358)         | (135,687)         |
| Total expenses available for debt service                             | <u>14,634,371</u> | <u>15,357,502</u> | <u>15,681,365</u> | <u>17,378,668</u> | <u>18,912,311</u> |
| <b>Net basis available for debt service</b>                           | <u>9,371,481</u>  | <u>9,755,819</u>  | <u>8,963,432</u>  | <u>10,648,388</u> | <u>13,740,614</u> |
| <b>Actual annual debt service (excluding general obligation debt)</b> | <u>3,547,308</u>  | <u>3,563,477</u>  | <u>3,102,063</u>  | <u>4,094,691</u>  | <u>4,096,083</u>  |
| <b>Covenant Ratio</b>   | <u>2.64</u>       | <u>2.74</u>       | <u>2.89</u>       | <u>2.60</u>       | <u>3.35</u>       |
| <b>Required Covenant Ratio</b>  | <u>1.10</u>       | <u>1.10</u>       | <u>1.10</u>       | <u>1.10</u>       | <u>1.10</u>       |

**Rate Maintenance Covenant:** The District's Wastewater Revenue Bonds, Series 2009, 2012, 2017 and 2020 include a Rate Maintenance Covenant sufficient revenues to pay: (i) Operation and Maintenance Expenses, (ii) 110% of each Fiscal Year's Bond Requirements of the Bonds, (iii) any amounts required to pay all Policy Costs then due and owing and all sums, (iv) any amounts required to meet then existing deficiencies pertaining to any fund or account relating to the Gross Pledged Revenues or any securities payable there from.

The above Rate Maintenance Covenant is tested annually. It is the District's policy to use unrestricted cash and investments (\$3,561,124 at December 31, 2022 ) to meet the Rate Maintenance Covenant if necessary.

# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District**  
**Assessed Valuation, Property Taxes Levied and Collected - Water**  
**Five Year Comparison**  
**December 31, 2022**  
**(Unaudited)**

| <b>Calendar<br/>Year Ended<br/>December 31</b> | <b>Prior Year Assessed<br/>Valuation for Current<br/>Year Property Tax Levy</b> | <b>Total Mills Levied</b>         |                                      | <b>Total Property Tax</b> |                  | <b>%<br/>Collected<br/>to Levied</b> |
|--|---|-----------------------------------|--------------------------------------|---------------------------|------------------|--------------------------------------|
|  |   | <b>Operating<br/>Mills Levied</b> | <b>Debt Service<br/>Mills Levied</b> | <b>Levied</b>             | <b>Collected</b> |                                      |
| 2018   | 1,095,184,950   | 0.444                             | 0.859                                | 1,427,026                 | 1,421,534        | 99.6%                                |
| 2019   | 1,227,930,380   | 0.418                             | 0.775                                | 1,464,920                 | 1,453,306        | 99.2%                                |
| 2020   | 1,232,671,960   | 0.444                             | 0.765                                | 1,490,300                 | 1,486,928        | 99.8%                                |
| 2021   | 1,229,467,670   | 0.471                             | 0.764                                | 1,518,392                 | 1,516,730        | 99.9%                                |
| 2022   | 1,211,075,770   | 0.509                             | 0.615                                | 1,361,246                 |                  |                                      |

Note: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.

# PRELIMINARY DRAFT

**Eagle River Water and Sanitation District**  
**Assessed Valuation, Property Taxes Levied and Collected - Sanitation**  
**Five Year Comparison**  
**December 31, 2022**  
**(Unaudited)**

| <b>Calendar<br/>Year Ended<br/>December 31</b> | <b>Prior Year Assessed<br/>Valuation for Current<br/>Year Property Tax Levy</b> | <b>Total Mills Levied</b>         |                                      | <b>Total Property Tax</b> |                  | <b>%<br/>Collected<br/>to Levied</b> |
|--|---|-----------------------------------|--------------------------------------|---------------------------|------------------|--------------------------------------|
|  |   | <b>Operating<br/>Mills Levied</b> | <b>Debt Service<br/>Mills Levied</b> | <b>Levied</b>             | <b>Collected</b> |                                      |
| 2018   | 2,342,657,810   | 0.231                             | 0.618                                | 1,911,608                 | 1,882,305        | 98.5%                                |
| 2019   | 2,565,975,770   | 0.231                             | 0.585                                | 1,965,537                 | 1,951,056        | 99.3%                                |
| 2020   | 2,563,646,580   | 0.231                             | 0.535                                | 1,963,902                 | 1,961,888        | 99.9%                                |
| 2021   | 2,597,766,990   | 0.231                             | 0.535                                | 1,971,705                 | 1,970,192        | 99.9%                                |
| 2022   | 2,565,776,260   | 0.231                             | 0.534                                | 1,962,819                 |                  |                                      |

Note: Property taxes collected in any one year include collection of delinquent property taxes assessed in prior years. Information received from the County Treasurer does not permit identification of specific year of assessment.

**Eagle River Water and Sanitation District  
Schedule of Water & Storage Rights  
December 31, 2022  
(Unaudited)**

Most of the water and storage rights currently used by the District were provided by the previous water utilities at no cost to the District. In accordance with Governmental Accounting Standards Board (GASB), only owned water and storage rights are shown on the District's Statement of Net Position at historic cost, totaling \$1,496,416. This cost represents mostly legal expenditures to establish the District's ability to use these rights to provide water directly to the customers and a small acquisition of new rights. Also in accordance with GASB, the investment in Eagle Park Reservoir Company Stock, which provides a valuable source of raw water supply, is not reflected in capital assets, but is shown in Other Assets at the historic cost of \$3,453,442. Management of the District believes the actual value of these water and storage rights used by the District to be greater than historical cost as of December 31, 2022.

The appraisal value as of April 25, 2022, performed by Somach Simmons and Dunn (Special Water Rights Counsel for the District) is recited here solely for informational purposes.

| <b>Water Right</b>             | <b>Quantity<br/>(a.f.)</b> | <b>Price per<br/>a.f.</b> | <b>Historical<br/>Cost</b> | <b>Appraisal<br/>Value</b> |
|--------------------------------|----------------------------|---------------------------|----------------------------|----------------------------|
| Eagle Park Reservoir Water     | 432.81211                  | \$43,000                  | \$3,453,442                | \$18,610,920               |
| Homestake Reservoir            | 250                        | 43,000                    | 0                          | 10,750,000                 |
| Green Mtn. Res. contract       | 934                        | 2,000                     | 0                          | 1,868,000                  |
| Wolford Mtn. Res. contract     | 500                        | 3,805                     | 0                          | 1,902,500                  |
| Black Lakes storage            | 425                        | 43,000                    | 0                          | 18,275,000                 |
| Conditional storage            | 584.45                     | 100                       | 0                          | 58,445                     |
| In-basin consumptive use       | 902                        | 10,500                    | 1,496,416                  | 9,471,000                  |
| Direct flow HUP water (winter) | 89                         | 43,000                    | 0                          | 3,827,000                  |
| <b>TOTAL</b>                   |                            |                           | <b>\$4,949,858</b>         | <b>\$64,762,865</b>        |

**Water Rights Owned**

Eagle Park Reservoir Water

The District owns or has a perpetual contractual right to the water rights in connection with Eagle Park Reservoir (432.81211 a.f.). Refer to footnote III.F. for additional terms. The value of Eagle Park Reservoir is based on the District's dedication replacement cost of \$43,000 per acre-foot for non-irrigation season in-basin storage. That replacement cost is established by the District's water dedication policy, which is the basis by which water service is approved for and provided to all new development in the District's service area.

Homestake Reservoir

The District owns or has a perpetual contractual right to the water rights in connection with Homestake Reservoir (250 a.f.). The value of Homestake Reservoir storage is based on the District's dedication replacement cost of \$43,000 per acre-foot for non-irrigation season in-basin storage. That replacement cost is established by the District's water dedication policy, which is the basis by which water service is approved for and provided to all new development in the District's service area.

**Eagle River Water and Sanitation District  
Schedule of Water & Storage Rights  
December 31, 2022  
(Unaudited)  
(Continued)**

Green Mountain Reservoir

The District owns water related contracts in connection with Green Mountain Reservoir (934 a.f.).

Contract 9-07-60-W0408: This contract was executed on April 6, 1989, for a total of 934 acre-feet per year, 264 acre-feet for municipal and domestic use, and 670 acre-feet for industrial use which includes snowmaking. The annual contract payment is \$10 per acre-foot for municipal and domestic use water (264 acre-feet). The annual contract payment for industrial use water (670 acre-feet) is \$55 per acre-foot for the first 385 acre-feet, and a \$15 per acre foot standby charge and a \$40 per acre foot delivery charge for the remaining 285 acre-feet. The \$40 delivery charge is paid only for actual water delivered, while the standby charge is paid regardless of actual delivery. This lease is for a term of 40 years (expires April 5, 2029), with an option to renew for an additional 40 years.

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

Wolford Mountain Reservoir

The District owns water related contracts in connection with Wolford Mountain Reservoir (500 a.f.).

Contract CW08010: This contract was executed on February 9, 2009, for 500 acre-feet per year. The base price was \$260.25 per acre-foot for the first year, and annual contract payments are \$260.25 per acre-foot, but they can be increased each year up to the amount of increase in the Consumer Price Increase plus the New Growth Index. It is for an initial term of 75 years (expiring February 9, 2084), with a right of first refusal at the end of the initial term on the same terms at which the River District is offering similar supplies to other municipal water providers.

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

Black Lakes

The Black Lakes water rights consist of two structures, Black Lake and Black Lake No. 2, and three separate water rights decreed to those structures. Pursuant to the decrees in Case Nos. W-4003, 79CW296, 82CW328, 05CW257, and 10CW200, the District's interest in the Black Lake No.1 water right is 352 a.f. absolute, and its interest in the Black Lake No.2 water right is 73 a.f. absolute. These structures and water rights are subject to two agreements: the Memorandum of Agreement dated January 30, 1986, between the Vail Valley Consolidated Water District and the Colorado Department of Natural Resources; and the Memorandum of Agreement dated June 23, 2005, between the Eagle River Water & Sanitation District and the Colorado Department of Natural Resources (together, the "MOAs").

By virtue of the decrees described above and the MOAs, the District owns a total of 425 a.f. absolute in the Black Lakes. Pursuant to the 2005 MOA, the District is free to use 125 a.f. for all uses any time of year. The District must release the other 300 a.f. during the December through March period to augment stream flows during that period. However, to the extent that the District diverts water from the System Interconnect and/or Dowds Junction diversions during the December through March period instead of diverting water at its Gore Creek wellfield, then it can keep an equivalent amount of water in Black Lakes for its use any time of year. (For example, if the District

**Eagle River Water and Sanitation District  
Schedule of Water & Storage Rights  
December 31, 2022  
(Unaudited)  
(Continued)**

diverts 150 a.f. of water at the System Interconnect during December through March, then it may use 150 a.f. of the 300 a.f. of Black Lakes water for any decreed use any time of year, and it would release the other 150 a.f. to Gore Creek during the December through March period to augment stream flows.)

The value of Black Lakes storage is based on the District's dedication replacement cost of \$41,000 per acre-foot for non-irrigation season in-basin storage. The value to the District of Black Lakes is that these reservoirs fill each year and the water is stored very high in the Gore Creek drainage. Therefore, the water is available for direct use and/or augmentation (i.e., replace out of priority depletions resulting from the diversion of other water rights) without causing any "gap" in the creek between the point of depletions and location of the replacement water. In other words, this water can be delivered directly to the location of the points of diversion and/or depletion.

#### Conditional Storage

The District's conditional storage (584.45 a.f.) are decreed, but not yet completed, water rights. These water rights of the District exist in several locations throughout the District's service area and given a nominal value of \$100 per acre-foot due to the high cost of developing these storage rights.

#### In-Basin Consumptive Use

The District's in-basin consumptive use water rights (902 a.f.) includes senior irrigation water rights that were changed, and their historical consumptive use was quantified in Case Nos. W-2256, W-2264, 79CW124, and 82CW328. In-basin consumptive use credits are valued at the District's dedication replacement cost of \$10,500 per acre-foot of irrigation season water. This replacement cost is established by the District's water dedication policy, which is the basis by which water service is approved for and provided to all new development in the District's service area. These water rights are generally quite senior and are not subject to curtailment; hence, their higher value. Further, these water rights have been changed to be used for municipal uses, including augmentation, thus permitting the District to divert and use other water rights when they are out of priority. The value of these water rights to the District is derived from their seniority and that they have already been quantified and changed to municipal uses and augmentation, and included in the District's plan for augmentation. The only reason why these are not the most valuable of the District's water rights on a per-acre-foot basis is due to the fact that they can only be used during the irrigation season, not year-round, unless they are diverted and placed in storage.


#### Direct Flow Historical Users' Pool

The District's historical users' pool (HUP) beneficiary water rights (89 a.f.) are decreed for non-irrigation season use as HUP rights, and the fact that 4.35 cfs of the District's HUP rights are senior to the CWCB instream flow water right. As a result, 89 acre-feet of winter use is not subject to curtailment. This quality makes these rights as valuable as in-basin storage such as Eagle Park Reservoir water, so we assigned a value of \$43,000 to these rights, equivalent to the District's non-irrigation season dedication cost.

These are water rights that are protected by Green Mountain Reservoir pursuant to the decrees for Green Mountain Reservoir, Senate Document 80 (which established the federal basis for Green Mountain Reservoir), and the final Operating Policy for Green Mountain Reservoir, Colorado-Big Thompson Project, Colorado (48 P.R. 56657). Pursuant to these Green Mountain Reservoir documents, as specifically described in the final Operating Policy, West Slope domestic and irrigation water rights that were "perfected" (actually diverted and used) as of October 15, 1977 are allowed to continue to divert at times when they otherwise would be curtailed. At such times, Green Mountain Reservoir will release water to downstream senior water rights to allow such continued diversions by the HUP "beneficiaries."

**Eagle River Water and Sanitation District  
Schedule of Water & Storage Rights  
December 31, 2022  
(Unaudited)  
(Continued)**

This category of HUP water rights typically consists of what are deemed to be fairly junior water rights (priorities between approximately 1940 and 1977) that would be curtailed in most years due to a call administered to protect either the Shoshone Power Plant or the Grand Valley "Cameo" water rights. However, because the HUP water rights benefit from the releases from Green Mountain Reservoir, they are allowed to continue to divert water at times when either Shoshone or Cameo is placing a call for water. This has the effect of enhancing the period of time, and thus the amount of water, that these HUP water rights can divert. This enhances their value. The District owns a number of such water rights that were perfected as of October 15, 1977. In fact, the District's augmentation plan decree in Case No. 82CW328 expressly recognizes the HUP status of a number of its water rights and incorporates these water rights, as so protected by Green Mountain Reservoir, in its plan for augmentation.

| ERWSD New Development Report  |  |                           |                                    |   |                              |                            |                                    |                                     |  |
|---|--|---------------------------|------------------------------------|---|------------------------------|----------------------------|------------------------------------|-------------------------------------|--|
| June 2023   |  |                           |                                    |   |                              |                            |                                    |                                     |  |
|  |  | Type of Use               | SFEs Proposed                      | Location                                | Existing Service Commitment? | Augmentation Requirement   | Development Approval Process Step: | Construction Approval Process Step: |  |
|   | 534 E Lionshead Circle - Elevation   | Residential               | 12                                 | Vail                                    | No                           | 0.49                       | 2. Water Analysis                  | 0. Conceptual                       |  |
|   | 500 E Lionshead Circle - Legacy  | Residential               | 20                                 | Vail                                    | No                           | 0.29                       | 5. Water Service Agreement         | 2. Plan Approval                    |  |
|   | Alura (Miradoro)   | Residential               | 10                                 | Vail                                    | No                           | 0.83                       | 2. Water Analysis                  | 2. Plan Approval                    |  |
|   | Belden Place (1200 Block Main St)  | Residential               | 41                                 | Minturn                                 | Yes                          |                            | N/A                                | 2 Plan Approval                     |  |
|   | Booth Heights  | Residential               | 61                                 | Vail                                    | No                           | TBD                        | 1. Connection Application          | 0. Conceptual                       |  |
|   | Highline (Double Tree Expansion)   | Residential               | 43.65                              | Vail                                    | No                           | 0.79                       | 6. Ability to Serve Letter         | 1. Plan Review                      |  |
|   | Middle Creek Lot 4.5   | Mixed Use                 | 64                                 | Vail                                    | No                           | TBD                        | 0. Conceptual                      | 0. Conceptual                       |  |
|   | Midtown Village PUD  | Res + Com                 | 42 + Com                           | Minturn                                 | Yes                          |                            | 1. Connection Application          | 1. Plan Review                      |  |
|   | North Minturn PUD  | Residential               | 36                                 | Minturn                                 | Yes                          |                            | N/A                                | 0. Conceptual                       |  |
|   | The Residences at Main Vail  | Residential               | 72                                 | Vail                                    | No                           | 0.81                       | 6. Ability to Serve Letter         | 3. Acceptance                       |  |
|   | Vail Marriott Residence Inn  | Mixed Use                 | 75                                 | Vail                                    | Yes                          |                            | N/A                                | 2. Plan Approval                    |  |
|   | Wolcott PUD  | Mixed Use                 | 360 + Com                          | Wolcott                                 | No                           | TBD                        | 0. Conceptual                      | 0. Conceptual                       |  |
|   | <b>Projects Completing Warranty Period</b>   |                           |                                    |   |                              |                            |                                    |                                     |  |
|   | 3010 Basingdale (Phase II), 841/851 Main St Minturn, Red Sandstone Parking Garage, VVMC Phase II-East Wing |                           |                                    |   |                              |                            |                                    |                                     |  |
| Process   | <b>Construction Approval Process Steps:</b>  | 0. Conceptual             | 1. Plan Review                     | 2. Plan Approval                        | 3. Acceptance                | 4. Warranty Period         | 5. Final Acceptance                |                                     |  |
|   | <b>Development Approval Process Steps:</b>   | 1. Connection Application | 2. Water Demand Worksheet Analysis | 3. Conditional Capacity to Serve Letter | 4. Water Rights Allocation   | 5. Water Service Agreement | 6. Ability to Serve Letter         |                                     |  |



**UERWA New Development Report**

**June 2023**



|  | Type of Use                                | SFEs Proposed             | Location                           | Existing Service Commitment?            | Augmentation Requirement   | Development Approval Process Step: | Construction Approval Process Step: |                  |
|--|--|---------------------------|------------------------------------|---|----------------------------|------------------------------------|-------------------------------------|------------------|
| Process  | 140 W Beaver Creek Blvd (Extended Stay)    | Residential               | 97.5                               | Avon                                    | Yes                        |                                    | N/A                                 | 0. Conceptual    |
|  | Avon Dual Brand Hotel(Traer Tract J)       | Commercial                | 85.05                              | Traer                                   | Yes                        |                                    | 6. Ability to Serve Letter          | 2. Plan Approval |
|  | Cairn's Townhomes                          | Residential               | 12                                 | Edwards                                 | No                         | 1.27                               | 1. Connection Application           | 0. Conceptual    |
|  | CMC Student Housing (Phase I & II)         | Residential               | 72                                 | Edwards                                 | Yes                        |                                    | 6. Ability to Serve Letter          | 2. Plan Approval |
|  | CVC Clubhouse Residences                   | Residential               | 9                                  | Edwards                                 | Yes                        |                                    | 6. Ability to Serve Letter          | 2. Plan Approval |
|  | Eagle County - Freedom Park Project        | Mixed Use                 | 20 + Com                           | Edwards                                 | Yes*                       | 3.63                               | 1. Connection Application           | 2. Plan Approval |
|  | ECO School District Housing                | Residential               | 37                                 | Edwards                                 | Yes                        |                                    | 6. Ability to Serve Letter          | 2. Plan Approval |
|  | Edwards River Park PUD                     | Mixed Use                 | 440+com                            | Edwards                                 | No                         | 70.2                               | 3. Cond. Capacity                   | 0. Conceptual    |
|  | Fox Hollow Amended PUD                     | Mixed Use                 | 108                                | Edwards                                 | No                         | 14                                 | 6. Ability to Serve Letter          | 2. Plan Approval |
|  | Frontgate (CO World Resorts)               | Mixed Use                 | 84                                 | Avon                                    | No                         | 2.6                                | 6. Ability to Serve Letter          | 2. Plan Approval |
|  | Kudel Parcel                               | Residential               | 4                                  | Edwards                                 | No                         | 2.4                                | 6. Ability to Serve Letter          | 2. Plan Approval |
|  | Margaux PUD                                | Residential               | 32                                 | Edwards                                 | No                         | 3.56                               | 3. Cond. Capacity                   | 0. Conceptual    |
|  | Maverik Gas Station                        | Commercial                | 2.6                                | Traer                                   | Yes                        |                                    | 6. Ability to Serve Letter          | 2. Plan Approval |
|  | McGrady Acres                              | Residential               | 24                                 | Avon                                    | Yes                        |                                    | 6. Ability to Serve Letter          | 2. Plan Approval |
|  | Mountain Hive                              | Residential               | 110.5                              | Edwards                                 | No                         | 14.1                               | 2. Water Analysis                   | 0. Conceptual    |
|  | NorthStar PUD Amendment                    | Commercial                | TBD                                | Edwards                                 | No                         | 3.7                                | 6. Ability to Serve Letter          | 2. Plan Approval |
|  | Prime West                                 | Residential               | 241                                | Traer                                   | Yes                        |                                    | 1. Connection Application           | 0. Conceptual    |
|  | Riverfront Lot 1                           | Residential               | 53                                 | Avon                                    | Yes                        |                                    | N/A                                 | 2. Plan Approval |
|  | Riverwalk PUD Amendment                    | Residential               | 18                                 | Edwards                                 | No                         | 1.8                                | 6. Ability to Serve Letter          | N/A              |
|  | Stolport Restaurant (Traer Tract J)        | Commercial                | TBD                                | Traer                                   | Yes                        |                                    | 6. Ability to Serve Letter          | 1. Plan Review   |
|  | Swift Gulch                                | Residential               | 42                                 | Avon                                    | Yes                        |                                    | 1. Connection Application           | 0. Conceptual    |
|  | Tract Y- Metcalf Road                      | Residential               | 53                                 | Avon                                    | Yes                        |                                    | 1. Connection Application           | 1. Plan Review   |
|  | Vogelman Parcel (Carwash)                  | Mixed Use                 | 1.5                                | Edwards                                 | No                         | 1.1-2.6                            | 2. Water Analysis                   | 1. Plan Review   |
|  | Warner Building 2 Conversion               | Residential               | 13.25                              | Eagle-Vail                              | No                         | 0.07                               | 3. Cond. Capacity                   | N/A              |
|  | West End PUD Amendment                     | Residential               | 275                                | Edwards                                 | Yes                        |                                    | 3. Cond. Capacity                   | 1. Plan Review   |
|  | <b>Projects Completing Warranty Period</b> |                           |                                    |   |                            |                                    |                                     |                  |
| 185 Elk Tract, Piedmont Apartments, Riverfront Village, Stillwater |  |                           |                                    |   |                            |                                    |                                     |                  |
|  | Construction Approval Process Steps:       | 0. Conceptual             | 1. Plan Review                     | 2. Plan Approval                        | 3. Acceptance              | 4. Warranty Period                 | 5. Final Acceptance                 |                  |
|  | Development Approval Process Steps:        | 1. Connection Application | 2. Water Demand Worksheet Analysis | 3. Conditional Capacity to Serve Letter | 4. Water Rights Allocation | 5. Water Service Agreement         | 6. Ability to Serve Letter          |                  |



## BOARD COMMITTEES

### DISTRICT

|                                   |  |
|-----------------------------------|--|
| <i>Audit/Budget</i>               | Dick Cleveland<br>Steve Coyer            |
| <i>Employee Housing</i>           | Steve Coyer<br>Rick Pylman               |
| <i>Retirement Plans</i>           | Bob Warner<br>Siri Roman<br>David Norris |
| <i>Organizational Development</i> | Bob Warner<br>Dick Cleveland             |
| <i>Water Quality</i>              | Sarah Smith Hymes<br>Timm Paxson         |

### AUTHORITY

|                     |                                |
|---------------------|--------------------------------|
| <i>Audit/Budget</i> | Geoff Dreyer<br>George Gregory |
|---------------------|--------------------------------|

### JOINT

|                              |  |
|------------------------------|--|
| <i>Rules and Regulations</i> | Kim Bell Williams (A)<br>Bob Warner (D)  |
| <i>Water Conservation</i>    | Mike Trueblood (A)<br>Tamra Underwood (A)<br>Kate Burchenal (D)<br>Steve Coyer (D) |

(A) = Authority, (D) = District



**UPPER EAGLE REGIONAL  
WATER AUTHORITY**

**GOVERNED BY:**

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

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The Town of Avon

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

**TO:** Board of Directors  
**FROM:** Brian Thompson, Government Affairs Administrator  
**DATE:** June 16, 2023  
**RE:** Summary of Authority’s May 25, 2023, Board Meeting

The following is a summary of items discussed at the Authority’s May 25, 2023, board meeting.

