

AGENDA
JOINT PERSIGO WORKSHOP
CITY OF GRAND JUNCTION, CITY COUNCIL
MESA COUNTY, BOARD OF COUNTY COMMISSIONERS
FIRE DEPARTMENT TRAINING ROOM AND VIRTUAL
625 UTE AVENUE
GRAND JUNCTION, COLORADO
THURSDAY, MAY 18, 2023
5:30 PM

1. Discussion Topics

- a. Persigo Phase 1 Wastewater Expansion Project Update and Financing Options

2. Next Meeting Topics

3. Other Business



**JOINT PERSIGO MEETING
CITY OF GRAND JUNCTION, CITY COUNCIL
MESA COUNTY, BOARD OF COUNTY COMMISSIONERS**

Item #1.a.

Meeting Date: May 18, 2023
Presented By: Randi Kim, Utilities Director
Department: Utilities
Submitted By: Randi Kim

Information

SUBJECT:

Persigo Phase 1 Wastewater Expansion Project Update and Financing Options

RECOMMENDATION:

For disucssion

EXECUTIVE SUMMARY:

Engineering design of the Phase 1 Wastewater Expansion Project has reached the 60 percent milestone. The construction management/general contractor (CMGC) has provided a construction cost estimate of \$76.7 million for the project. The Sewer Fund does not have sufficient reserves to cash-finance the project and will require debt issuance to fund the improvements. Three potential debt funding sources were identified.

BACKGROUND OR DETAILED INFORMATION:

The 2020 Wastewater Treatment Facilities Master Plan was initiated primarily to address the facility permit requirement to begin planning for expansion of the wastewater treatment plant after the existing facility surpassed the 80 percent capacity threshold in 2019. Key components of this master planning effort include:

- developing planning assumptions consistent with the 2020 One Grand Junction Comprehensive Plan,
- performing process and hydraulic modeling analyses,
- evaluating existing and future capacity constraints,
- assessing existing condition of the wastewater treatment facility,
- evaluating technological alternatives for enhancement and expansion, and
- developing a capital improvement plan for the wastewater treatment facility over the next 20 years.

The master plan projects capital expenditures of \$215 million over the 10-year period; \$90 million for the sewer collection system and \$125 million for expansion and revitalization of the wastewater treatment facility.

The wastewater treatment plant expansion was conceptualized in two phases. Phase 1 would expand the capacity of the main treatment processes including aeration, UV disinfection, dewatering and biosolids storage, and the headworks. Phase 2 would include anaerobic digestion conversion and grease processing, an additional primary clarifier, raw sewage pump station, and secondary clarifier revitalization.

Based on the master plan, Raftelis Financial Consultants Inc. completed a rate analysis study that provided recommended sewer rates and debt service needed to generate sufficient revenue for operations and capital improvements. The rate study recommended borrowing in 2024 and 2027 to fund the Phase 1 and Phase 2 wastewater treatment plant expansion projects.

Phase 1 Wastewater Treatment Plant Expansion

The Phase 1 Wastewater Treatment Plant Expansion Project as initially conceptualized in the 2020 Wastewater Treatment Facilities Master Plan would enable expansion of the plant from the current 12.5 million gallons per day (mgd) to 13.5 mgd to meet projected demands through 2040. The estimated cost of the project was \$50 million to \$64 million depending upon whether additional infrastructure was needed for the aeration process.

In 2022, the City contracted with Burns & McDonnell to begin engineering design of the Phase 1 project. Burns & McDonnell completed detailed process modeling to determine if the plant could be expanded to 13.5 mgd within the existing aeration basin infrastructure with the new more efficient blower system or if an additional aeration basin would be necessary for the expanded capacity. They concluded that an additional aeration basin would need to be constructed to expand the capacity and recommended designing a larger aeration basin to allow expansion to 15.0 mgd rather than a smaller structure that would only provide an additional incremental capacity of 1.0 mgd. In addition to providing expanded capacity, the larger aeration basin would provide operational flexibility to allow taking basins out of service for maintenance. Burns & McDonnell completed the 30 percent design and cost estimate on this basis. Total estimated costs were \$73 million.

In 2023, the City contracted with a construction management/general contractor (CMGC), Garney Construction, to provide pre-construction services and early procurement of equipment. Based on the 60 percent design developed by Burns & McDonnell, Garney prepared a construction cost estimate. Total estimated costs are now \$76.7 million including a 4% escalation allowance and an 8 percent contingency. An additional 2 percent allowance was estimated for requirements associated with State/Federal loans.

Financing Options

The City consulted with D.A. Davidson to review financing options for this project. In their analysis, they evaluated debt issuance options for both Phase 1 and 2 assuming project funding needs of \$76.7 million in 2024 for Phase 1 and \$35 million in 2027 for Phase 2 or a total of \$111.7 million. Three potential funding sources were identified for the Phase 1 and 2 capital projects in 2024 and 2027:

1. Tax-Exempt Bonds: can fund a portion or all the 2024 and 2027 Projects
2. State Revolving Fund (SRF) Loan from Colorado Water Resources and Power Development Authority (CWRPDA): currently limited to a maximum of \$18 million in funding
3. Water Infrastructure and Finance Innovation Act (WIFIA) Loan from Federal Government: currently limited to a maximum of 49 percent of total project cost

For all three funding options summarized below, it is assumed that \$15 million in cash reserves will be contributed toward the 2024 Project. The project funding requirements for the SRF and WIFIA options includes an additional 2 percent allowance to cover state and federal loan requirements.

The total debt service ranged from \$176.6 million for the Bonds + WIFIA option to \$177.4