Directors present and acting were Chair George Gregory, Secretary Kim Bell Williams, Treasurer Geoff Dreyer, Kevin Hillgren, Mike Trueblood, and Tamra Underwood.

- Potential Conflicts of Interests** Kathryn Winn recommended that directors complete a Potential Conflict of Interest Questionnaire annually. Disclosures will continue to be posted in meeting minutes.
- Public comment** Joanna Kerwin expressed concern about removing grass using herbicides. The joint board Water Conservation Committee will review the lawn transformation program and provide recommendations to the full board at the June 22 meeting.
- Revised Regular Meeting Schedule** The board approved eliminating regular meetings scheduled for Nov. 17 and Dec. 21, 2023, and replacing with one meeting on Dec. 7.
- No-Fault Damages Program Resolution** The board finalized the no-fault damages program with added language clarifying that the program will be used to cover the gap between insurance limits and restoration costs. The program will not refund homeowners for insurance deductibles.
- Eagle Park Reservoir Company** The board appointed Geoff Dreyer to serve as the Authority representative on the Eagle Park Reservoir Company board of directors for the next year.
- Disconnection of Service Policy** David Norris said accounts with unpaid large balances for more than 90 days will be disconnected unless customers set up a payment plan. This policy is included in the Rules & Regulations.
- Reservoir Storage** Eagle Park Reservoir is about 60% filled since pumping began on May 4. Black Lakes are also on track to fill.
- Water Main Repair** Niko Nemcanin reported on a water main repair in Cordillera. Field operations staff completed the repairs in-house without any service disruptions.
- Regulation 93** Leah Cribari said Eagle River Segment 9c will be listed on the 303(d) List of Impaired Waters due to occurrences of water temperatures being higher than the standard in two years out of four. The implications of a 303(d) listing for temperature have yet to be determined.
- Construction cost and market update** Jeff Schneider said local construction costs have nearly doubled since 2020, which will continue to impact upcoming capital projects and master planning.
- Legislative Updates** Kathryn Winn and Kristin Moseley reported on three relevant bills that passed during the 2023 legislative session: SB 23-295, SB 23-286, and SB 23-303.



## BOARD ACTION REQUEST

**TO:** Board of Directors

**FROM:** Tom Borawski, Human Resources Manager  
Ali Kelkenberg, Human Resources Supervisor

**DATE:** June 14, 2023

**RE:** 2023 Spring compensation analysis

**Summary:** This memo summarizes the 2023 market analysis, continuing the District's classification and compensation strategy. This memo is intended to ensure that the Board remains aware of the compensation adjustments made following CPS HR's study.

### Compensation Strategy

In 2022, we reset our compensation and classification structure with a comprehensive study led by CPS HR. In addition to staff time, the contract cost the District \$187,230, and led to the following changes:

1. Broadening the district's narrow classification system from 114 classifications to 73 classifications.
2. Thoroughly revising and reviewing classification specifications to update minimum qualifications, knowledge, skills, abilities, and role functions.
3. Implementing 41 new pay grades and matching classifications to the pay grades based on 2022 market environments.
4. Transitioning 15 classifications from FLSA non-exempt to FLSA exempt
5. Adopting a Cost-of-Living Adjustment (COLA) Policy based on the Employment Cost Index (ECI), which reflects changes in labor costs over time.
6. Setting wages at the 70th percentile of market.

The results of the 2022 classification and compensation study are representative of a specific moment in time and require annual evaluation to ensure that the compensation system and wages are not falling behind the market. To best position ourselves for this recurring in-depth analysis, the recruitment, employee relations, and benefits side of Human Resources all obtained the Economic Research Institute's Compensation Analyst Credential (CAC) in 2022. The overall intent of the district's compensation strategy is to keep wages in line with market trends, inflationary trends, and local recruiting challenges. The following sections summarize the 2023 Market Analysis and resulting actions.

### Classification Processes

Ongoing maintenance of the newly created classification system is critical when matching our classifications to labor market comparators. To maintain this classification system, processes have been implemented and streamlined to create new classification specifications or update existing classification specifications as needed. By using our new Microsoft Forms on SharePoint, leaders may now request new classifications or request updates to current classifications.



Classification Specifications Update Form



Classification Specifications Creation Form

Each change requested is then analyzed by Human Resources to ensure that new duties do not fit within existing classifications or that new duties still fit within the core of the current classification. For new classification specifications, a market analysis is conducted to determine the correct pay grade for the role. For updates to existing classifications, a market analysis is conducted to ensure that significant increases in responsibility are reflected in the pay grade of the role.

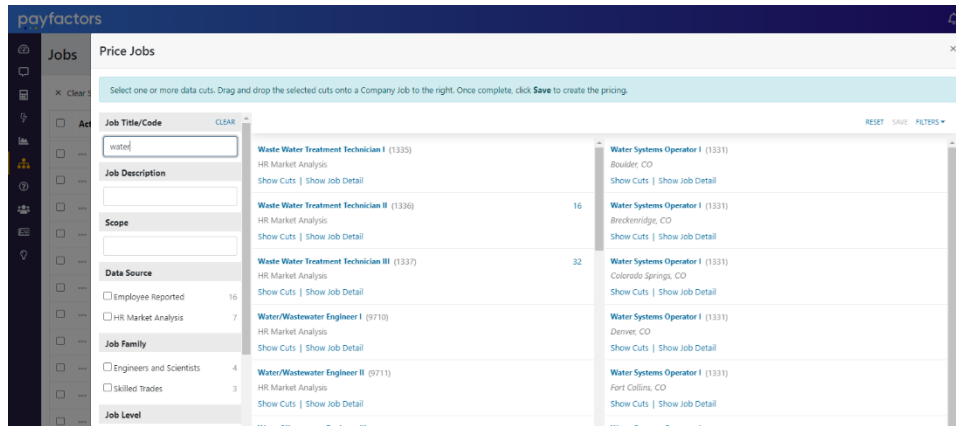
**Market Analysis Methodology**

For the 2023 market analysis, Payfactors was used as the primary source of information for gathering 2023 market rates for classifications. Payfactors compiles compensation data from over 10,000 organizations nationwide, including organizations in ski resort communities.

Within Payfactors, our classifications are priced through an extensive job matching process where we find similar jobs in comparable labor markets. Once job matches are determined, wages from different labor markets are evaluated at the median of the 75<sup>th</sup> percentile to determine the percent difference between 2023 ERWSD wages and 2023 prevailing wages. In this analysis, wages were set at the 75th percentile to market versus the 70<sup>th</sup> percentile, to align to other local practices. For comparison, the Town of Vail’s 2022 classification and compensation study, which was implemented earlier this year, included high cost of living areas in Hawaii and California and their market position was set at the 75th percentile. See below for details on each step in the district’s market analysis process.

**Job Matching Process**

As mentioned in the Classification Processes section of this memo, accurate job matching is critical to determining current market rates for each role. Once current classifications were verified as still relevant, summaries of District classifications were matched to the closest job available within Payfactors. Payfactors contains jobs from over 10,000 organizations nationwide.



The criteria used to facilitate job matches focused on core duties, minimum qualifications, complexity of our system, and the subsequent broad scope of duties.

Each match was evaluated and signed off on by two members of the HR team to ensure accuracy. In rare circumstances, a blend of two potential matches was used to account for the unique aspects of our classifications. Some classifications did not have an industry match (government, utility, etc.) and this was considered in the overall analysis and recommendations.

**Labor Market Analysis**

Once a job match was made, that’s job’s rate of pay was analyzed in eight (8) labor markets for completion of the analysis.

The following labor markets were considered as potential matches, comprised of mountain towns due to their similar, unique challenges and the front range since we do lose staff to front range competitors:

- |    |               |    |               |
|----|---------------|----|---------------|
| a. | Aspen         | j. | Mammoth Lakes |
| b. | Boise         | k. | McCall        |
| c. | Boulder       | l. | Park City     |
| d. | Bozeman       | m. | Stowe         |
| e. | Breckenridge  | n. | Tahoe         |
| f. | Crested Butte | o. | Telluride     |
| g. | Denver        | p. | Vail          |
| h. | Fort Collins  | q. | Whistler      |
| i. | Jackson       |    |               |

Out of the list above, the following labor markets were selected to use: Boulder, Breckenridge, Colorado Springs, Denver, Fort Collins, Park City, and Vail.

### Overall Analysis

By assessing the wage differences between classifications, it was determined that on average, current District wages are paid approximately 3.6% under market. The vast majority of District classifications are below the market rate.

### Results

Based on the current market evaluation, our pay grades remain under market. Following the current structure set by CPS HR and after assessing the District's overall comparison to market, we are implementing the following changes:

1. Move all classifications up one paygrade (5% increase).
  - a. Example: classifications currently in grade 111 will move to 112.
  - b. Salaries will not be adjusted unless they meet the criteria defined in points two and three below.
2. Any employees below the new minimum will be adjusted to the new minimum of range.
3. Salary compression will be addressed to ensure that the same pay distance is maintained between employees after adjusting employees to the new minimum.

Making these changes all fit within current budgeted funds and will be critical to meeting the demand of hiring for our hard to fill roles and retaining our tenured employees. To honor the District's commitment to market wages, there will be an annual market analysis performed, where a larger classification and compensation analysis will be suggested every 3-4 years as part of a budget request to ensure alignment with market trends.



## MEMORANDUM

**TO:** Board of Directors  
**FROM:** David Norris, Director of Business Administration  
**DATE:** June 23, 2023  
**RE:** Housing Program Update

The District has a robust housing program focused on employee recruitment and retention. All District employees can participate in the Housing Program in one of three ways:

- Renting a District-owned unit at a discounted rate.
- Down payment assistance for purchase of a free-market unit using the Employee Home Ownership Program (EHOP).
- Monthly housing stipend for those living in Eagle and neighboring counties.

All Housing Program benefits are unique to the employee's needs but are comparable in benefit.

Historically, determining rental rates was inconsistent. Recently, the intent has been to anchor rental rates to 80% of a defined *affordable* market in our area that is based on data and a repeatable methodology. Current rental rates are on average 32% lower than this target.

*Open* market rental rates in the area are averaging a 51% increase year over year.

To strengthen the overall program and be open and transparent about setting rental rates, staff is seeking guidance on the direction of rental rates and the stipend.

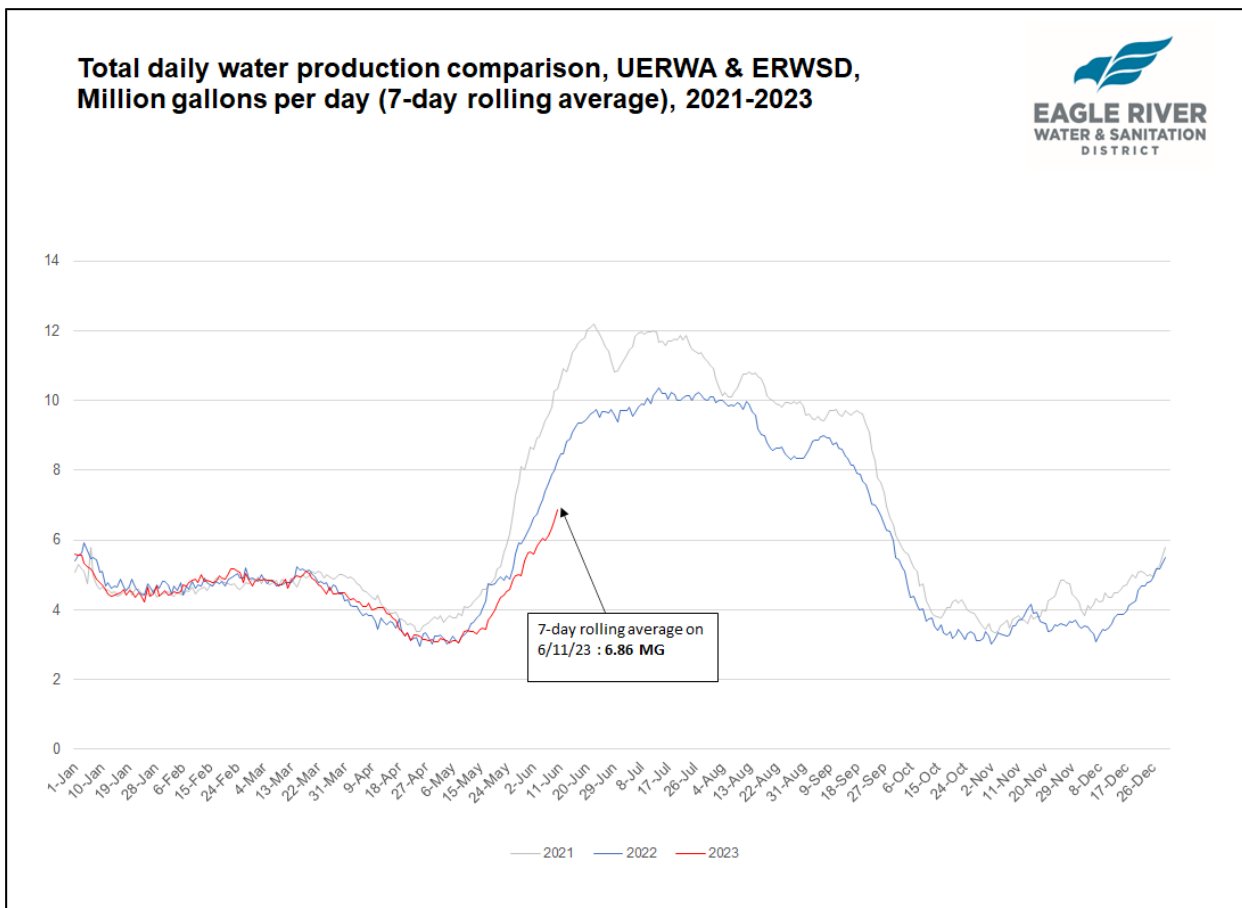


### OPERATIONS MONTHLY REPORT June 2023

## WATER

Brad Zachman

The system-wide water production comparison was updated through Jun 11. System production has increased due to the start of the outdoor irrigation season. The cool and wet spring has kept demand lower compared to the previous two years.

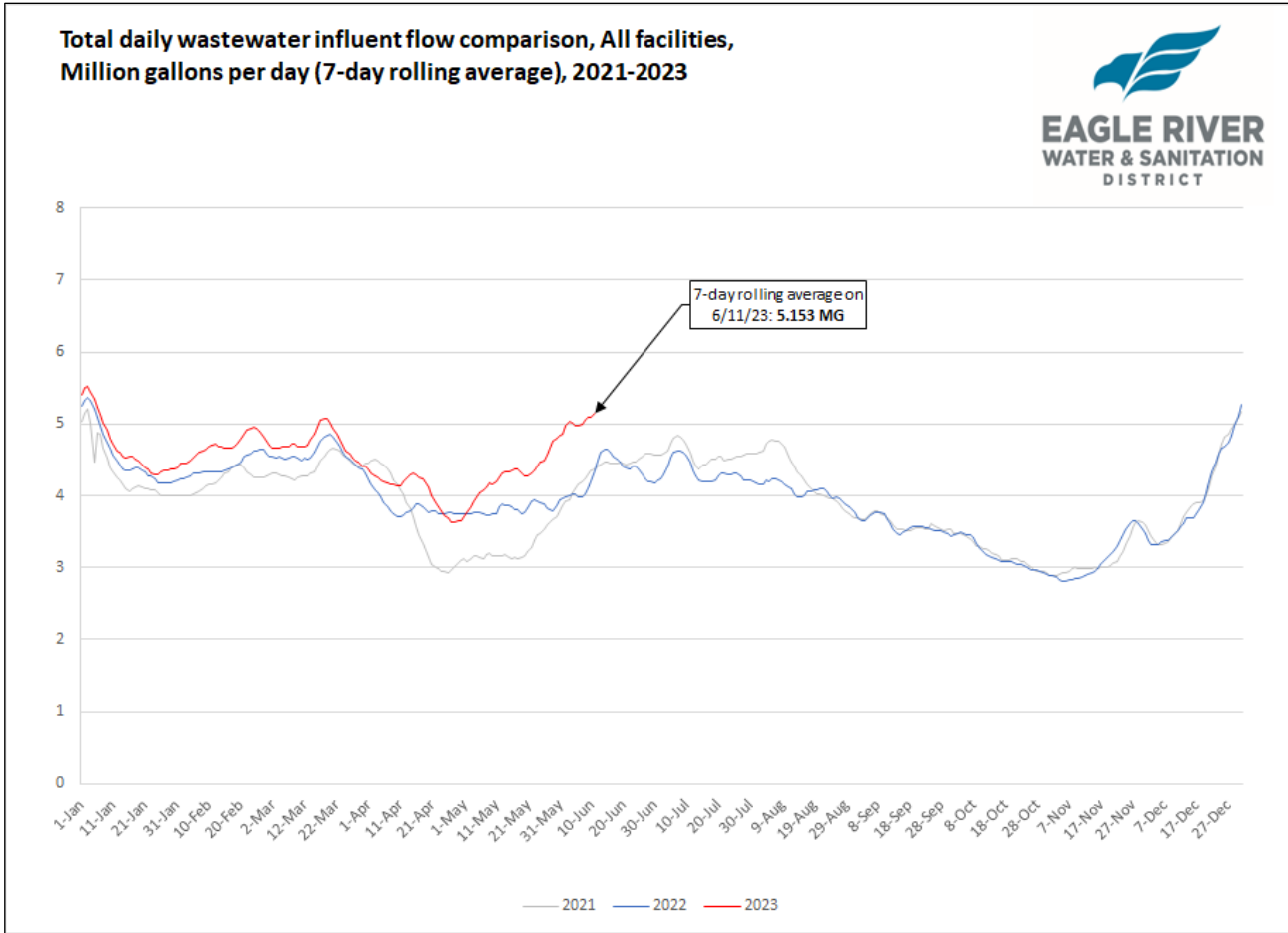


## WASTEWATER

Brad Zachman

Cumulative influent wastewater flow has increased due to inflow and infiltration (I&I) during spring runoff. The flow is higher compared to previous years due to the sustained high runoff flow.





**LABORATORY & WATER QUALITY**

Leah Cribari

The annual Discharge Monitoring Report Quality Assurance (DMR-QA) study for 2023 began May 19. DMR-QA is a requirement of the National Pollutant Discharge Elimination System permit. Each year, blind proficiency tests must be performed by laboratories that self-perform tests for permitted analytes.



*DMR-QA Proficiency Testing*

## FIELD OPERATIONS

Niko Nemcanin

On Jun. 10, Field Operations staff received a report of a sanitary sewer overflow (SSO) at a sewer manhole in East Vail. Field Operations crews arrived onsite, verified the overflow, successfully dislodged the blockage, and stopped the overflow within 1.5 hours. The cause of the SSO was a verified blockage in the collection main due to tree roots. Field Operations staff are scheduled to video-inspect the collection main on Jun. 16 to verify that there are no additional obstructions in the pipe or pipe damage that may have also contributed to the overflow. The SSO occurred at a manhole location adjacent to Gore Creek. However, the overflow did not discharge directly to Gore Creek; it ran into a ditch that fills a private pond that indirectly overflows into Gore Creek. The total estimated volume released during the SSO event was 70,000 gallons. Bacteriological samples that were collected at the time of the spill (on Jun. 10) and two days later (on Jun. 12) confirm that the impacts to surface waters are minimal and have been successfully mitigated. The SSO was reported to CDPHE on the afternoon of Jun. 10, shortly after the SSO was verified, and the required 5-day Spill Report was submitted on Jun. 14.



*Surcharging Manhole (Jun. 10)*



*Root Removal (Jun. 10)*



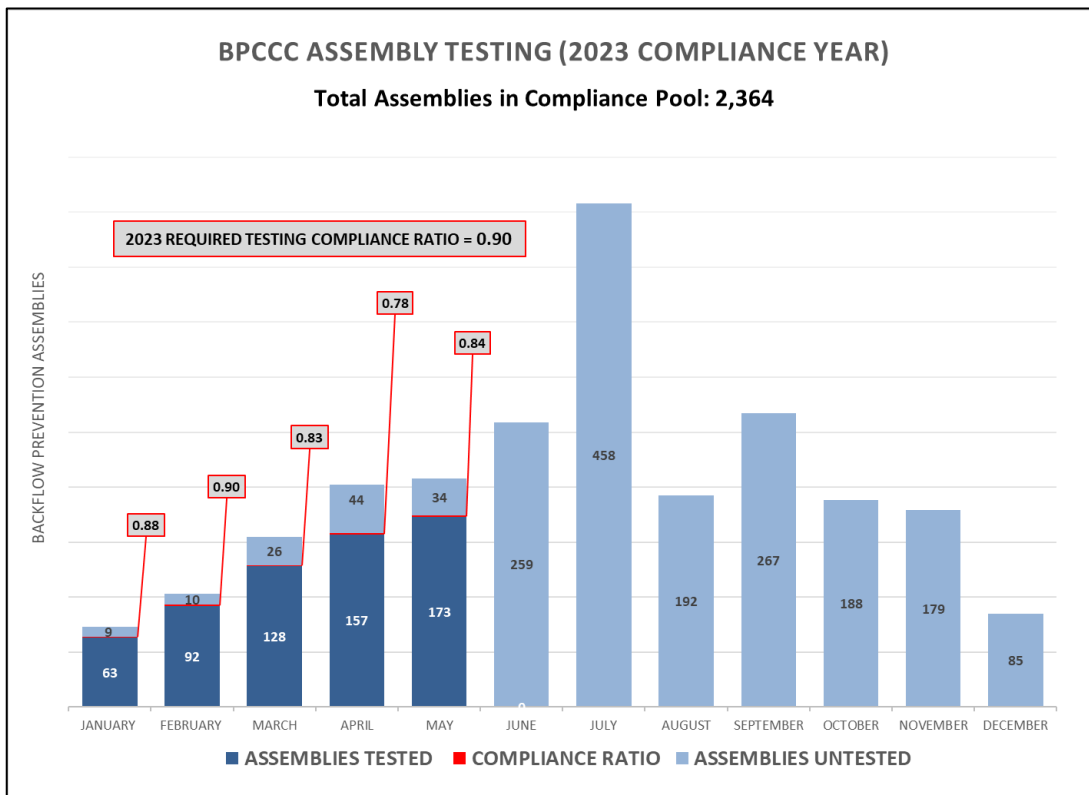
Water Quality Sampling After the SSO (Jun. 12)

UTILITY SERVICES

Shane Swartwout

**BPCCC Program**

After months of testing, the new BPCCC data management solution (Swift Comply) will go live in late-June. The all-in-one compliance management software provides real-time compliance tracking and automated customer notification, which will drastically reduce the amount of time needed for staff to manually complete these tasks. An online compliance portal will also be launched that will allow local testers to self-submit test reports electronically. This will be a more efficient and accurate way to submit test reports (>3,000 annually) that will benefit both staff and local testers.



## Meter Services

Meter services technicians are currently focusing their efforts on meter replacement and AMI conversion in the Authority's service area. As more meters are converted to AMI, the team is steadily increasing the read rate (collected read versus missed read), which reduces the number of estimated reads each month. A progress report is provided below.

|   |              |              |              |
|---|--------------|--------------|--------------|
| Report Date:  | 6/12/2023    |              |              |
| <b>AMI SYSTEM STATUS</b>  | <b>ERWSD</b> | <b>UERWA</b> | <b>TOTAL</b> |
| (1) Total No. of Meters   | 3200         | 6840         | 10040        |
| (2) No. of AMI Meters   | 3200         | 6042         | 9242         |
| (3) System Percentage of AMI Meters   | 100%         | 88%          | 94%          |
| Meters Remaining to Reach 100% AMI  | <b>0</b>     | <b>798</b>   | <b>798</b>   |
| <i>Meter Services – Advanced Metering Infrastructure (AMI) Status (Updated 6-12-2023)</i> |              |              |              |

## Fleet and Facilities

The Fleet and Facilities team is planning software and hardware upgrades to the existing Verizon Connect fleet tracking system. The new, user-friendly platform will provide near real-time tracking of vehicle operations and fuel usage. Staff is working with the vendor to coordinate the replacement of the GPS tracking device in each of the 84 service vehicles in the fleet.

### ENGINEERING

Jeff Schneider

## WATER PROJECTS

### Fenno Wellhouse and Raw Water Conveyance

Jeff Schneider/Carter Keller

General Project Scope: The project includes a complete replacement of a treatment facility in Cordillera that treats water from seven groundwater wells. The previous facility did not meet electrical code, had safety concerns, and was generally at the end of its useful life. The new treatment facility was completed in 2022. The current focus of this project is to assess and rehabilitate the aging wells and raw water conveyance pipe that serve the new facility.

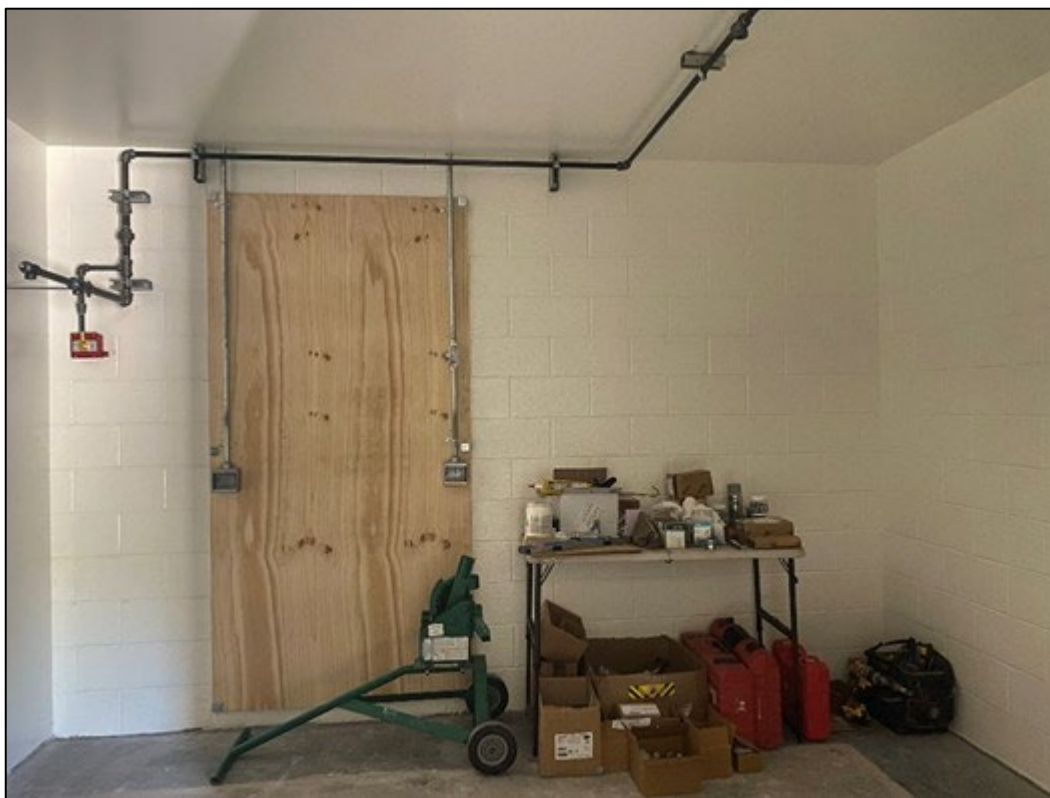
Project Update: The well contractor installed a new pump and motor for well F6 on May 31 and the equipment is currently being tested. The next well assessment is scheduled at well F1 and the remaining well assessments will occur later this summer. The team is continuing to work through some challenging access issues at well F7.

## Avon Drinking Water Facility (ADWF) PLC Upgrades

Jenna Beairsto

General Project Scope: This project includes replacement of the programmable logic controllers (PLCs) at ADWF. Additionally, a new server room will be constructed within the facility. All existing programming and PLC logic will be reverse-engineered and updated to meet current District standards.

Project Update: Construction of the new server room is complete. Installations of the fire suppression system and electrical systems are underway. Flooring and HVAC installation will begin in late-June. Roof replacement work is scheduled to begin in July. Control philosophy review and factory acceptance testing (FAT) of the new PLCs is ongoing.



*Installation of Fire Suppression and Electrical Systems in New Server Room*

## Water Production and Treatment Masterplan

Jenna Beairsto

General Project Scope: The masterplan will be a wholistic look at all production and treatment facilities system-wide including treatment plants and wells. The goal is to identify future capital project priorities. The project will include a detailed condition assessment of existing assets and will evaluate treatment and production threats from climate change, low stream flows, wildfires, etc.

Project Update: A summary of potential capital improvement projects was presented to staff for review and comment. Drafts of the initial chapters of the summary report are under development and are expected to be submitted to the District for review in late-June.

**Arrowhead Transmission Main and Valve Vault**

Mark Mantua

General Project Scope: This project includes replacement of approximately 2,200 linear feet of 16-inch diameter water main from roughly the base of Arrowhead Mountain to Arrowhead Tank 1. The existing pipe is badly corroded. The project also includes installation of a new valve control vault that will help optimize tank filling and balance tank levels in the low-pressure zone.

Project Update: The construction plans have been finalized and permitting is complete. Staff is continuing to work with Vail Resorts to secure easements. The team anticipates that the project will be advertised for bid in the fall.

**North Frontage Road Watermain Improvements**

Jeff Schneider

General Project Scope: This project involves construction of approximately 700 linear feet of 10-inch diameter water main from the Residences at Main Gore (near the main Vail roundabout) to the culvert crossing at Middle Creek.

Project Update: A notice-to-proceed was issued on May 16. Contractor mobilization is scheduled for early August.

**Wildridge BPS, PRV, and Tank Improvements**

Carter Keller

General Project Scope: This project addresses high priority recommendations from the 2020 Distribution System Master Plan and involves improvements to the pumping, storage, and pressure regulating facilities in the Wildridge service area. The scope includes mechanical, electrical, structural, architectural, and electrical improvements at multiple sites, including installation of an on-site emergency generator at Wildridge Booster Pump Station 1.

Project Update: A notice-of-award was issued and a construction contract is currently being finalized. Construction work is expected to begin this summer.

**WASTEWATER PROJECTS**

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**Avon Wastewater Treatment Facility (AWW) Nutrient Upgrades** Jeff Schneider/Jenna Bearsto

General Project Scope: The AWW requires upgrades to meet Regulation 85, which requires a reduction of the concentrations of nitrogen and phosphorus in the effluent. The scope of this project includes: addition of 0.6 million gallons of aeration basin capacity, installation of a new secondary clarifier, structural modifications to the existing aeration basins to remove the existing double-tees and replace with a building structure, installation of a new odor control study and system, and other improvements throughout the facility. This project also includes improvements identified in a 2017 condition assessment in process areas throughout the facility.

Project Update: A substantial completion walk-through was held on Jun. 7 for many of the remaining project scope areas, including aeration basins, secondary clarifiers, and select pipe and pump galleries. This milestone means that a majority of the original project scope is complete. Valve coating warranty work in Aeration Basin 1 has been completed and similar work will occur in Aeration Basin 2 in late-June. The roofing work above the blower room is complete and crews have started working on other areas of the facility, including the administration building. The painting crews began work on Secondary Clarifier 1 the week of Jun. 5. Exterior civil work continues, including concrete placement on the north side of the aeration basins and final grading and paving of the entire site. Landscapers have mobilized to the site and have started irrigation and landscaping work.



*Sandblasting Secondary Clarifier*



*Roof Replacement – Existing Secondary Clarifier Building*



*Asphalt Paving – North Side of Site*



## Dowd Junction Collection System Improvements

Jenna Beirsto

General Project Scope: The project consists of four major infrastructure improvements: the aerial interceptor crossing at Dowd Junction; Lift Station 4, which conveys all of Minturn's wastewater; the aerial interceptor crossing at the Minturn Road bridge; and the force main downstream of Lift Station 4. The new infrastructure will be sized to accommodate future growth in the service area, most notably the Minturn area.

Project Update: The concrete for the lift station and the below-grade concrete damp-proofing installation was completed. Masonry work will begin the week of Jun. 19. The new force main pipe is expected to be installed up to the existing lift station and a temporary tie-in will be made to the existing lift station the week of Jun. 19. Pressure testing of the new force main pipe is scheduled for late-June. During excavation for the force main, Xcel Energy's high-pressure gas main was exposed and Xcel's crews discovered . Xcel mobilized their own construction crews to address the issue and began repair work on Jun. 12. The new trail construction will begin at the West Vail Interceptor bridge area in late-June.



*Below-grade Concrete at the New Lift Station*



*Force Main Installation and Backfill (Southeast of the I-70 Bridge)*

### **Avon Lab Improvements**

Carter Keller

General Project Scope: The overall objective of this project is to install a new inductively coupled plasma mass spectrometer (ICP-MS) in the lab at the Avon Wastewater Facility. The new instrument will enable District staff to perform metals analyses in-house. Lab and architectural modifications will be completed, including installation of a new gas cabinet, duct chase, and fume hood. Additionally, the makeup air unit (MAU) that serves the lab and the HVAC system for the lab and lab offices will be replaced.

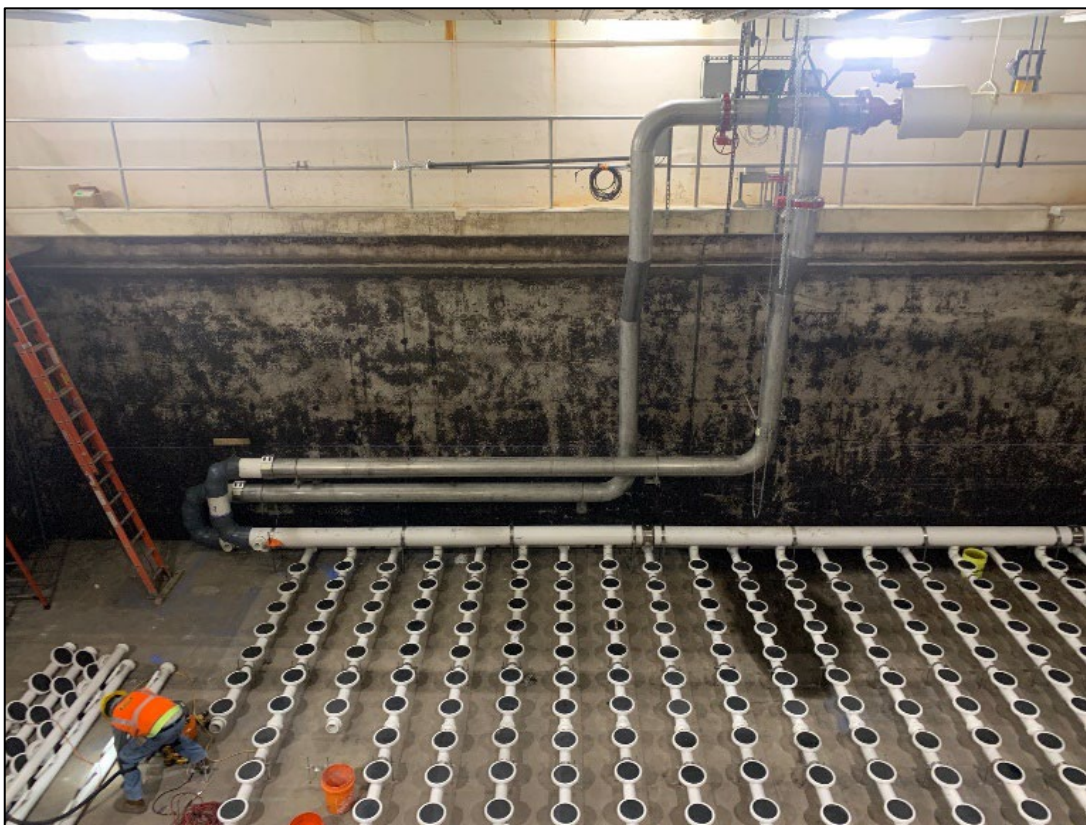
Project Update: The roof membrane installation was completed the week of Jun. 5. Sheetrock installation, taping, and painting work is currently underway in the Lab and adjacent areas. The new fume hood and base cabinets have shipped and are scheduled to be delivered by late-June.

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

Mark Mantua

General Project Scope: A condition assessment of the VWW was conducted as part of the 2017 wastewater masterplan. The assessment identified several critical upgrades that are required to keep the facility in reliable and operable condition. The scope of this project includes installation of a new, larger diesel generator, structural repairs in the aeration basin, equalization, and clarifier rooms, replacement of the aging ultraviolet (UV) system, and construction and installation of an external facility bypass.

Project Update: The old aeration basin diffusers were demolished and the new diffusers are currently being installed. The contractor is continuing to install the sanitary sewer bypass pipe and new Parshall flume on the south side of the facility. District operators completed a second wastewater bypass test to verify collection system capacity. A third follow-up test is scheduled for later this year. The contractor completed repairs to the existing expansion joint on the parking deck. Demolition and replacement of the office entry front plaza has begun. Installation of the new concrete at the front entry plaza is expected to be completed in July.



*Installation of New Aeration Basin Diffusers*

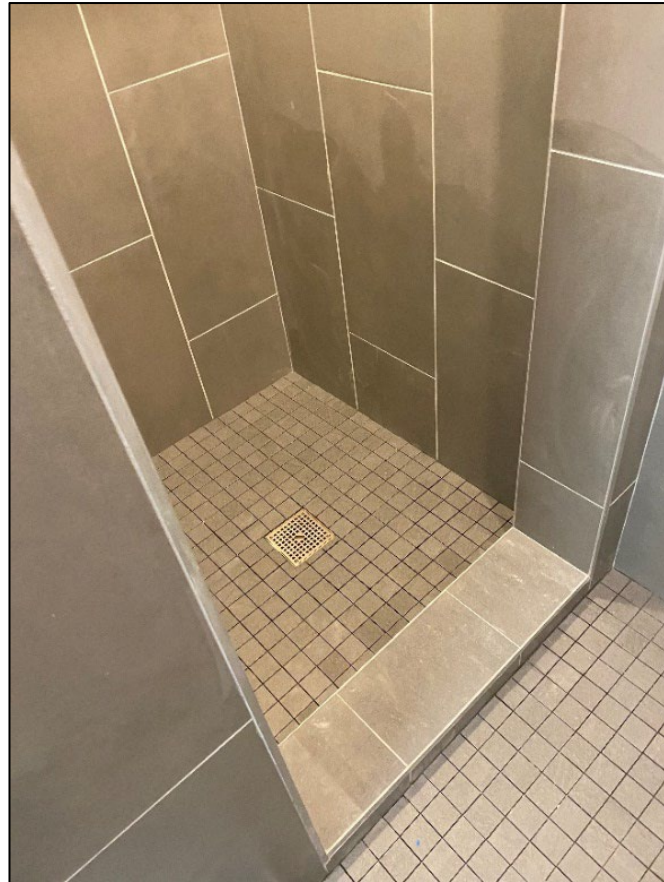
## **GENERAL CAPITAL**

### **Vail Administration Bathroom Renovations**

Jenna Beirsto

General Project Scope: The District will be renovating all six of the restrooms at the Vail Administration Building. The project focuses on replacing existing fixtures with high efficiency, low-flow devices. The work will be phased to keep restrooms open for people working out of the facilities.

Project Update: The contractor completed tile installation in the first four bathrooms. Toilet partitions are currently being installed. Bathroom fixture installation and final finishes are ongoing. Upstairs restrooms are scheduled to be complete by Jun. 22.



*Shower Tile Installation*



*Bathroom Cabinet Installation*

# 2022

## Consumer Confidence Report



**EAGLE RIVER**  
WATER & SANITATION  
DISTRICT



**UPPER EAGLE REGIONAL**  
WATER AUTHORITY

846 Forest Road | Vail, CO 81657  
970.476.7480 | [erwsd.org](http://erwsd.org)

ERWSD Public Water System ID #CO0119802  
UERWA Public Water System ID #CO0119786

# Clean Water. Quality Life.™

Eagle River Water & Sanitation District (ERWSD) and Upper Eagle Regional Water Authority (UERWA) are pleased to present this combined Consumer Confidence Report, which details the quality water and services we deliver to you every day. Our constant goal is to provide you with a safe and dependable supply of drinking water. ERWSD's and UERWA's drinking water meets or surpasses all federal and state drinking water standards.

ERWSD's water service area is Vail and Wolcott. ERWSD also operates and maintains, by contract, the UERWA public water system, which provides water service to Arrowhead, Avon, Bachelor Gulch, Beaver Creek, Berry Creek, Cordillera, EagleVail, and Edwards. There are 18 groundwater wells and three surface water treatment facilities in the ERWSD and UERWA public water systems that have a combined production capacity of nearly 28 million gallons of drinking water per day. The ERWSD and UERWA water systems are interconnected, which allows water to be produced from and delivered to either system. Because you may receive drinking water from either system, please review both water quality data tables within this report. This report is also available online at [erwsd.org](http://erwsd.org).

It is important that our valued customers be informed about their water utility. Please contact the Customer Service department at **(970) 477-5451** with questions about this report or to schedule a tour of our facilities.



## What's in your water before we treat it?

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity. Contaminants that may be present in source water include:

**Microbial contaminants**, such as viruses and bacteria that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.

**Inorganic contaminants**, such as salts and metals, which can be naturally-occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining, or farming.

**Pesticides and herbicides** that may come from a variety of sources, such as agriculture, urban stormwater runoff, and residential uses.

**Organic chemical contaminants**, including synthetic and volatile organic chemicals, which are byproducts of

industrial processes and petroleum production, and also may come from gas stations, urban stormwater runoff, and septic systems.

**Radioactive contaminants** that can be naturally occurring or be the result of oil and gas production and mining activities.

In order to ensure that tap water is safe to drink, the U.S. Environmental Protection Agency (EPA) and the Colorado Department of Public Health and Environment (CDPHE) prescribe regulations limiting the amount of certain contaminants in water provided by public water systems. The U.S. Food and Drug Administration regulations establish limits for contaminants in bottled water that must provide the same protection for public health.

Our facilities are designed to treat for known contaminants in our watershed and to meet or surpass federal and state requirements. Please contact the Customer Service department at (970) 477-5451 to learn more about our water supply system or with questions about any of the information presented.

## Important Health Information

Some people may be more vulnerable to contaminants in drinking water than the general population.

Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. For more information about contaminants and potential health effects, or to receive a copy of the EPA and the U.S. Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by Cryptosporidium and microbiological contaminants, call the EPA Safe Drinking Water Hotline at (1-800-426-4791).

All drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that the water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the EPA's Safe Drinking Water Hotline (1-800-426-4791) or by visiting [epa.gov/ground-water-and-drinking-water](https://epa.gov/ground-water-and-drinking-water).

Lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. ERWSD and UERWA are responsible for providing high quality drinking water and removing lead pipes, but cannot control the variety of materials used in plumbing components in your home. You share the responsibility for protecting yourself and your family from the lead in your home plumbing. You can take responsibility by identifying and removing lead materials within your home plumbing and taking steps to reduce your family's risk. Before drinking tap water, flush your pipes for several minutes by running your tap, taking a shower, doing laundry or a load of dishes. You can also use a filter certified by an American National Standards Institute accredited certifier to reduce lead in drinking water. If you are concerned about lead in your water and wish to have your water tested, contact the district Customer Service department at (970) 477-5451. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available at [epa.gov/safewater/lead](https://epa.gov/safewater/lead).

## Source Water Assessment & Protection

ERWSD and UERWA continuously monitor our water sources and are committed to delivering finished drinking water of the highest quality.

The **ERWSD** source water area includes one surface water treatment facility and seven groundwater wells, and the **UERWA** source water area includes two surface water treatment facilities and 11 groundwater wells. Potential sources of contamination in our source water area include: above ground, underground, and leaking storage tank sites; existing/abandoned mine sites; EPA hazardous waste generators; EPA superfund sites; EPA abandoned contaminated sites; EPA chemical inventory/storage sites, permitted wastewater discharge sites; high and low intensity residential; commercial/industrial/transportation; pasture/hay; septic systems; road miles; other facilities; row crops; urban recreational grasses; quarries/strip mines/gravel pits; and deciduous, evergreen, and mixed forests.

A source water assessment has been completed by the State of Colorado. Consumers can obtain a copy of this assessment by going to the state's Source Water Assessment and Protection website at: <https://cdphe.colorado.gov/swap-assessment-phase> or by contacting the Customer Service department at (970) 477-5451. The Source Water Assessment Report provides a screening-level evaluation of potential contamination that **could** occur. It does not mean that the contamination **has or will** occur. We can use this information to evaluate the need to improve our current water treatment capabilities and prepare for future contamination threats. This can help us ensure that quality finished water is delivered to your homes.

In 2021, ERWSD and other community stakeholders completed the Gore Creek Watershed Source Water Protection Plan (SWPP). The SWPP identified a variety of best management practices that will be implemented by stakeholders to further protect the watershed and minimize potential contaminant threats to the source water. A copy of the SWPP can be obtained by going to [www.erwsd.org](http://www.erwsd.org) or contacting the Customer Service department at (970) 477-5451.



# 2022 Water Quality Testing Results

**ERWSD** routinely monitors for contaminants in your drinking water according to federal and state laws. The table below shows all detections found in the period of **January 1 to December 31, 2022**, unless otherwise noted. All are below allowed levels and there were **no violations for the year 2022**. The table below only lists detected contaminants; those **that were tested for, but not detected**, include all synthetic organic, inorganic, and volatile organic contaminants regulated under the Safe Drinking Water Act.

The State of Colorado requires us to monitor for certain contaminants less than once per year because the concentrations of these contaminants are not expected to vary significantly from year to year, or the system is not considered vulnerable to these types of contamination. Therefore, some of our data, though representative, may be more than one year old. Also, if only one sample was required then the range and level detected will be listed with only a single value.



## TERMS & ABBREVIATIONS

**Action Level (AL):** The concentration of a contaminant, if exceeded, triggers treatment or other requirements a water system must comply with.

**Average (x-bar):** Typical value.

**Below Detection Level (BDL):** See "Non-Detects."

**Compliance Value:** Single or calculated value used to determine if regulatory contaminant level (e.g. MCL) is met. Examples of calculated values are the 90th Percentile, Running Annual Average (RAA) and Locational Running Annual Average (LRAA).

**Gross Alpha:** Gross alpha particle activity compliance value. It includes radium-226, but excludes radon 222, and uranium.

**Health-Based:** A violation of either a MCL or TT.

**Maximum Contaminant Level (MCL):** The "maximum allowed" is the highest level of a contaminant that is allowed in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology.

**Maximum Contaminant Level Goal (MCLG):** The "goal" is the level of a contaminant in drinking water, below which there is no known or expected risk to health. MCLGs allow for a margin of safety.

**Maximum Residual Disinfectant Level (MRDL):** The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

**Maximum Residual Disinfectant Level Goal (MRDLG):** The level of a drinking water disinfectant, below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.

**Nephelometric Turbidity Unit (NTU):** A measure of the clarity

of water. Turbidity in excess of five NTU is just noticeable to the average person.

**90th Percentile:** 90% of results are below this number.

**Non-Detects (ND) or Below Detection Level (BDL):** Laboratory analysis indicates that the constituent is not present (" $<$ " Symbol for less than, the same as ND or BDL).

**Non-Health-Based:** A violation that is not a MCL or TT.

**Not Applicable (N/A):** Does not apply or not available.

**Parts per million (ppm) or Milligrams per liter (mg/L):** One part per million corresponds to one minute in two years or one penny in \$10,000.

**Parts per billion (ppb) or Micrograms per liter (µg/L):** One part per billion corresponds to one minute in 2,000 years, or one penny in \$10,000,000.

**PicoCuries per Liter (pCi/L):** A measure of radioactivity in water.

**Range (R):** Lowest value to the highest value.

**Running Annual Average (RAA):** An average of monitoring results for the previous 12 calendar months. **LRAA** is a locational RAA specific to a monitoring site.

**Sample Size (n):** Number or count of values (i.e. number of water samples collected).

**Treatment Technique (TT):** A required process intended to reduce the level of a contaminant in drinking water.

**Variations and Exemptions:** State permission not to meet an MCL or a treatment technique under certain conditions.

**Violation:** Failure to meet a Colorado Primary Drinking Water Regulation.

| MICROBIOLOGICAL CONTAMINANTS                   | VIOLATION | SAMPLE FREQUENCY           | MCL OR TT REQUIREMENT  | MCLG | LEVEL DETECTED                          |  | UNITS             | LIKELY SOURCE OF CONTAMINATION       |
|--|-----------|----------------------------|--|------|---|--|-------------------|--------------------------------------|
|  |           |                            |  |      |   |  |                   |                                      |
| Total Coliform Bacteria                        | No        | Monthly                    | System collects < 40 samples: 1 positive monthly sample.   | 0    | 0                                       |  | Absent or Present | Naturally present in the environment |
| Fecal Coliform & E. Coli                       | No        | On Positive Total Coliform | A violation occurs when a routine sample and a repeat sample, in any given month, are total coliform positive, and one is also fecal coliform or E. Coli positive. | 0    | 0                                       |  | Absent or Present | Human and animal fecal waste         |
| Turbidity- Gore Valley Drinking Water Facility | No        | Continuous                 | Maximum 0.5 NTU for any single measurement.  | N/A  | Highest single measurement 0.06 (Sept.) |  | NTU               | Soil runoff                          |
|  | No        | Continuous                 | In any month, at least 95% of samples must be below 0.1 NTU.   | N/A  | 100% TT requirement met                 |  | %                 | Soil runoff                          |

| TREATMENT DISINFECTION              | VIOLATION | SAMPLE FREQUENCY | TT REQUIREMENT                      | MRDL | LEVEL DETECTED         |      |             | UNITS | SAMPLE SIZE | SOURCE                                  |
|-------------------------------------|-----------|------------------|-------------------------------------|------|------------------------|------|-------------|-------|-------------|---|
|                                     |           |                  |                                     |      | SAMPLES BELOW TT LEVEL | RAA  | RAA RANGE   |       |             |   |
| Chlorine in the distribution system | No        | Monthly          | No more than 1 sample below 0.2 ppm | 4.0  | 0                      | 1.36 | 1.35 - 1.36 | ppm   | 280/year    | Water additive used to control microbes |

| RADIONUCLIDE CONTAMINANTS | VIOLATION | SAMPLE DATE | MCL | MCLG | LEVEL DETECTED |            | UNITS | SAMPLE SIZE | LIKELY SOURCE OF CONTAMINATION |
|---------------------------|-----------|-------------|-----|------|----------------|------------|-------|-------------|--------------------------------|
|                           |           |             |     |      | AVERAGE        | RANGE      |       |             |                                |
| Gross Alpha Emitters      | No        | Nov. 2018   | 15  | 0    | 1.07           | BDL - 4.29 | pCi/L | 4           | Erosion of natural deposits    |
| Combined Uranium          | No        | Nov. 2018   | 30  | 0    | 2.0            | 1.7 - 2.4  | ppb   | 4           | Erosion of natural deposits    |

| COPPER & LEAD CONTAMINANTS | EXCEEDS AL | SAMPLE DATE      | 90TH PERCENTILE AL | MCLG | LEVEL DETECTED  |                       | UNITS | SAMPLE SIZE | LIKELY SOURCE OF CONTAMINATION                                       |
|----------------------------|------------|------------------|--------------------|------|-----------------|-----------------------|-------|-------------|--|
|                            |            |                  |                    |      | 90TH PERCENTILE | SAMPLE SITES ABOVE AL |       |             |  |
| Copper                     | No         | Jan. - Jun. 2022 | 1.3                | 1.3  | 0.53            | 0                     | ppm   | 60          | Corrosion of household plumbing systems; erosion of natural deposits |
| Lead                       | No         | Jan. - Jun. 2022 | 15                 | 0    | 3.0             | 0                     | ppb   | 60          | Corrosion of household plumbing systems; erosion of natural deposit  |

| ORGANIC & INORGANIC CONTAMINANTS | VIOLATION | SAMPLE DATE | MCL   | MCLG | LEVEL DETECTED |           | UNITS | SAMPLE SIZE | LIKELY SOURCE OF CONTAMINATION  |
|----------------------------------|-----------|-------------|---|------|----------------|-----------|-------|-------------|---|
|                                  |           |             |   |      | AVERAGE        | RANGE     |       |             |   |
| Barium                           | No        | Sept. 2022  | 2   | 2    | 0.035          | 0.035     | ppm   | 1           | Discharge of drilling wastes; discharge from metal refineries; erosion of natural deposits                                |
| Fluoride                         | No        | Sept. 2022  | 4   | 4    | 0.13           | 0.13      | ppm   | 1           | Erosion of natural deposits; water additive which promotes strong teeth; discharge from fertilizer and aluminum factories |
| Nitrate                          | No        | Sept. 2022  | 10  | 10   | 0.3            | 0.1 - 0.8 | ppm   | 6           | Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits                               |
| Sodium                           | N/A       | Sept. 2022  | N/A - Sodium has secondary standards which are non-enforceable guidelines for contaminants that may cause cosmetic or aesthetic effects, but no health effects. |      | 6.3            | 6.3       | ppm   | 1           | Erosion of natural deposits; road salt; water treatment chemicals; wastewater treatment effluents                         |

| DISINFECTION BYPRODUCT CONTAMINANTS | VIOLATION | SAMPLE FREQUENCY | MCL | MCLG | LEVEL DETECTED |             |                        | UNITS | SAMPLE SIZE | LIKELY SOURCE OF CONTAMINATION           |
|-------------------------------------|-----------|------------------|-----|------|----------------|-------------|------------------------|-------|-------------|--|
|                                     |           |                  |     |      | LRAA AVG.      | LRAA RANGE  | INDIVIDUAL SAMPLE AVG. |       |             |  |
| Total Trihalomethanes               | No        | Quarterly        | 80  | N/A  | 6.83           | 3.05 - 9.88 | 7.22                   | ppb   | 16          | Byproduct of drinking water disinfection |
| Total Haloacetic Acids              | No        | Quarterly        | 60  | N/A  | 0.75           | BDL - 2.63  | 1.24                   | ppb   | 16          | Byproduct of drinking water disinfection |



# 2022 Water Quality Testing Results

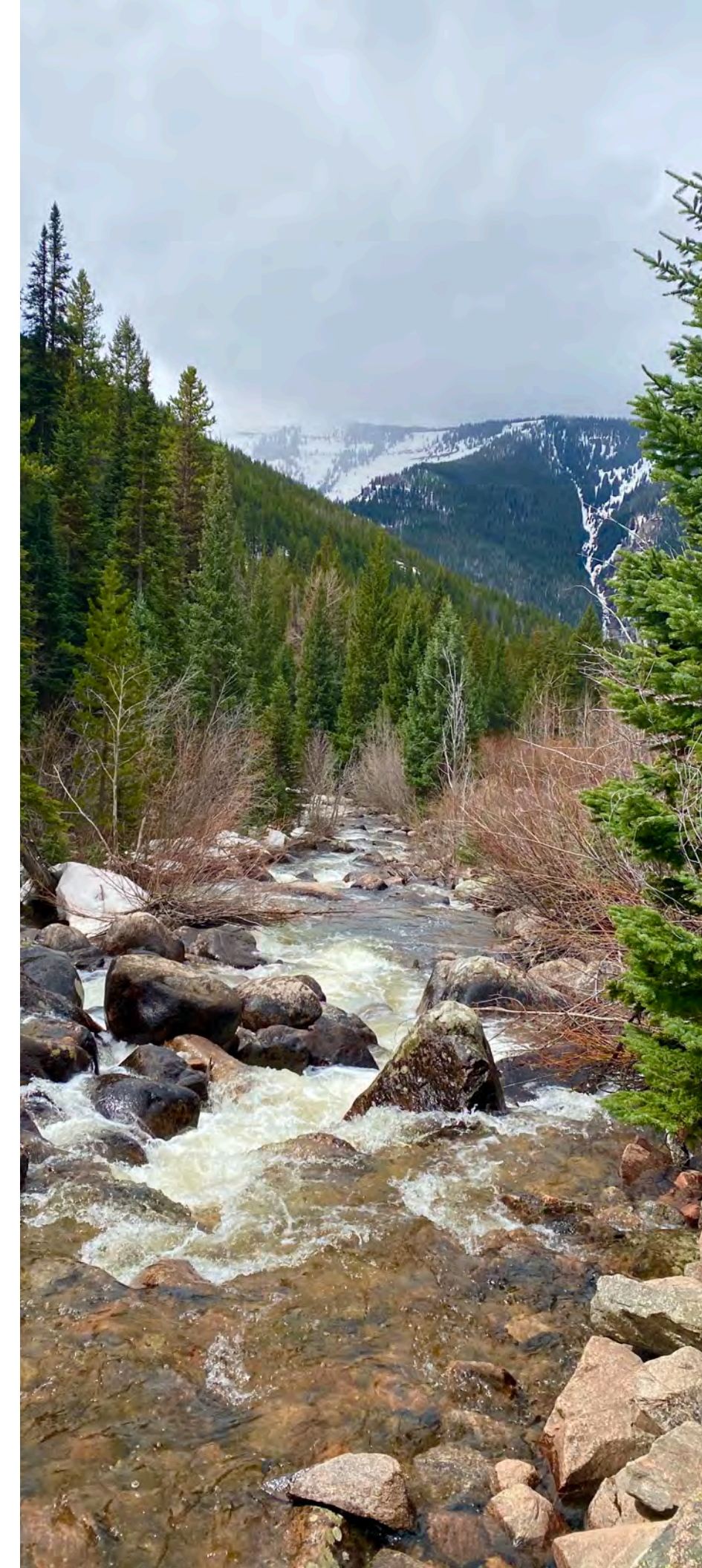
**UERWA** routinely monitors for contaminants in your drinking water according to federal and state laws. The table below show all detections found in the period of **January 1 to December 31, 2022**, unless otherwise noted. All are below allowed levels and there were **no violations for the year 2022**. The table below only lists detected contaminants; those **that were tested for, but not detected**, include all synthetic organic, inorganic, and volatile organic contaminants regulated under the Safe Drinking Water Act.

The State of Colorado requires us to monitor for certain contaminants less than once per year because the concentrations of these contaminants are not expected to vary significantly from year to year, or the system is not considered vulnerable to these types of contamination. Therefore, some of our data, though representative, may be more than one year old. Also, if only one sample was required then the range and level detected will be listed with only a single value.



| MICROBIOLOGICAL CONTAMINANTS                 | VIOLATION  | SAMPLE FREQUENCY           | MCL OR TT REQUIREMENT   |                | MCLG           | LEVEL DETECTED                               | UNITS                  | LIKELY SOURCE OF CONTAMINATION       |                                      |   |  |
|--|------------|----------------------------|---|----------------|----------------|--|------------------------|--------------------------------------|--------------------------------------|---|--|
| Total Coliform Bacteria                      | No         | Monthly                    | System collects < 40 samples: 1 positive monthly sample.  |                | 0              | 0  | Absent or Present      | Naturally present in the environment |                                      |   |  |
| Fecal Coliform & E. Coli                     | No         | On Positive Total Coliform | A violation occurs when a routine sample and a repeat sample, in any given month, are total coliform positive and one is also fecal coliform or E. Coli positive. |                | 0              | 0  | Absent or Present      | Human and animal fecal waste         |                                      |   |  |
| Turbidity- Avon Drinking Water Facility      | No         | Continuous                 | Maximum 1 NTU for any single measurement.   |                | N/A            | Highest single measurement 0.09 (Mar. & May) | NTU                    | Soil runoff                          |                                      |   |  |
|  | No         | Continuous                 | In any month, at least 95% of samples must be below 0.3 NTU.  |                | N/A            | 100% TT requirement met                      | %                      | Soil runoff                          |                                      |   |  |
| Turbidity- Edwards Drinking Water Facility   | No         | Continuous                 | Maximum 0.5 NTU for any single measurement.   |                | N/A            | Highest single measurement 0.15 (Jan.)       | NTU                    | Soil runoff                          |                                      |   |  |
|  | No         | Continuous                 | In any month, at least 95% of samples must be below 0.1 NTU.  |                | N/A            | 98% TT requirement met (Jan.)                | %                      | Soil runoff                          |                                      |   |  |
| TREATMENT DISINFECTION                       | VIOLATION  | SAMPLE FREQUENCY           | TT REQUIREMENT  | MRDL           | LEVEL DETECTED |  |                        | UNITS                                | SAMPLE SIZE                          | SOURCE  |  |
| Chlorine in the distribution system          | No         | Monthly                    | No more than 1 sample below 0.2 ppm   | 4.0            | 0              | 1.13   | 1.13 - 1.15            | ppm                                  | 360/year                             | Water additive used to control microbes   |  |
| COPPER & LEAD CONTAMINANTS                   | EXCEEDS AL | SAMPLE DATE                | 90TH PERCENTILE ACTION LEVEL  | MCLG           | LEVEL DETECTED |  |                        | UNITS                                | SAMPLE SIZE                          | LIKELY SOURCE OF CONTAMINATION  |  |
| Copper                                       | No         | Jan. -Jun. 2022            | 1.3   | 1.3            | 0.45           | 0  |                        | ppm                                  | 60                                   | Corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives                    |  |
| Lead   | No         | Jan. -Jun. 2022            | 15  | 0              | 2.2            | 0  |                        | ppb                                  | 60                                   | Corrosion of household plumbing systems, erosion of natural deposits  |  |
| ORGANIC & INORGANIC CONTAMINANTS             | VIOLATION  | SAMPLE DATE                | MCL   | MCLG           | LEVEL DETECTED |  |                        | UNITS                                | SAMPLE SIZE                          | LIKELY SOURCE OF CONTAMINATION  |  |
| Barium                                       | No         | Aug. 2022                  | 2   | 2              | 0.058          | 0.044 - 0.069                                |                        | ppm                                  | 3                                    | Discharge of drilling wastes; discharge from metal refineries; erosion of natural deposits                                |  |
| Fluoride                                     | No         | Aug. 2022                  | 4   | 4              | 0.68           | 0.64 - 0.73                                  |                        | ppm                                  | 3                                    | Erosion of natural deposits; water additive which promotes strong teeth; discharge from fertilizer and aluminum factories |  |
| Nitrate                                      | No         | Aug. 2022                  | 10  | 10             | 1.43           | 0.30 - 3.30                                  |                        | ppm                                  | 5                                    | Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits                               |  |
| Sodium                                       | N/A        | Aug. 2022                  | N/A - Sodium has secondary standards which are non-enforceable guidelines for contaminants that may cause cosmetic or aesthetic effects, but no health effects.   |                | 11.73          | 9.2 - 15                                     |                        | ppm                                  | 3                                    | Erosion of natural deposits; road salt; water treatment chemicals; wastewater treatment effluents                         |  |
| DISINFECTION BYPRODUCT CONTAMINANTS          | VIOLATION  | SAMPLE FREQUENCY           | MCL   | MCLG           | LRAA AVG.      | LRAA RANGE                                   | INDIVIDUAL SAMPLE AVG. | INDIVIDUAL SAMPLE RANGE              | UNITS                                | SAMPLE SIZE   | LIKELY SOURCE OF CONTAMINATION           |
| Total Trihalomethanes                        | No         | Quarterly                  | 80  | N/A            | 45.34          | 36.50 - 56.75                                | 42.28                  | 11-86                                | ppb                                  | 16  | Byproduct of drinking water chlorination |
| Total Haloacetic Acids                       | No         | Quarterly                  | 60  | N/A            | 26.73          | 19.45 - 41.08                                | 24.32                  | 4.1-63                               | ppb                                  | 16  | Byproduct of drinking water disinfection |
| DISINFECTION BYPRODUCT PRECURSOR CONTAMINANT | VIOLATION  | SAMPLE FREQUENCY           | TT REQUIREMENT  | LEVEL DETECTED |                |  | UNITS                  | SAMPLE SIZE                          | LIKELY SOURCE OF CONTAMINATION       |   |  |
| Total Organic Carbon                         | No         | Quarterly                  | Ratio ≥ 1.0   | 1.08           | 1.00 - 1.27    |  | Ratio                  | 4                                    | Naturally present in the environment |   |  |

Total organic carbon has no health effects. However, total organic carbon provides a medium for the formation of disinfection byproducts. These byproducts include trihalomethanes (THMs) and haloacetic acids (HAAs). Drinking water containing these byproducts in excess of the MCL may lead to adverse health effects, liver or kidney problems, or nervous system effects, and may lead to an increased risk of getting cancer.





**EAGLE RIVER**  
**WATER & SANITATION**  
 DISTRICT

**Providing efficient, effective, and reliable water and wastewater utility services in a manner that respects the natural environment**

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 970.476.7480 | [erwsd.org](http://erwsd.org)

## Operations & Management

ERWSD and UERWA are both local governments that are quasi-municipal corporations and political subdivisions of the state of Colorado. ERWSD is governed pursuant to provisions of the Colorado Special District Act. UERWA was formed by intergovernmental contract and is organized pursuant to the Water Authority Act.

ERWSD owns the public water system that provides water service from East Vail to Intermountain. UERWA owns the public water system that provides water service to its six Member Entities (the metropolitan districts of Arrowhead, Beaver Creek, Berry Creek, EagleVail, and Edwards, along with the town of Avon) and to Bachelor Gulch and

Cordillera. ERWSD operates and maintains both public water systems.

Each government has its own board of directors. A seven-member publicly elected board of directors is responsible for the overall management and administration of the affairs of ERWSD. Each UERWA Member Entity appoints one director to the six-member board of directors to set policy and oversee financial and legal matters. Board meetings are open to the public and are generally scheduled for the fourth Thursday of each month. The board meeting schedule and other information is available at [erwsd.org](http://erwsd.org) or by calling (970) 477-5451.

### ESPAÑOL

Esta es información importante. Visite el sitio web [ERWSD.org](http://ERWSD.org) para obtener la **traducción al español**. Escanea el código QNR.



escanea aquí

## Rivers Need Water Too.



**Reduce your use.**



Scan here



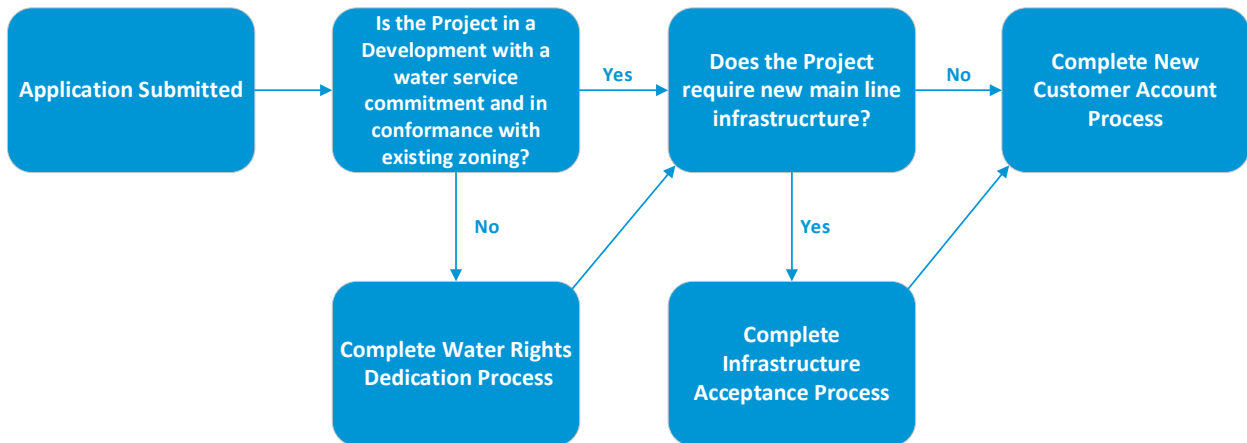
### MEMORANDUM

**TO:** District and Authority Boards of Directors  
**FROM:** Jason Cowles, P.E. and Justin Hildreth, P.E.  
**DATE:** June 14, 2023  
**RE:** Engineering & Water Resources Report

#### Development Report Work Session

This month we will hold the rescheduled work session with the Boards to review and discuss the development report. This informational report that is included in each month's packet was originally designed to track development project applications as they progress through the District's Water Rights Dedication Process and/or Infrastructure Approval process which are defined in the District's Rules and Regulations. A simplified flow chart that provides an overview of the process is presented below in Figure 1. We will provide more details on the process and the report content at the meeting and welcome any feedback on how to improve the report to provide the Boards with information about these processes.

Figure 1: Development Process Overview



#### Bolts Lake Update

Staff and consultants will meet next week with local U.S. Forest Service representatives to discuss the permitting of the historic diversion to Bolts Lake that is located on Cross Creek in the Holy Cross Wilderness. Meanwhile, LRE Water is working on updating their modeling of reservoir yields and cost estimates for diversion from Cross Creek and the Eagle River to determine the best course of action for the design of the reservoir.

Staff are also beginning to work on grant applications for the [U.S. Bureau of Reclamations Small Storage Program](#) which was created by the Bipartisan Infrastructure Law (BIL) in anticipation of a Notice of Funding Opportunity this fall. The grant application will require the completion of a feasibility study by our consultants, which will largely rely on existing information that has been gathered in our work to date. The feasibility study is outside the scope of our preliminary design contract and will cost approximately \$42k to prepare. We plan to apply for an [accelerator grant](#) from the Colorado River Water Conservation District’s Community Funding Partnership program to assist with funding the feasibility study.

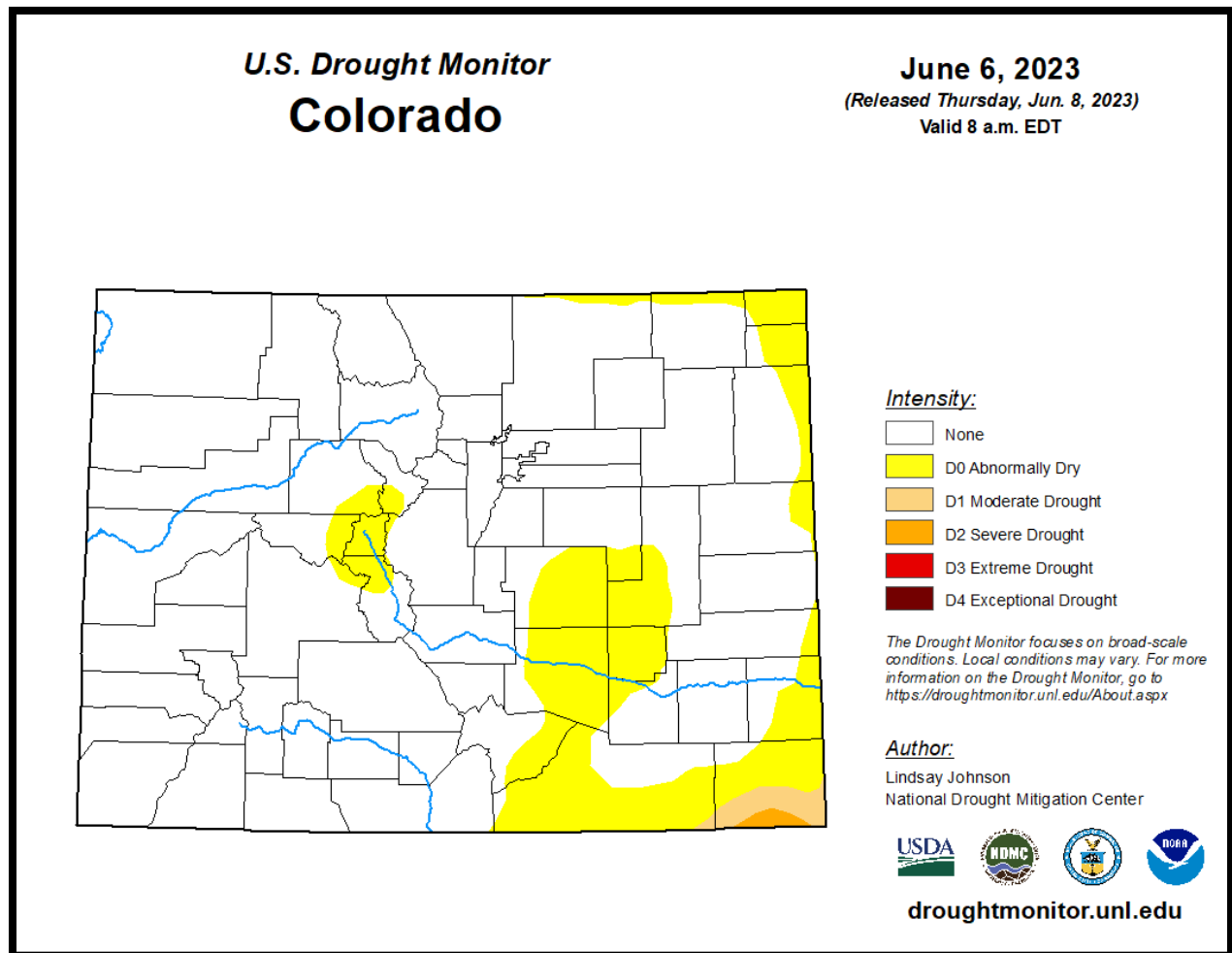
**Water Resources Report**

**Justin Hildreth**

Drought Conditions

The June 6, 2023, U. S. Drought Monitor categorizes Eagle County along with most of Colorado as not being in drought conditions. The eastern portion of Colorado drought intensity has decreased to out of drought except the southeast corner which is categorized as moderate to severe drought conditions. This is a significant improvement since the May report.

Figure 1. U.S. Drought Monitor – Colorado. June 6, 2023 (National Drought Mitigation Center)



Temperature and Precipitation Forecasts

The current 8 to 14 day temperature and precipitation outlooks are shown in Figures 2 and 3. The near-term modeling indicates that precipitation and temperatures will be normal for the next 2 weeks. The seasonal 3-month temperature and precipitation outlooks, which are less accurate, indicate that temperature will be likely above average and precipitation leaning below average.

Figure 2: 8-14 Day Temperature Outlook June 12, 2023 (NOAA Climate Prediction Center)

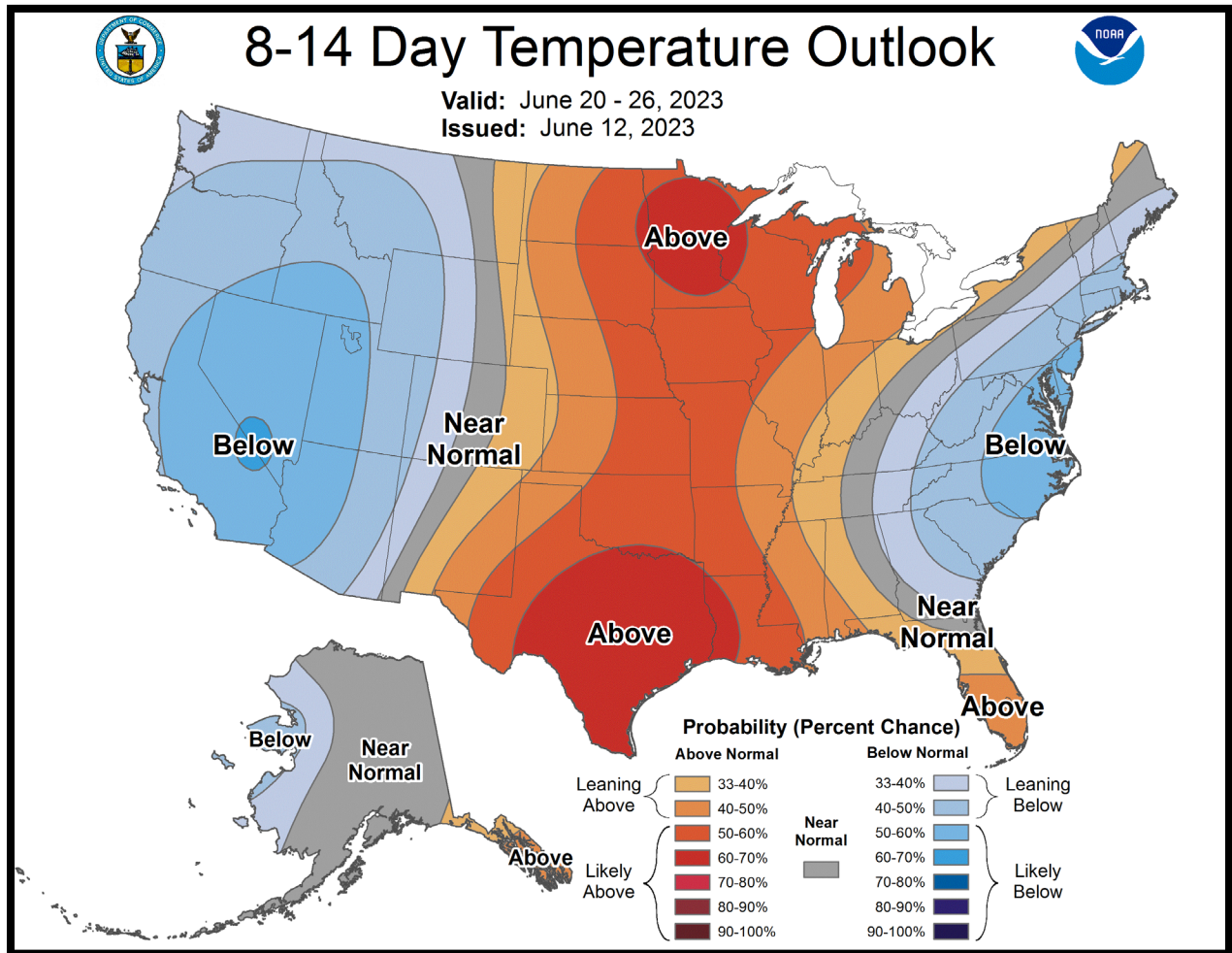
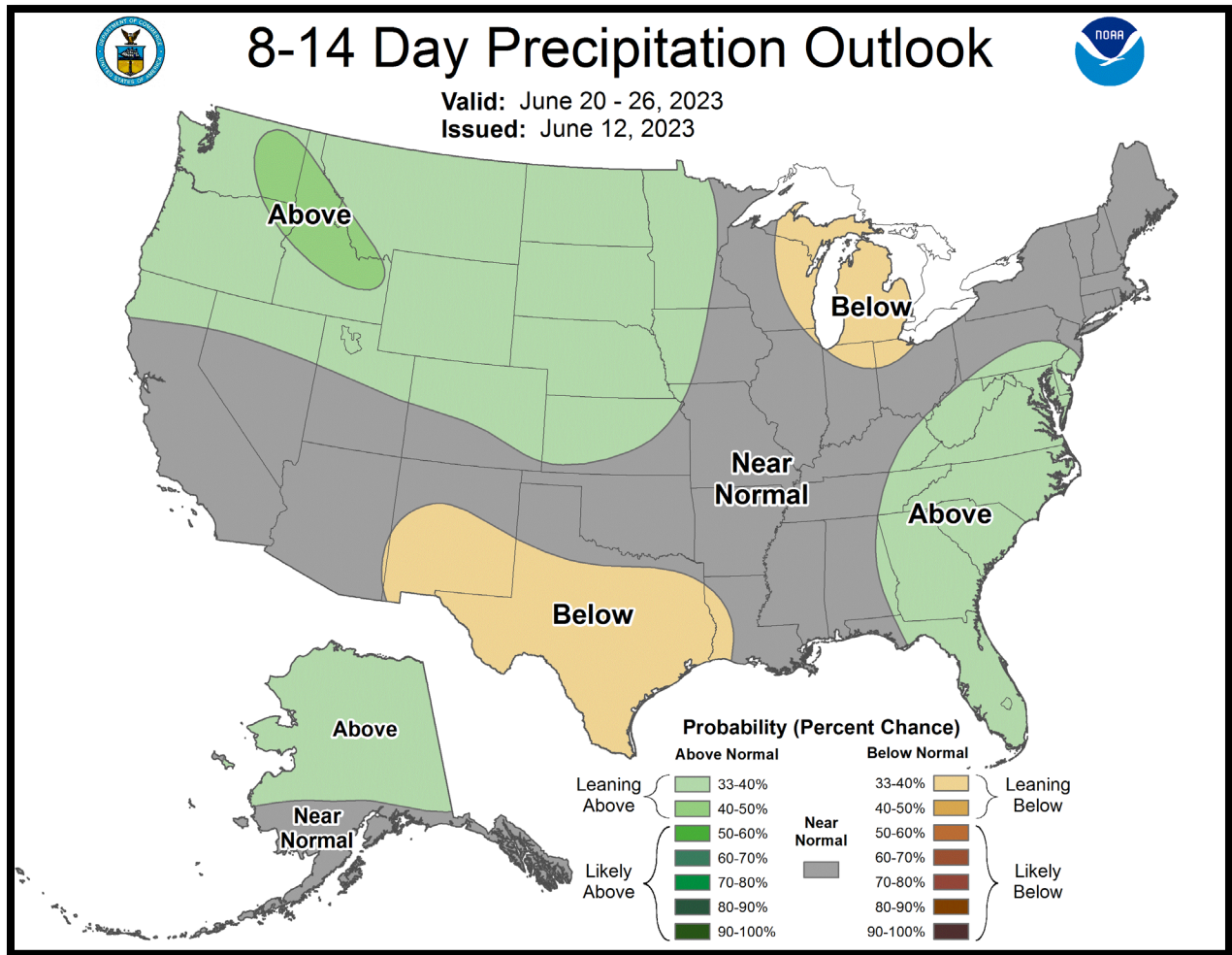


Figure 3: 8-14 Day Precipitation Outlook June 12, 2023 (NOAA Climate Prediction Center)



### Snowpack Conditions

The three SNOTEL monitoring stations representative of the District's water supply are Vail Mountain, Copper Mountain and Fremont Pass are shown in Figures 4, 5 and 6 respectively. As of June 16, 2023, the Vail Mountain SNOTEL and Copper Mountain SNOTEL Stations indicate the snowmelt is complete. The Fremont Pass SNOTEL station located near Eagle Park Reservoir has 7.2 inches of SWE and is 36% of the 30-year median peak.

Figure 4: SWE at Vail Mountain SNOTEL station, June 13, 2023

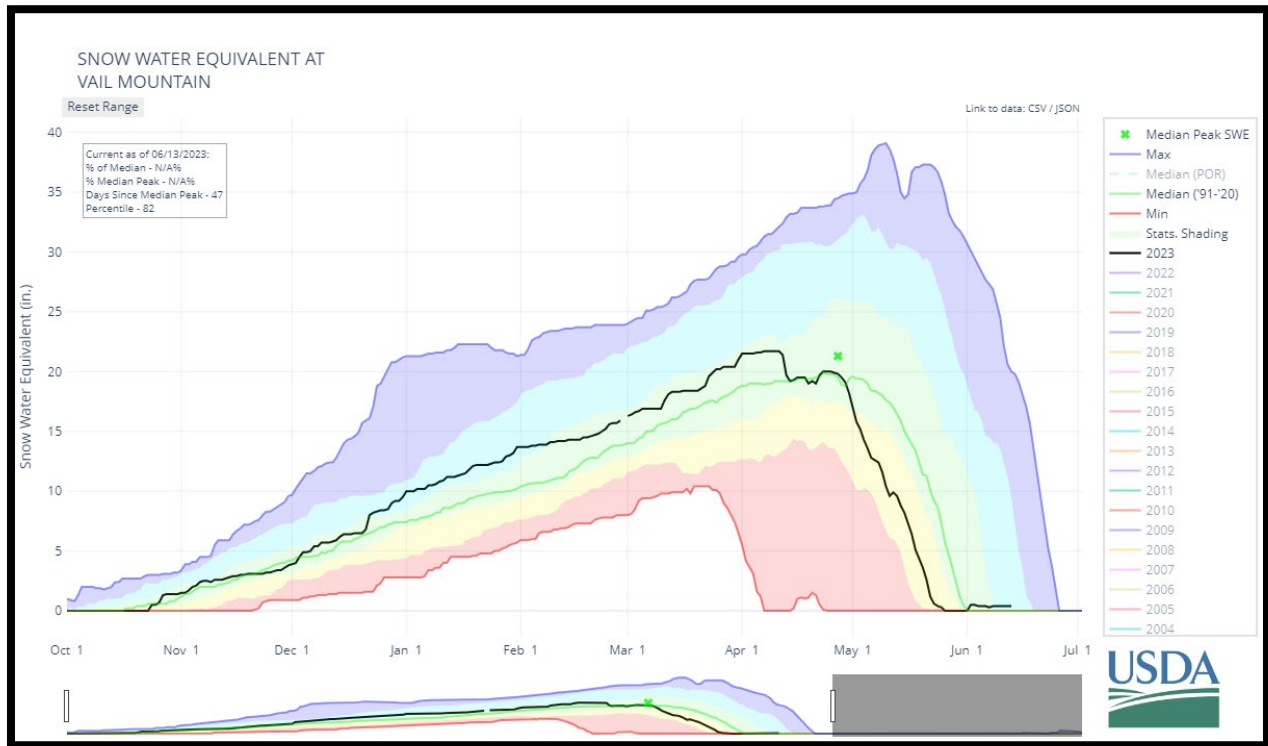


Figure 5: SWE at Copper Mountain Pass SNOTEL, June 13, 2023

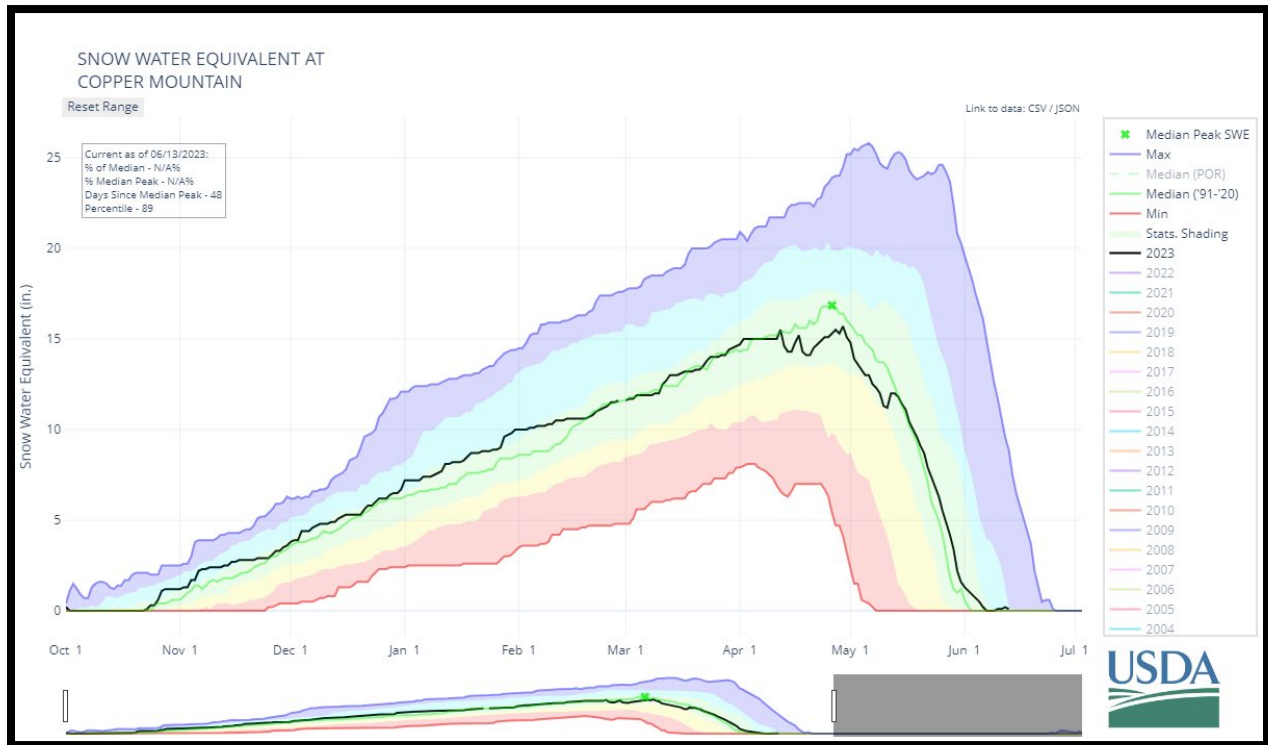
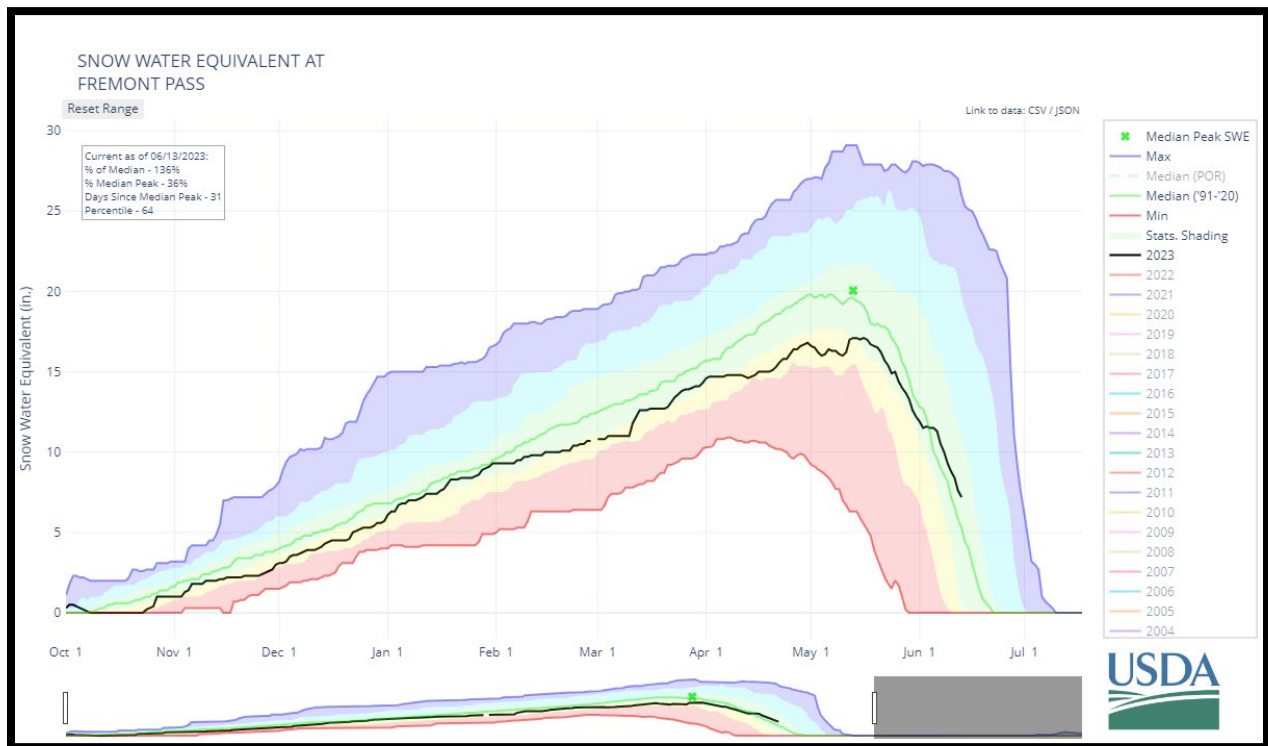


Figure 6: SWE at Fremont Pass SNOTEL, June 13, 2023





Streamflows

The Colorado Basin River Forecast Center hydrographs for Gore Creek above Red Sandstone Creek, Eagle River at Avon, and Colorado River below Dotsero are shown on Figures 7, 8 and 9 respectively. Table 1 summarizes the flow, peak flow and historical median peak flow for each gage. The Colorado Basin River Forecast Center predicted peak flows in the last week of May, 2-weeks early. The actual peak flows were on June 8 and 9, closer to traditional peak flows between June 5 and June 9.

Table 1: Summary of flow, projected peak flow and historical median peak flow at relevant gage stations.

| Gage                              | Gore Creek Above Red Sandstone Creek | Eagle River at Avon | Colorado River below Dotsero |
|-----------------------------------|--------------------------------------|---------------------|------------------------------|
| June 12 Flow (cfs)                | 523                                  | 1,515               | 6,330                        |
| Peak Flow (cfs)                   | 742                                  | 1920                | 7,339                        |
| Peak Flow Date                    | June 8                               | June 8              | June 9                       |
| Historical Median Peak Flow (cfs) | 783                                  | 2,040               | 6,810                        |
| Historical Median Peak Flow Date  | June 5                               | June 6              | June 9                       |

Figure 7: June 12, 2023, Gore Creek above Red Sandstone Creek Forecast Hydrograph, National Weather Service.

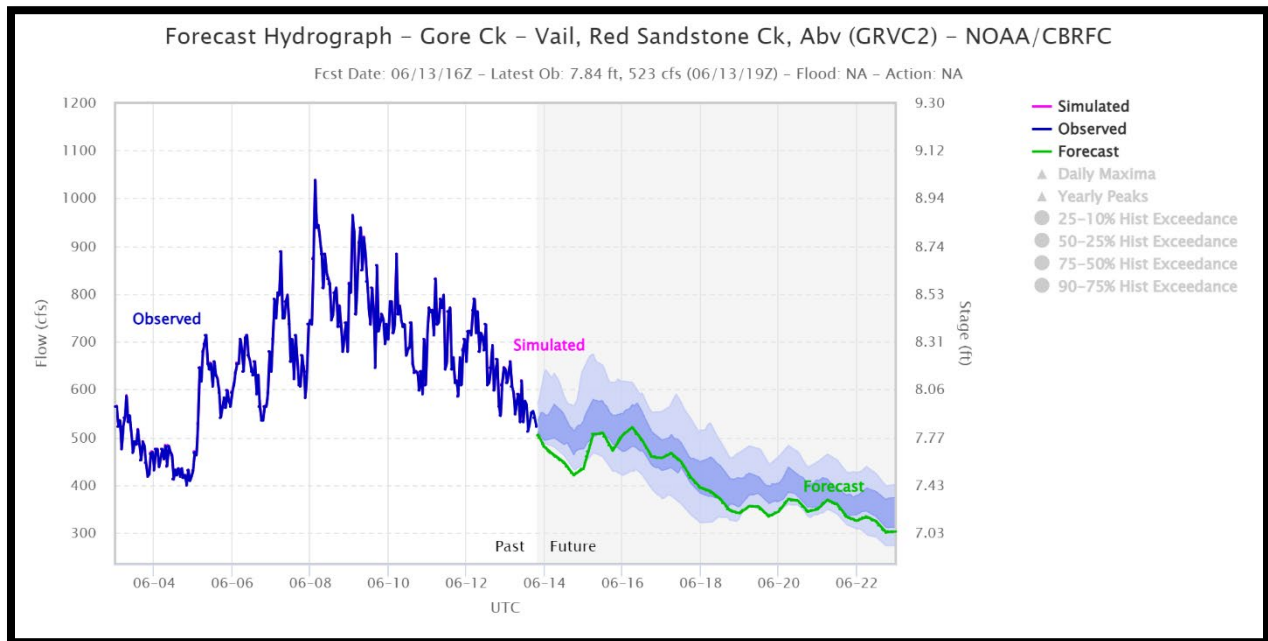


Figure 8: June 12, 2023, Eagle River at Avon Forecast Hydrograph, National Weather Service.

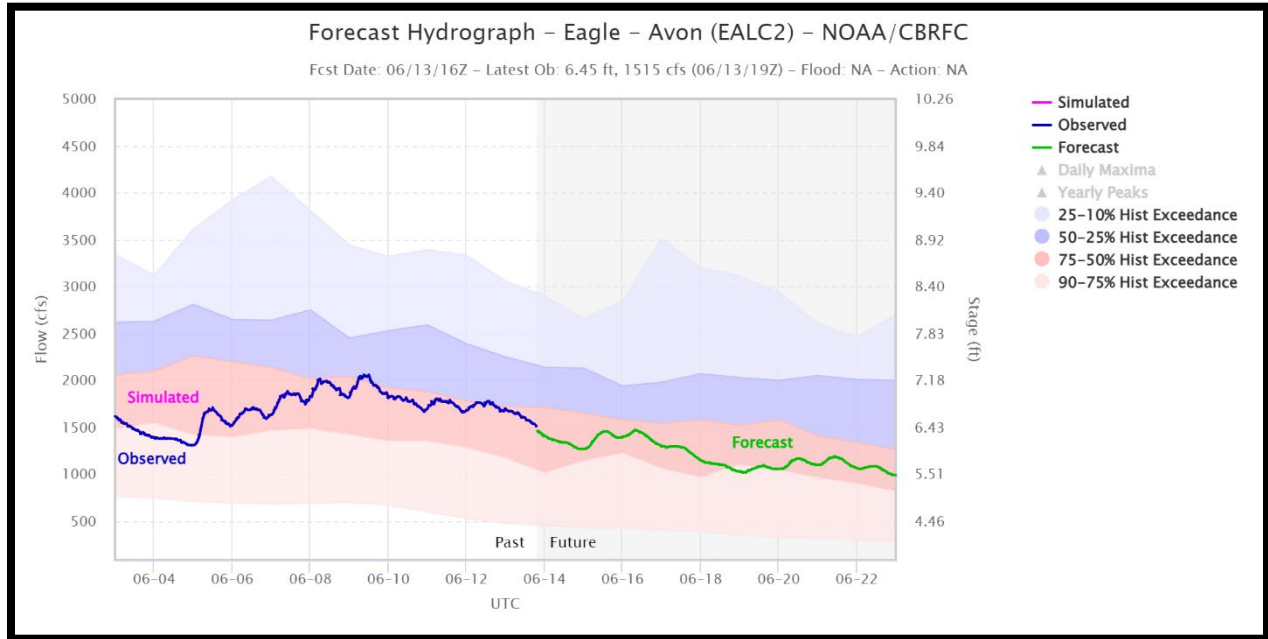
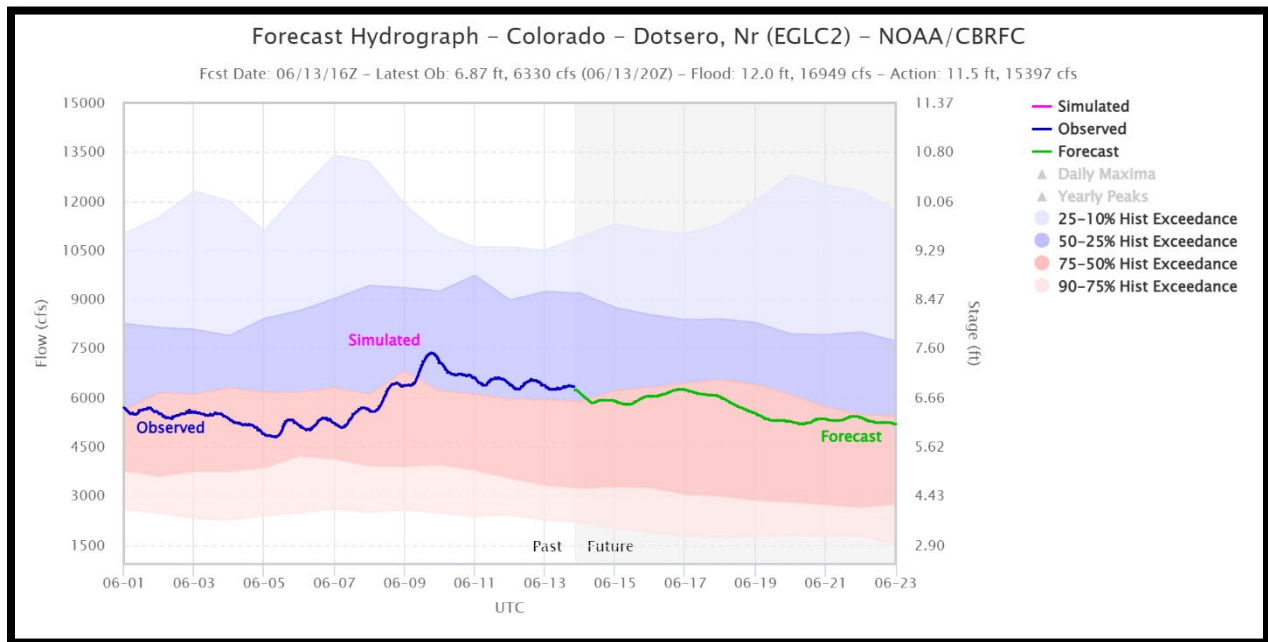


Figure 9: June 12, 2023, Colorado River at Dotsero Forecast Hydrograph, National Weather Service.



Eagle Park Reservoir

The reservoir storage accounts as of June 1 are summarized in Table 2. Eagle Park Reservoir reached full pool on May 31 and is expected to meet the District and Authority’s needs for 2023-2024. The Black Lakes are nearly 100% full after the planned yearly lowering.

Table 2. District and Authority storage accounts for June 1, 2023 (Helton and Williamsen).

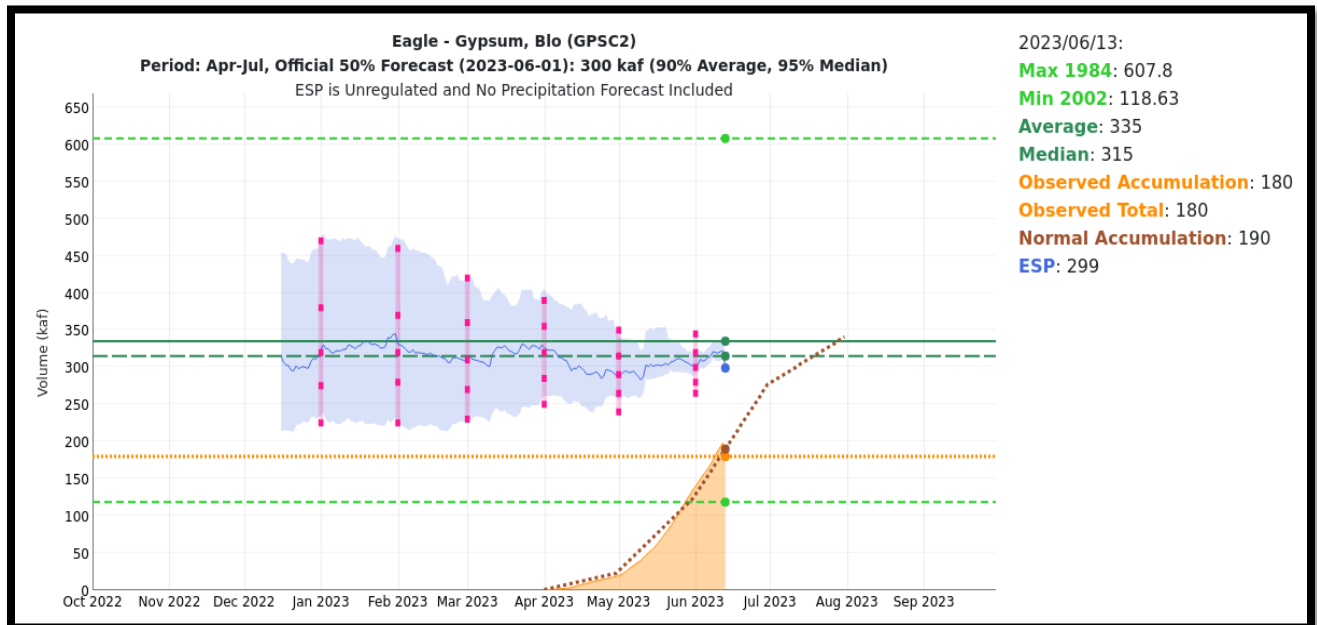
| June 1 2023 Volumes in Storage and Percentages of Full: |                |        |        |        |         |         |
|---|----------------|--------|--------|--------|---------|---------|
| Reservoir   | ERWSD          |        | UERWA  |        | Total   |         |
|   | Green Mountain | 560.84 | 60%    | 452.87 | 83%     | 1013.71 |
| Black Lakes   | 395.60         | 93%    | 300.00 | 100%   | 395.60  | 93%     |
| Eagle Park  | 428.67         | 99%    | 541.54 | 85%    | 970.21  | 90%     |
| Homestake Res   | 250.00         | 100%   | 256.50 | 100%   | 506.50  | 100%    |
| Wolford Mtn   | 500.00         | 100%   | 628.32 | 88%    | 1128.32 | 93%     |

\*Homestake Year currently set as July 1-June 30.

Estimated Supply Forecast

Figure 9 summarizes the National Weather Service forecast of the estimated 2023 water supply for the Eagle River at Gypsum not accounting for out-of-basin diversions and future precipitation. The average yearly water supply is 335 kaf, and the median yearly water supply is 315 kaf. The current observed accumulation is 180 kaf, and the total predicted water supply is 299 kaf, 95% of the annual median.

Figure 9: June 13, 2023, Estimated Supply Forecast for the Eagle River Basin above Gypsum





## MEMORANDUM

**TO:** Boards of Directors  
**FROM:** Diane Johnson, Communications & Public Affairs Manager  
**DATE:** June 22, 2023  
**RE:** Communications and Public Affairs Report

### Community Presentations

District staff often present to a variety of local groups. Recent presentations include:

- *May 31 Landscaping Workshop* at Walking Mountains Science Center
- *Jun. 1 Eagle River Valley State of the River*. The district hosts this annual meeting with the Colorado River Water Conservation District. About 50 people attended this year. The agenda and each presentation is available on our [website](#) in PDF. Replays will air on public access TV (Channel 5) and the [entire program is available on demand](#) on the High Five Access Media website, in the ERWSD [playlist](#). The Vail Daily covered the meeting and reported on some of the presentations in a Jun. 2 follow up story: [Colorado had an epic year of snowfall. How did Eagle County compare](#)
- *Jun. 6 Operational priorities and rate structures to Vail Town Council*. This was the first of two work sessions and focused on regulations, operations, what's driving rates, billing structures, and water conservation. Vail Daily reporter Ali Longwell did a nice job summarizing the presentation in a June 9, Vail Daily story, [The cost of water is only going one direction in Eagle County](#), which is also *attached to this report*. A video is available in the TOV playlist on the High Five website and starts about 42 minutes into the [June 6 afternoon meeting recording](#). We've received positive feedback on the presentation and the Vail Daily story from various community members.

### Vail Farmers' Market

We are again staffing a water station at the [market](#), held every Sunday from June 18 to October 8. Community response is positive and appreciative. The venue provides easy access for customers to ask about many things they may not otherwise find an opportunity to discuss with staff.

### Community Outreach

In addition to the Vail Farmers' Market, the district has also participated in Avon's May 24 [town cleanup and sustainability fair](#), the June 3 Pride in the Park event, and was the title sponsor of the 2023 VRD [Vail Whitewater Series](#) that ran from May 9 to Jun. 6. We will also host a bike-to-work station at Donovan Park on Jun. 28 and staff a booth at Singletree's Jun. 29 sustainability event.

In general, we dedicate staff time to events where we can discuss water and wastewater matters with our customers and/or provide a service (such as drinking water at the Vail markets) or specific information related to sustainability, water efficiency, etc.

We sponsor the whitewater race series primarily because the district and our water counsel secured the recreational in-channel diversion ("RICD") water right on Gore Creek that allowed for the creation of the whitewater park about 20 years ago (and we continue to do legal filings for the conditional portions of the water right). The water right and park launched the Mountain Games which have grown far beyond the original kayak competitions.

**Stream access litigation**

The Water Counsel report has a memo and the Colorado Supreme Court ruling concerning the *State v. Hill* (formerly *Hill v Warsewa*) case. The media has reported on this case for years; a June 5 Colorado Sun story provides some perspective: [Colorado Supreme Court ends long river access dispute by ruling fisherman has no standing in right-to-wade argument](#)

**Colorado River Basin**

The U.S. Department of the Interior announced on Jun. 15 that it was initiating the formal process to develop future operating guidelines (post 2026) for the Colorado River. These will go into effect after the current 2007 interim guidelines expire at the end of 2026. The formal process is a “Notice of Intent to prepare an Environmental Impact Statement” and it will be available for public comment until Aug. 15.

The current effort to modify operations *through the end of 2026* remains in place as Interior analyzes the Lower Basin’s proposed “consensus-based approach” as an action alternative under the Bureau of Reclamation’s draft Supplemental Environmental Impact Statement (SEIS) that was published Apr. 11. The draft SEIS included proposed alternatives to revise the December 2007 Record of Decision (aka the 2007 operating guidelines). The draft SEIS comment period was set to expire May 30. That process was paused May 22 when Interior received the Lower Basin’s proposal to conserve at least 3 million-acre-feet of system water through the end of 2026.

Several media reports are attached or linked to below that comment on these developments.

**District in the news:**

1. June 12, Real Vail: [Expanded utility work, traffic impacts on Highway 6 & 24 in Dowd Junction](#)
2. June 12, Vail Daily: [Vail area rivers and creeks have likely peaked for the season, with slightly less water than average](#)
3. June 7, Vail Daily: ERWC column: [Common misconceptions about water efficiency](#)
4. May 28, Vail Daily: TOV column: [Water smart tips to protect, preserve and enjoy this natural resource](#)
5. May 23, Vail Daily: [Time Machine: 40 years ago, massive mudslide blocks I-70 in Dowd Junction \(2003 Colorado Supreme Court ruling on RICD\)](#)
6. May 12, Vail Daily: [A portion of the Eagle River doesn’t meet state standards for temperature in the stream](#)

**Attachments (or hyperlinks):**

1. June 15 U.S. Department of the Interior: [Interior Department Initiates Process to Develop Future Guidelines and Strategies for Protecting the Colorado River](#)
2. June 13, *Aspen Journalism*: [Water managers tend to focus on climate adaptation, shy away from policy action](#)
3. June 12, Colorado Sun: [Colorado River officials weigh how to cut water, include tribes ahead of looming negotiations](#)
4. June 9, Vail Daily: The cost of water is only going one direction in Eagle County.
5. June 8, KUNC: [Ahead of new Colorado River talks, governments and tribes weigh in on the future](#)
6. June 7, ProPublica: [Las Vegas needs to save water. It won’t find it in lawns.](#)
7. June 6, Colorado Sun: Southwest states struck a deal on Colorado River water cuts. So how does, and doesn’t, it affect Coloradans?
8. June 1, AZ Central: [Arizona will halt new home approvals in parts of metro Phoenix as water supplies tighten](#)

[YOUR AD HERE »](#)

# The cost of water is only going one direction in Eagle County

## Local water providers are asking residential customers to 'find their why' while seeking to reduce water use

News [FOLLOW NEWS](#) | 4 hrs ago



**Ali Longwell** [FOLLOW](#)  
alongwell@vaildaily.com



Local water providers are preparing for a permanently reduced water supply.

*Vail Daily archive*



Ramped-up regulations, aging infrastructure and building risk resiliency are responsible for rising water rates in Eagle County – and will continue to drive costs up into the future.

This is according to Siri Roman, the general manager of the Eagle River Water and Sanitation District, in a presentation she gave to Vail Town Council on Tuesday, June 6. During the first in a series of three presentations, Roman discussed why water costs what it does, why rates are increasing, and what the district is doing to secure the valley's water future.

Eagle River Water and Sanitation District and the Upper Eagle Regional Water Authority recently combined public water systems to create the 25th-largest community water system in the state out of 943 total systems. Additionally, it is the second-largest system on the Western Slope and has the third-most infrastructure in the state.

“Every couple years (the state) come(s) and inspect(s) all our assets and they told us that they need two weeks to inspect just our drinking water infrastructure alone,” Roman said. “That’s about the same amount of time it takes them to inspect all of Denver Water. Denver Water has 1.5 million customers and we have about 30,000. So we don’t have the benefit of population to help spread the costs like Denver does.”

“

“We want to find your why to reduce your water use. For me, it’s the future, I have children and I want to leave this place better than I found it. For some people, it might be money. They might not make an adjustment until they get a \$3,000 water bill. So, what is your why? Is it the environment? Is it rafting? Is it skiing? We’re trying to hit all those targets for the next three years and then given board direction, we might have to get tighter.” – Siri Roman, general manager of the Eagle River Water and Sanitation District

This system includes 48 tanks, 43 pump stations, 270 miles of pipe and 83 pressure zones.

While the two systems are now unified, there are still different rate structures for the [district](#) versus the [authority](#). The most recent rate increase came in January.

According to Diane Johnson, the district’s public affairs manager, between 2022 and 2023, the typical customer – defined as using between 5,000 and 6,000 gallons of water a month – saw the following increases:

- District water rates saw about an 8% increase (\$4.28) per Single Family Equivalent (SFE) for a total typical water bill of \$56.25 per month.
- Authority water rates saw an 8.5% increase (\$5.46) per Single Family Equivalent (SFE) for a total typical water bill of \$69.67 per month.

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## Regulations

Primarily, water and wastewater utility providers are governed by the Safe Drinking Water Act and the Clean Water Act. However, there has been increased attention and regulation around water that is creating new requirements.

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One of the areas of increased regulation and growing concern is the presence of PFAS, or Per- and polyfluoroalkyl substances, also known as forever chemicals. These chemicals are found in a myriad of items including Sharpies, microwave popcorn, Gore-Tex and dental floss. And, as their nickname suggests, they never degrade.

Roman said that while the regulatory agencies have known that these chemicals are toxic “for decades,” there’s been a recent spotlight on the drinking water community.

“There’s now a big focus to get PFAS out of our drinking water and of course, we agree with that, we don’t want it in our water either. But it really needs to stop being produced. We have to stop it at the source,” she added.

The district recently voluntarily tested its source water for the presence of these chemicals. While the initial limited data did find “trace amounts” of these substances in local source water, it is below the Environmental Protection Agency’s proposed standard for what is safe to drink, Roman said.

“There’s no immediate impact to our system now, but it is something we’re considering as we develop our master plans,” she said. “Removing PFAS will be extremely difficult and costly to do. Also, when you remove it from the water, you’re creating hazardous waste, so it’s just a very difficult cycle.”

Another area of growing national concern is the presence of lead in drinking water as a result of the recent incidents in Flint, Michigan. While the local service areas do not have lead service pipes, the issues in Flint have led to a federal requirement for all utilities to develop a service line inventory, Roman said. This is a federal requirement that will need to be met by October 2024.

“This will be a web-based GIS system that states the material of every customer service line. It’s a very intensive program to develop,” she said. “This whole exercise is just going to tell you what I’m telling you now, which is that we do not have lead service lines. ... We do sampling annually with homes from a certain age and it’s all very low concentrations of that lead.”

## Infrastructure





Local water providers have aging infrastructure in need of replacement. Recently, the Eagle River Water and Sanitation District replaced the sewer crossings over the Eagle River in Dowd Junction.

Eagle River Water and Sanitation District/Courtesy Photo

Currently, the district and authority are upgrading a lot of infrastructure, both to comply with new regulations and requirements as well as due to its age.

“Given the age of our community, a lot of our assets are reaching the end of their useful life. So, everything in our system is approaching 50 years and when you open it up, we’re realizing that you have to replace it and maintain it,” Roman said.

Ongoing and recent water work includes replacing sewer crossings over the Eagle River and replacement of other infrastructure in Dowd Junction, replacing water storage tanks throughout the region as well as the largest project in history: the upgrade of the district’s wastewater treatment facility in Avon.

The project has a \$63 million price tag and is being done to reduce the nutrients in its wastewater effluent (or the clean water that is returned to streams).

“We already reduce nutrients in our effluent, but the EPA and the CDPHE want us to reduce them even further. This project is regulatory driven,” Roman said. “And we’re going to have to make similar improvements and the Vail facility as well as the Edwards facility, and they’re all going to be carrying similar price tags.”

Looking ahead, as the district and authority seek to increase water supply, it has also purchased the historic Bolts Lake property south of Minturn. Roman said this project includes building a 1,200-acre foot reservoir over the course of approximately 10 years and costs around \$100 million.

8

## Risk resiliency



Bolts Lake, located South of Minturn, will play an important role in sustaining the local water supply.  
Eagle River Water and Sanitation District/Courtesy photo

With climate change, water supply is becoming a growing concern not only in the Eagle River Valley but also across the West.

“The growing seasons are longer and people are using more water in the summer and fall when the streams are lower. So we’re directly seeing the impacts of the warming climate and really, our message is that everybody in the West needs to adjust to using less water,” Roman said.

With that, the district and authority are preparing for a “permanently reduced water supply,” she added.

To start, Roman said the entities are working to build a water scarcity plan, which will create triggers for future action in years of less water using snowpack, stream flows, reservoir storage and soil moisture as data points.

“And then we’re likely in the future, at some point, going to be asking the community to cut back on their outdoor water use,” Roman said, adding that the district is unsure exactly what it will look like, but that the idea will be to “keep the water in our reservoirs and meet our augmentation demands.”

At a high level, the district’s goal is to reduce water use across its service area by at least 400 acre-feet by 2026. A timeframe that Roman described as “ambitious.”

To start working toward this goal, it is targeting its single-family residential customers (which account for 80% of the district’s accounts) and their outdoor water use. Targeting this will have the biggest impact because 95% of indoor water use returns to the streams after being processed and only about 25% of

outdoor water returns.

With that, it's beginning with a carrot approach, attempting to incentivize these residences to reduce outdoor water use before potentially having to use more penalizing approaches in the future.

"We want to find your why to reduce your water use. For me, it's the future, I have children and I want to leave this place better than I found it," Roman said. "For some people, it might be money. They might not make an adjustment until they get a \$3,000 water bill. So, what is your why? Is it the environment? Is it rafting? Is it skiing? We're trying to hit all those targets for the next three years and then given board direction, we might have to get tighter."

The first place Roman recommends everyone start is just by looking at their water bill and understanding their water use and where they can cut back. Additionally, the district is encouraging the community to embrace "Colorado-scape," planting native landscaping as well as removing or reducing turf lawns.

It currently has rebates and incentive programs for converting lawns from turf as well as for certain irrigation projects.

## Rate changes pending

Beyond the expectation that rates generally will continue to rise, there is likely a change coming to the rate structure.

Bills for the district and authority — while they have different fees and rates — both have fixed and variable costs. Fixed costs are fees connected to ensuring the core functions of the organizations can continue. Variable costs are what are tied to water usage, and are the portion of the bill that customers can control.

On Tuesday, Roman spoke to the Town Council about the district's fee structure. Currently, there is a flaw in this current system in that "the larger the home, the cheaper the water," a disparity that becomes more pronounced the more water is used, she said.

"We do intend to correct this this year. We want to make it so that all single-family homes pay the same rate for their cost for their water use. Following board approval, after our budget season, this is what we're aiming to do, is that we all pay the same amount for our water use," Roman said, adding that this is a much more equitable method.

This change will not impact fixed costs, but rather the rates and tiers in variable costs.

"All of this is subject to both the district and authority boards of directors approving this proposed rate restructuring for 2024, and only applies to single-family (individually metered) residential accounts," Johnson said.

With a revised fee structure in the future, the goal is to "impact change, to get people to change landscaping, because you just cannot use that much water outdoors anymore. It's unreasonable, it's unsustainable and all of us are paying for that excessive use," Roman said.

Roman added that this change will likely only impact its largest users — approximately 20% of customers — in both the district and authority service areas.

“Really this is targeting our excessive users, they’re the ones that are going to feel this,” she said.

Johnson added that there will be no change for residences that are billed as a single-family equivalent (SFE = up to 3,000 square feet) – “they’re already paying this way,” she said.

“For homes that are more than one SFE, they’ll hit the higher tiers and costs much sooner than the current structure. And that’s the change. Tiered rates will have the same amount of water in each tier regardless of home size,” she added.

Looking toward the future, there are a lot of variables and changes coming for water and utility providers. However, with diminishing supplies, “the only way to prepare for a secure water future is by reducing our water use as a community,” Roman said.

“Even if people reduce their use, it’s likely that rates are going to continue to go up,” she added. “It’s not an easy time to manage a utility right now with the impacts of climate change; (there’s) a lot of focus on different water quality things and aging infrastructure. This is the reality of water in the West and we want our community to come with us and really value water.”

## WATER

# Southwest states struck a deal on Colorado River water cuts. So how does, and doesn't, it affect Coloradans?

The landmark deal is a stopgap measure to address the basin's ongoing megadrought



Shannon Mullane

4:00 AM MDT on Jun 6, 2023



The Colorado River in June 2022 flows at Horseshoe Bend in Glen Canyon National Recreation Area in Page, Ariz. (Brittany Peterson, AP Photo, File)

**A**rizona, California and Nevada made waves when, after tense disagreement, they finally agreed on a plan to cut Colorado River Basin water use in response to the ongoing megadrought.

Colorado officials would like one thing to be clear: They haven't agreed to the plan, but they do want to see what an upcoming federal review from the Bureau of Reclamation turns up.

“We have not agreed to anything,” said Amy Ostdiek with the state’s top water agency, the Colorado Water Conservation Board. “What we have agreed to is that Reclamation should analyze this proposal. . . . At that time, we can better understand it and our positions on it.”

The Colorado River Basin is in an ongoing, sustained drought which, alongside overuse and faulty management guidelines, sent the basin’s water storage system to the brink of collapse in 2021 and 2022. The crisis ramped up negotiations among basin states on how to cut back water use even further, pouring urgency onto an already-heated debate that affects the livelihoods and water security of millions.

The agreement among the three Lower Basin states is a milestone in the negotiations. But it’s also a stopgap measure to get the basin’s water users through 2026, when a set of rules that govern how water cuts are made during drought are set to expire. Those negotiations are going to be critical to finding long-term solutions that address water insecurity in the West and take climate change into account. Colorado might not be agreeing to any water cuts in this particular agreement, but that doesn’t mean they’ve dodged potential impacts, experts say.

“It’s not designed to be a solution past 2026,” said Ostdiek, who is the water conservation board’s interstate, federal and water information section chief. “We need to start negotiating post-2026 operations immediately.”

The Colorado River Basin includes Colorado, six other Western states, 30 Native American tribes and part of Mexico. Not only does it provide water for millions of people, but it also supports agricultural, recreational, tourism and industrial economies.

The basin’s water is stored in reservoirs, which act like savings banks and help distribute water through a system of ditches, tunnels, pumps, rivers and streams.

Twenty-three years of drought, the worst drought in 1,200 years, stressed the storage system. Water officials agreed on drought-response measures in 2007 and 2019, but they weren’t enough. As of June 2022, the basin’s reservoir network was in crisis.

The vast network of reservoirs only held 35% of its full capacity, 58 million acre-feet, according to **records from the Bureau of Reclamation**, an agency within the Department of the Interior that manages the federal reservoirs.

The basin’s largest storage banks, Lake Powell and Lake Mead, were 27% and 28% full, respectively. Their water levels had dropped dangerously low. Lake Powell’s water level elevation was 3,536 feet — at 3,490 feet it would no longer be able to produce hydroelectric power. Lake Mead’s elevation was 1,046 feet — it would have to stop power generation at 950 feet, according to the Bureau of Reclamation.

In August 2022, Reclamation Commissioner Camille Calimlim Touton called on basin states to voluntarily reduce water use by 2 million to 4 million acre-feet in 2023. The Interior **proposed a range of annual reductions** between 600,000 acre-feet and 4 million acre-feet, depending on basin conditions from 2024 through 2026. In total, over the three years, the voluntary cuts could equal between 1.8 million acre-feet and 12 million acre-feet.

One acre-foot of water supports two families of four to five people for one year, according to the 2023 Colorado Water Plan.

The seven basin states couldn't agree on a plan to meet the cuts needed to balance the system, so the federal government stepped in and **drafted three options** to respond to water scarcity in the Lower Basin, which includes Arizona, California and Nevada.

The Lower Basin's agreement, announced May 22, is part of this federal process to choose a strategy to address water insecurity in the Colorado River Basin.

The agreement proposes a fourth alternative: Over three years, the Lower Basin would **conserve an additional 3 million acre-feet** by the end of 2026. Of that, at least 1.5 million acre-feet would be conserved by the end of 2024.

The pact asks the federal government to pay \$1.2 billion from the \$700 billion Inflation Reduction Act of 2022 to compensate irrigation districts, cities and tribes on federal funding for 2.3 million acre-feet of conservation. The rest of the cuts would be uncompensated or paid for through other means, like state and local entities or other federal programs.

The proposal is a milestone in frequently contentious Colorado River negotiations, but it has not been approved by the federal government, water officials say. There's no guarantee it will be the chosen strategy to address the basin's supply issues.

The proposed cuts also make up a small portion of the Lower Basin's annual use, which is between 9.3 million acre-feet and 10 million acre-feet, according to the Colorado Water Conservation Board. Over three years, the Lower Basin states use between 27.9 million acre-feet and 30 million acre-feet, not counting tributaries in the region that feed the river system.

It's also not — and is not designed to be — a long-term solution.

“There might be some precedent that it sets, but this is about covering our bases until 2026,” said Aaron Citron, senior policy advisor at The Nature Conservancy. “It's also a lot of water over a short period of time and it's important — not trying to undermine the value of it. But it's a short-term solution that's going to cover the next three years, hopefully to get us into a new management paradigm.”

### **What do we, and don't we, know about the Lower Basin proposal?**

There are also key questions about the proposal that still need to be answered.

There are questions about who will bear the burden, how cuts will be timed, and how they will fit in with existing cuts out of previous agreements, Citron said.

“The details are scarce,” he said. “One thing we could say is different is the availability of the IRA funding, which is allowing more of this to happen hopefully more quickly.”

The proposal does offer Lower Basin states more flexibility in how they account for conserved water. Under this agreement, water agencies could simply shift their stored water

into a new administrative category, called system conservation, which means it would stay in the reservoir permanently.

“It’s fancy water accounting that has the ability to keep Mead at higher elevations than otherwise,” said Sarah Porter, director of the Kyl Center for Water Policy at Arizona State University.

Also, California could potentially wind up conserving more water than it has agreed to in the past. In the last go-round, California was willing to conserve up to 400,000 acre-feet per year in exchange for compensation, which would equal up to 1.2 million acre-feet over three years. In this proposal, the state is willing to save up to 1.6 million acre-feet.

Experts want to know how the cuts will be divided both between states and within states and how the commitment to conserve 3 million acre-feet will be enforced.

No one knows who will take those cuts, said Daniel Cordalis, tribal partnerships manager at the Colorado River Sustainability Campaign.

“I would suspect that some of the tribes in Arizona have been really key in making Arizona feel like they can meet their conservation requirements under this plan,” he said. In California, tribes don’t have the same water rights as the state, so key cuts would likely be to irrigation. “It’s yet to be seen how tribes would fit into these reductions.”

Collectively, the 30 tribal nations in the basin own rights to about 25% of the water supply, but some tribes, **like the Ute Mountain Ute Tribe** which has some reservation land in Colorado, are still trying to quantify their water rights or need costly infrastructure to deliver and develop their water. Without hard numbers on how much water is actually being used, it’s hard to get into a numbers-based discussion about water cuts, said Cordalis, a former Biden administration water attorney who’s also Diné.

“If they can use their water rights then they can get into the game,” he said. “But they’re not there yet. So it’s hard for them to become a part of the conversation.”

The issue of enforcement raises legal questions about how much authority the federal government has to take unilateral action in the Colorado River Basin.

The Department of the Interior has practical control over the levers that send water downstream to the Lower Basin, but it’s simply not established in the law that the secretary of the Interior has the authority to take action beyond decades of compacts and agreements — by, say, unilaterally cutting the water released from the dams outside what is legally allocated, Porter said. That type of action would quickly become mired in the court system.

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“Are they going to take action and have years of litigation, or are they going to reach an agreement and we’ll be spared that?” Porter said. “Everyone’s concerned that litigation would get in the way of negotiations we need for 2026.”

The proposal does come with some teeth. For example, if the water level in Lake Mead drops to 1,025 feet in elevation, the Lower Basin states have 45 days to agree on a plan to balance the reservoir. If the Bureau of Reclamation doesn’t think the plan is acceptable, it can intervene to make sure the reservoir doesn’t fall below 1,000 feet in elevation, Porter said.

The Lower Basin proposal could be enforced through different tools, like contracts requiring savings over three years or including a backstop that would give the Interior Department a way to reduce deliveries to the Lower Basin if it did not reach 3 million acre-feet in cuts for some reason.

In the Upper Basin, Colorado, New Mexico, Utah and Wyoming are paying close attention to how the Lower Basin proposal impacts Glen Canyon Dam operations and protects water levels at Lake Powell. They also want to know how the amount of conservation in the Lower Basin alternative will compare to the amount of water conserved in the three alternative strategies identified by the federal government.

“The bottom line is we need to understand how this will perform relative to the other alternatives listed in the draft supplemental environmental impact statement,” Ostdiek said. “We also need to understand the extent to which these cuts would come from enforceable, binding agreements, and how those would be carried out.”

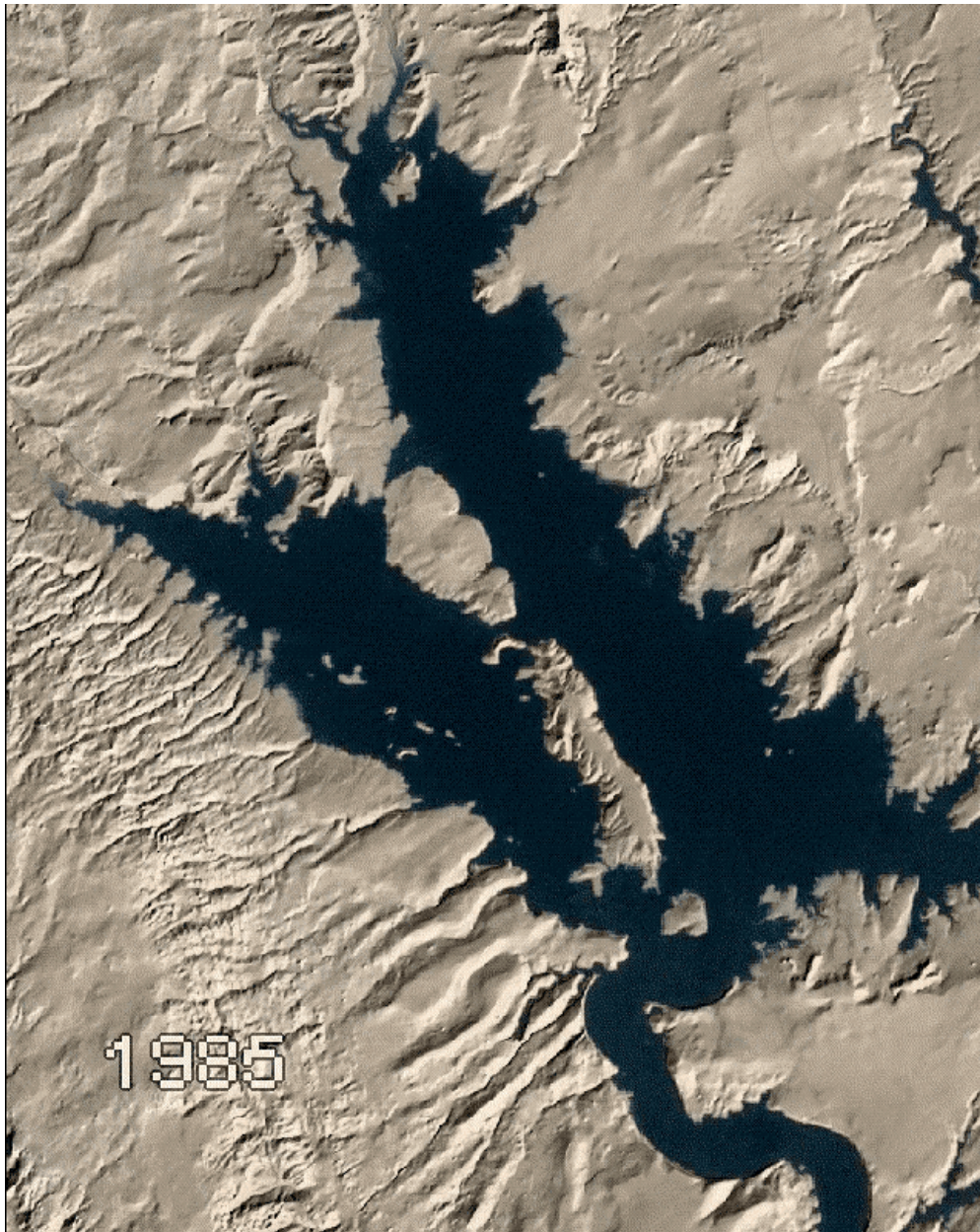
### **How did Colorado get out of making cuts in the proposal?**

This whole process — the federal alternatives and the Lower Basin proposal — is tied to a set of water management guidelines established in 2007.

Those guidelines are important because they explain Colorado’s role in the Lower Basin’s agreement — and why the proposal is a just temporary fix meant to last until 2026, according to water experts.

“There have been questions about what the Upper Basin can contribute, certainly. This is why the scope of this (agreement) is really important,” Ostdiek said. “This all is currently correctly focused on the Lower Basin and operations of Glen Canyon Dam and Hoover Dam.”

After several years of drought in the 2000s, water officials realized they needed new water management protocols to try to keep reservoirs full. In 2007, they established interim guidelines that linked water storage at lakes Mead and Powell to water reductions through a tiered system based on the reservoirs’ water levels.



A time-lapse compilation of satellite images shows the striking transformation of water levels at Bullfrog Bay in Lake Powell from 1985 to the present. The images, compiled by USU professor Doug Ramsey, show how water levels have dropped to historic lows due to ongoing drought and water diversions. (Via Center for Colorado River Studies)

Because the guidelines manage operations at the two dams, they directly impact Lower Basin water users: If Glen Canyon Dam cuts the amount of water it releases from Lake Powell, less water flows downstream to users in Lower Basin states. The guidelines do not directly impact upstream users in Upper Basin states including Colorado, which do not receive water from the two dams.

Colorado didn't dodge having to make water cuts in the Lower Basin agreement. The 2007 guidelines just don't apply to them in the same way they apply to Lower Basin states.

"The '07 guidelines are limited to operations of Glen Canyon Dam and below," Ostdiek said, adding that Colorado and other Upper Basin states are discussing ways to conserve water. "They don't say anything about Upper Basin operations."

The basin's supply crisis in 2021 and 2022 showed water officials that their previous agreements to respond to the deepening drought weren't enough.

In April, the Interior department and the Bureau of Reclamation released three more drought-response options. One option proposed no changes; another used the longstanding, seniority-based system of water cuts to reduce supply, which would drastically cut Arizona's water because of its more junior rights. The third would make proportionate cuts based on water use and would heavily impact California.

This option assumes water cuts from Native American tribes, although there's some question about the Interior's authority to make those cuts, Cordalis said.



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The federal government gave states 45 days, until May 30, to submit comments or alternative plans. The Lower Basin's pact was submitted as part of this process, and in response, the federal government suspended the comment period to analyze the proposal. Later this summer, the Bureau will release its updated draft alternatives and hold another comment period before deciding on a plan.

Colorado's involvement in this process is limited. So far, the state has offered support for the analysis to be done, Ostdiek said, although it did participate in some meetings as the Lower Basin was developing the proposal. The state can also submit comments during the next comment period.

Importantly, the 2007 guidelines are set to expire in 2026, which means states, tribes and Mexico are preparing for a high-stakes round of negotiations. That also means the Lower Basin's proposal, which if chosen would supplement the 2007 guidelines, would also expire in three years.

“It’s not designed to be a solution past 2026. This is meant to be near-term operations under the scope of the 2007 guidelines,” Ostdiek said.

### **How could Colorado get caught in a ripple effect?**

In worst-case scenarios, Coloradans could be more directly impacted by water management in the Lower Basin.

The guidelines link Lake Mead, which acts as a savings account for the Lower Basin, and Lake Powell, which acts as a buffer. This link acts like a trigger: If Mead is drawn down to a certain elevation, Powell sends more water downstream to balance the reservoir levels. In extreme scenarios, Lake Mead could be drawn down enough to drop both reservoirs to dangerously low levels.

If Lake Powell dropped low enough, Glen Canyon Dam wouldn’t be able to release water from the reservoir. Upper Basin states are required by the 1922 Colorado River Compact to release 75 million acre-feet of water downstream every 10 years. If the states can’t meet that requirement, Upper Basin water users would be in jeopardy of having their water cut until the compact requirements are met.

That’s never happened, and it’s low on the list of concerns for the Colorado Water Conservation Board, Ostdiek said.

“We have never been out of compliance with it, and we are well within compliance of the compact, so we feel good about that,” she said.



Glen Canyon Dam at Page, Arizona, holds back the massive Lake Powell. Since this photo was taken on Aug. 21, 2021, drought conditions in the West have led levels of water in the lake to drop near where the dam will no longer be able to generate electricity. (Bureau of Land Management)

This ripple effect does illuminate how Colorado could be impacted by the amount of water used in the Lower Basin.

Under the 2007 guidelines, Lower Basin states have been able to continue drawing on those savings accounts regardless of how much water is in the river. In 2021, the Lower Basin states used 9.987 million acre-feet of water. That year, the Colorado River's estimated natural flow was 6.2 million acre-feet, and about 3.534 million acre-feet flowed into Lake Powell. The Upper Basin states used about 3.5 million acre-feet, according to the Colorado Water Conservation Board.

That's an issue with the guidelines, experts say. They tie water reductions to reservoir elevations — not to what's actually available in the system.

This year's above-average snowpack offered some reprieve from the crisis, but it also triggered larger releases from Powell to Mead because of the guidelines. Some experts would rather keep that water in reservoirs further upstream, arguing it would allow for more flexible release options.

"In my mind, if we send more water down to the Lower Basin, it'll encourage them to continue using it," said Jennifer Gimbel, senior water policy scholar at the Colorado State University Colorado Water Center.

And as demand continues to outpace supply, the overall trend of water use and storage in the Colorado River Basin is in the wrong direction.

"We need to start negotiating post-2026 operations immediately," Ostdiek said. "I think there's also a broad recognition that the operation of the '07 guidelines has been a little bit less than perfect, which is why we are where we are now. The best thing that we can do is create more durable solutions for the system by negotiating those (guidelines) and putting something in place that will better align the supply and demand."

### **What top issues could be discussed in the post-2026 negotiations?**

The Bureau of Reclamation **announced May 22** that it would be moving the process forward in June for establishing post-2026 guidelines.

Water officials from across the basin will be weighing key issues in how the Colorado River is managed and shared. Officials will likely also be considering whether paying people to conserve water is a viable long-term solution.

"It's this house of cards. All of these things are built upon maintenance and management of our reservoirs," The Nature Conservancy's Citron said. "Everything we've been doing over the last couple of years has been critical to avoid the immediate crisis. We really need to pivot towards these comprehensive solutions with a full range of perspectives ... so the river provides for management and the needs of the river itself."

Tribal nations are seeking ways to quantify — and finally use — their water while trying to find common interests among the dozens of tribes in the basin. And if they can't use their water, the tribes are interested in finding ways to be compensated for its use by others through more flexible tools, like leases.

“Everyone’s working on restrictions and cutting back,” Cordalis said. “The tribes need to actually get more water. That becomes really hard.”

Water officials will need to negotiate how to account for water lost to evaporation. Those losses count as consumptive water use in the Upper Basin, but remain unaccounted for in the Lower Basin, said Gimbel from the Colorado Water Center.

Officials will need to balance environmental and ecosystem needs for endangered species. They could even rethink the tier system used in the 2007 guidelines.

“I’m not sure operating the reservoirs together really worked that much,” she said.

In the past, water officials have been too soft on themselves and have continued to kick the can down the road.

“I was one of those policy decision-makers from 2008 to 2013. When you’re dealing with people’s livelihoods and drinking water for people, you want to figure out how to make it work for everybody,” Gimbel said. “And I look back on this, and I think, ‘Man, I wish I would’ve paid more attention to the climate scientists. They were out there yelling at us. This is serious. This is climate change.’”

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## MEMORANDUM

TO: Eagle River Water and Sanitation District Board of Directors  
Upper Eagle Regional Water Authority Board of Directors

FROM: Kristin Moseley

SUBJECT: Colorado Supreme Court Decision in *State v. Hill* – Stream Access Litigation

DATE: June 14, 2023

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On June 5, 2023, the Colorado Supreme Court (the “Court”) issued an opinion in *State v. Hill*,<sup>1</sup> a case that had the potential to significantly alter the legal landscape regarding stream access in Colorado, which has been a contentious topic for landowners and river recreators for over a century. Under current law and pursuant to a 1983 Attorney General Opinion,<sup>2</sup> while the state generally owns the water flowing in Colorado’s many rivers, private landowners own the land beneath the water. Accordingly, fishermen and boaters can travel along a river through private property so long as they do not touch the bottom or the shore; if they do, they could be charged with trespass. In *Hill*, an individual fisherman challenged this notion, arguing that the land underlying his favorite fishing hole on the Arkansas River is actually public land belonging to the state and therefore accessible to the public. The Court disagreed, however, ruling in favor of the state and determining that Mr. Hill did not have standing to seek a declaratory judgment regarding ownership of the land beneath the river.

In the lower courts, Mr. Hill argued that because the Arkansas River was navigable at the time of statehood, title to the underlying land should have transferred to the state at that time, like it did in many other states. In reaching its decision, however, the Court did not address questions of navigability or ownership, instead determining that Mr. Hill did not have a legally protected right independent of the state’s alleged ownership of the riverbed and thus did not have standing to pursue his requested declaratory judgment. Rather, the Court concluded that only the state can pursue such a claim and dismissed Mr. Hill’s case.

The Court noted that “[t]his dispute has produced hundreds of pages of briefing from the parties and amici involving extensive discussions of the public trust doctrine, the equal footing doctrine, and arguments around who is best positioned to determine legal policy on

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<sup>1</sup> *The State of Colorado v. Roger Hill*, 2023 CO 31 (June 5, 2023). The full opinion is attached to this memorandum.

<sup>2</sup> No. 83-30 (Ops. Colo. Atty. Gen. Aug. 31, 2983), available here: <https://casetext.com/case/no-691>.

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| <p style="text-align: center;"><b>PRIVILEGED AND CONFIDENTIAL</b><br/><b>ATTORNEY-CLIENT COMMUNICATION</b></p> |
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access to rivers” before concluding that “those subjects are ultimately irrelevant to the issue before” the Court.<sup>3</sup>

The public trust doctrine generally asserts that the government holds in trust certain natural resources for the benefit of the public, and the equal footing doctrine provides that each newly admitted state enters the Union on equal footing with the original thirteen states. Accordingly, if waters were deemed navigable at the time of statehood, the title to the beds of those waters passed to the state, whereas if waters were considered non-navigable, the United States retained title (and could have then passed that title on to private landowners, as happened in this case). Mr. Hill’s argument relied on both doctrines, arguing that because the Arkansas River was navigable at the time of statehood, title to the underlying land passed to the state at that time, and that Mr. Hill therefore enjoyed a right to access the underlying land, as state-owned public land, pursuant to the public trust doctrine.

The Court determined that because Mr. Hill’s asserted legally protected interests rest entirely on an antecedent question of whether the state owns the property at issue, they cannot provide him with standing to pursue a declaratory judgment action. The Court reasoned that “[t]o conclude that Hill has a legally protected interest, we would need to assume that he will win on the merits of his underlying assertion that the State owns the disputed property. . . . But standing is a threshold issue that must be satisfied in order to decide a case on the merits.” Because the Court determined that Mr. Hill did not have standing to pursue his claim, the Court did not address the more complex issues of whether the river was indeed navigable at the time of statehood, and whether pursuant to the equal footing and public trust doctrines, that means that the state owns the underlying land.

Colorado Water Congress and the Colorado Farm Bureau each filed amicus briefs that cautioned against Mr. Hill’s attempt to use the public trust doctrine to support his position, arguing that Colorado courts have rejected calls to recognize a public trust in the state’s natural streams and that implementing a public trust doctrine in Colorado would adversely impact existing water rights and related property interests. Backcountry Hunters and Anglers, American Whitewater, and the Colorado River Outfitters Association filed briefs in support of Mr. Hill. Ultimately, the issue of stream access is likely one for the legislature to address, rather than the courts.

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<sup>3</sup> Hill, at 4.



Opinions of the Colorado Supreme Court are available to the public and can be accessed through the Judicial Branch's homepage at <http://www.courts.state.co.us>. Opinions are also posted on the Colorado Bar Association's homepage at <http://www.cobar.org>.

ADVANCE SHEET HEADNOTE

June 5, 2023

2023 CO 31

**No. 22SC119, *State v. Hill* – Standing – Declaratory Judgment.**

The supreme court holds that an individual lacks standing to pursue a declaratory judgment “that a river segment was navigable for title at statehood and belongs to the State.” A declaratory judgment is procedural, not substantive, in nature. Accordingly, to demonstrate a legally protected interest to establish standing for a declaratory judgment, a party must assert a legal basis on which a claim for relief can be grounded. Here, the individual plaintiff has no legally protected right independent of the State’s alleged ownership of the riverbed onto which he can hook a declaratory judgment claim. His asserted legally protected interests rest on an antecedent question of whether the State owns the property at issue. Therefore, they cannot provide him with standing to pursue a declaratory judgment action.

**The Supreme Court of the State of Colorado**  
2 East 14<sup>th</sup> Avenue • Denver, Colorado 80203

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**2023 CO 31**

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**Supreme Court Case No. 22SC119**  
*Certiorari to the Colorado Court of Appeals*  
Court of Appeals Case No. 20CA1780

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**Petitioner:**

The State of Colorado,

v.

**Respondent:**

Roger Hill.

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**Judgment Reversed**

*en banc*

June 5, 2023

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**JUSTICE HART** delivered the Opinion of the Court, in which **CHIEF JUSTICE BOATRIGHT, JUSTICE MÁRQUEZ, JUSTICE HOOD, JUSTICE GABRIEL, JUSTICE SAMOUR,** and **JUSTICE BERKENKOTTER** joined.

JUSTICE HART delivered the Opinion of the Court.

¶1 This dispute has produced hundreds of pages of briefing from the parties and amici involving extensive discussions of the public trust doctrine, the equal footing doctrine, and arguments around who is best positioned to determine legal policy on access to rivers. But those subjects are ultimately irrelevant to the issue before us. Rather, this case requires us to answer just one question: whether Roger Hill has a legally protected interest that affords him standing to pursue his claim for a declaratory judgment “that a river segment was navigable for title at statehood and belongs to the State.” He does not. Hill has no legally protected right independent of the State’s alleged ownership of the riverbed onto which he can hook his declaratory judgment claim. His asserted legally protected interests rest entirely on an antecedent question of whether the State owns the property at issue. Therefore, they cannot provide him with standing to pursue a declaratory judgment action.

### **I. Facts and Procedural History**

¶2 As Hill explains in his First Amended Complaint, his favorite fishing hole is on a riverbed along the Arkansas River. The record owners of the land abutting the river are Mark Warsewa and Linda Joseph, who have a home overlooking the

fishing hole.<sup>1</sup> Hill alleges that for several years, he has repeatedly attempted to fish there and Warsewa and Joseph have chased him off the property, sometimes with force. Specifically, Hill alleges that they threatened to have him arrested for trespass, threw baseball-sized rocks at him, and shot a gun at his fishing buddy.

¶3 Hill asserts that the riverbed is not in fact owned by Warsewa and Joseph but instead is public land owned by the State of Colorado and held in trust for the people and he therefore has a legal right to fish there. He brought two claims against Warsewa and Joseph—the first for a declaratory judgment under C.R.C.P. 57 and the second to quiet title. This case was removed to federal court, where the State of Colorado intervened. The case was eventually remanded back to state court. In both the federal and state proceedings, the State argued that it alone may decide whether and when to pursue its property rights and that Hill does not have standing to bring these claims. The district court agreed with the State and dismissed the case for lack of standing.

¶4 Hill appealed this determination, arguing that the riverbed is public land as a matter of federal law. Specifically, he invoked the equal footing doctrine, which provides that each newly admitted state enters the Union on an “equal footing”

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<sup>1</sup> Warsewa and Joseph are not parties to this appeal.

with the original thirteen states. *PPL Mont., LLC v. Montana*, 565 U.S. 576, 591 (2012); see generally *Pollard v. Hagan*, 44 U.S. 212 (1845). One of the rights included in this status is that, upon attaining statehood, a state “gains title within its borders to the beds of waters then navigable.” *PPL Mont.*, 565 U.S. at 591. The federal government, though, retains title to non-navigable riverbeds, and can grant such title to private landowners. *Id.*; see also *Hanlon v. Hobson*, 51 P. 433, 435 (Colo. 1897).

¶5 Title to the Warsewa and Joseph property can be traced back to a federal land grant. On appeal, Hill argued that the segment of the Arkansas River that traverses the subject property was navigable at statehood, and therefore title to the riverbed transferred to the State by operation of law when Colorado achieved statehood in 1876. Because the federal government did not own the riverbed, it could not have transferred its title to Warsewa and Joseph’s predecessors in interest. For these reasons, he argues, the riverbed belongs to the State, not Warsewa and Joseph, and Hill cannot be trespassing on their property.

¶6 A division of the court of appeals upheld the trial court’s dismissal of the quiet title claim, concluding that Hill cannot pursue the property rights of the State because he does not himself have any claim to title. *Hill v. Warsewa*, No. 20CA1780, ¶¶ 14–21 (Jan. 27, 2022). But the division resurrected Hill’s declaratory judgment claim as follows:

Hill argues that, because the river was navigable at statehood, the riverbed is public land owned by the State of Colorado. Thus, he, as

a member of the public, is not trespassing by wading on the riverbed. He therefore requests a declaratory judgment to that effect, as well as injunctive relief preventing [Warsewa and Joseph] from treating him as a trespasser. Here, unlike in the quiet title claim, Hill is alleging an interest that is his own – the right to wade and fish in the river at the location in question.<sup>2</sup>

*Id.* at ¶ 24. The division thus remanded the case for trial on the declaratory judgment claim.

¶7 The State petitioned this court for certiorari, as did Warsewa and Joseph. We granted only the State’s petition.<sup>3</sup>

## II. Analysis

¶8 We review the court of appeals’ standing determination de novo. *Barber v. Ritter*, 196 P.3d 238, 245 (Colo. 2008).

¶9 To bring any claim, a party must demonstrate a sufficient connection to the case by pleading facts supporting standing – that is, that the plaintiff suffered (1) an injury in fact (2) to a legally protected interest. *Wimberly v. Ettenberg*, 570 P.2d 535, 539 (Colo. 1977). Here, the district court concluded that Hill had an

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<sup>2</sup> The division also explained that Hill sought interpretation of section 18-4-504.5, C.R.S. (2022), the criminal trespass statute. *Hill*, ¶ 24. But this argument is not within the scope of the question on which we granted certiorari review, and so we do not consider it.

<sup>3</sup> We granted certiorari to review the following issue:

1. Whether an individual has standing to seek a declaratory judgment that a river segment was navigable for title at statehood and belongs to the State.



injury in fact, and the parties did not appeal this conclusion. Accordingly, we consider only whether Hill's injury was to a legally protected interest.

¶10 An interest is legally protected for standing purposes if the party "has a claim for relief under the constitution, the common law, a statute, or a rule or regulation." *Ainscough v. Owens*, 90 P.3d 851, 856 (Colo. 2004). This requirement applies with full force to claims for declaratory judgment, *Farmers Ins. Exch. v. Dist. Ct.*, 862 P.2d 944, 947 (Colo. 1993), with some additional nuance. To establish standing, a party seeking a declaratory judgment must raise a claim that is based on an existing controversy, not speculation that a problem may arise in the future. *Bd. of Cnty. Comm'rs v. Bowen/Edwards Assocs., Inc.*, 830 P.2d 1045, 1053 (Colo. 1992). And importantly, a declaratory judgment is procedural, not substantive, in nature. So, although the Declaratory Judgment Act and C.R.C.P. 57 provide procedural mechanisms to recognize rights, they do not themselves confer or expand them. *See Farmers Ins.*, 862 P.2d at 947. Accordingly, to demonstrate a legally protected interest for a declaratory judgment, a party must "assert a legal basis on which a claim for relief can be grounded." *Id.*; accord *Wibby v. Boulder Cnty. Bd. of Cnty. Comm'rs*, 2016 COA 104, ¶ 33, 409 P.3d 516, 523 (collecting cases on this point).

¶11 Hill cannot satisfy this requirement. To conclude that Hill has a legally protected interest, we would need to assume that he will win on the merits of his underlying assertion that the State owns the disputed property. But standing "is

a threshold issue that must be satisfied in order to decide a case on the merits.”

*Ainscough*, 90 P.3d at 855.

¶12 Moreover, Hill’s trespass claim only exists contingent on an antecedent claim that is not his to pursue—that the State owns the riverbed. Hill’s First Amended Complaint lays this reality bare. In his claim for declaratory judgment, he states:

Plaintiff asserts that *the disputed portion of the bed of the Arkansas River is public land owned by the state of Colorado and held in trust for the people of Colorado* by virtue of it being navigable for title when Colorado became a state. Accordingly, he is not trespassing by wading in that portion of the River.

...

The bed of the Arkansas River at this location *is therefore public land owned by the state of Colorado in trust for the public* and Plaintiff is not trespassing by wading on the bed of the River.

Plaintiff requests a declaration from the Court that Defendants Warsewa and Joseph have no right to exclude Plaintiff Hill from wading in the Arkansas River at the subject location.

First Am. Compl., ¶¶ 61, 63–64 (emphases added). The explicit logic of these statements is that Warsewa and Joseph cannot exclude him from the property *because it is owned by the State and therefore public*. In this regard, Hill’s contention that he has standing because Warsewa and Joseph have thrown rocks at him and threatened him with prosecution is a red herring. Proof of the State’s ownership

of the riverbed is a necessary prerequisite to his claimed right to fish in that portion of the Arkansas River.<sup>4</sup>

¶13 The division correctly rejected Hill’s quiet title claim. *Hill*, ¶¶ 14–21. The same reasoning should have impelled it to dismiss the declaratory judgment claim as well. Indeed, the division to some extent acknowledged the tension in its outcome when it explained that “in light of our resolution of the standing issue related to Hill’s quiet title claim, we reiterate that Hill cannot, under the guise of declaratory judgment, seek any declaration regarding the State of Colorado’s title or ownership of the riverbed—only that [Warsewa and Joseph] do not own it.” *Hill*, ¶ 36 n.7. But this is impossible. There is no way to adjudicate whether Warsewa and Joseph *do not* own the riverbed without considering who *does*.<sup>5</sup>

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<sup>4</sup> Hill’s counsel confirmed this at oral argument during the following colloquy:

Court (Hart, J.): There is no legally protected interest unless the State owns the riverbed.

Court (Gabriel, J.): Do you agree with that premise?

Hill’s Counsel: Yes, I do.

And Hill’s briefing to this court on the “Legally Protected Right to Access the Riverbed” focuses entirely on the State’s ownership of the riverbed.

<sup>5</sup> The division implicitly acknowledges this fact, explaining that “[i]f, as Hill alleges, the relevant segment of the river was navigable at statehood, then [Warsewa and Joseph] do not own the riverbed and would have no right to exclude him from it.” *Hill*, ¶ 34. The significance of the navigability of the river at the time of statehood is directly tied to the question of whether the State owns the riverbed.

Thus, allowing Hill to pursue his declaratory judgment claim while precluding his quiet title action would do just what the division rightly determined he could not – quiet title in the name of the State under the guise of a declaratory judgment.

¶14 Ultimately, Hill’s claimed standing to bring the declaratory judgment claim fails for the same reason that he lacked standing for the quiet title action. Both rest on the State’s ownership of the riverbed, not his own legally protected interest.

### **III. Conclusion**

¶15 Because Hill seeks a declaration of the State’s property interest as a necessary precursor to any individual legally protect interest, he does not have standing to pursue the declaratory judgment claim. We reverse the division’s opinion.

**EAGLE RIVER WATER & SANITATION DISTRICT**

**RESOLUTION NO. 2023-05**

**RESOLUTION AUTHORIZING THE PURCHASE OF REAL PROPERTY**

**WHEREAS**, the Eagle River Water & Sanitation District is a quasi-municipal corporation and political subdivision of the State of Colorado, formed and operated pursuant to Article 1, Title 32, Colorado Revised Statutes; and

**WHEREAS**, the Board of Directors of the District is empowered to acquire real and personal property pursuant to Section 32-1-1001(1)(f), C.R.S., and to authorize its designees to act on its behalf; and

**WHEREAS**, the Board of Directors of the District has determined that the acquisition of the real property described on Exhibit A attached hereto and incorporated herein by this reference (“Property”) is in best interest of the District and the public health, welfare, and safety.

**NOW, THEREFORE**, be it resolved by the Board of Directors of Eagle River Water & Sanitation District that:

**Section 1. Authorization to Acquire.** The Board hereby finds that the acquisition of the Property and the entering into of all agreements necessary therefore is in the best interest of the District and its inhabitants and will serve and promote the public health, welfare and safety, and said acquisition is hereby authorized and approved.

**Section 2. Authority to Sign Documents.** The Board hereby authorizes the District’s General Manager to execute and deliver, in connection with the acquisition of the Property, any and all documents necessary to complete the purchase of the Property and to close the transaction.

**Section 3. Ratification and Approval of Prior Actions.** Any and all actions heretofore taken by the officers of the District and members of the Board relating to the acquisition of the Property are hereby ratified, approved and confirmed.

**Section 4. Severability.** If any part, section, subsection, sentence, clause or phrase of this Resolution is for any reason held to be invalid, such invalidity shall not affect the validity of the remaining provisions.

**Section 5. Effective Date.** This Resolution shall take effect and be enforced immediately upon its approval by the District Board.

ADOPTED AND APPROVED this 22<sup>nd</sup> day of June 2023.

EAGLE RIVER WATER & SANITATION  
DISTRICT

By: \_\_\_\_\_  
Dick Cleveland, Chairman

ATTEST:

By: \_\_\_\_\_  
Bob Warner, Secretary

**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY TO BE ACQUIRED**

LOT B2, KAIBAB PARK TOWNHOMES, ACCORDING TO THE PLAT  
RECORDED JUNE 16, 2004, AT RECEPTION NO. 880896, COUNTY  
OF EAGLE, STATE OF COLORADO

Also known as: 000424 E Third Street, Eagle CO 81631

**EAGLE RIVER WATER & SANITATION DISTRICT**

**RESOLUTION NO. 2023-06**

**RESOLUTION AUTHORIZING THE SALE OF REAL PROPERTY**

**WHEREAS**, the Eagle River Water & Sanitation District is a quasi-municipal corporation and political subdivision of the State of Colorado, formed and operated pursuant to Article 1, Title 32, Colorado Revised Statutes; and

**WHEREAS**, the Board of Directors of the District is empowered to dispose of real and personal property pursuant to Section 32-1-1001(1)(f), C.R.S., and to authorize its designees to act on its behalf; and

**WHEREAS**, the Board of Directors of the District has determined that the sale of the real properties described on Exhibit A attached hereto and incorporated herein by this reference (“Properties”) is in best interest of the District and the public health, welfare, and safety.

**NOW, THEREFORE**, be it resolved by the Board of Directors of the Eagle River Water & Sanitation District that the Properties described hereinabove shall be sold for good and valuable consideration, and hereby authorizes the General Manager of the District to execute any and all documents required to effect such conveyances for good and valuable consideration.

ADOPTED AND APPROVED this 22<sup>nd</sup> day of June 2023.

EAGLE RIVER WATER & SANITATION  
DISTRICT

By: \_\_\_\_\_  
Dick Cleveland, Chairman

ATTEST:

By: \_\_\_\_\_  
Bob Warner, Secretary



**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY TO BE SOLD**

LOT 94, BUCKHORN VALLEY PUD, ACCORDING TO THE PLAT  
RECORDED APRIL 27, 2005, AT RECEPTION NO. 913694, COUNTY  
OF EAGLE, STATE OF COLORADO

Also known as: 000091 Cochise Dr., Gypsum, CO 81637

LOT 96, BUCKHORN VALLEY PUD, ACCORDING TO THE PLAT  
RECORDED APRIL 27, 2005, AT RECEPTION NO. 913694, COUNTY  
OF EAGLE, STATE OF COLORADO

Also known as: 000071 Cochise Dr., Gypsum, CO 81637

LOT 97, BUCKHORN VALLEY PUD, ACCORDING TO THE PLAT  
RECORDED APRIL 27, 2005, AT RECEPTION NO. 913694, COUNTY  
OF EAGLE, STATE OF COLORADO

Also known as: 000063 Cochise Dr., Gypsum, CO 81637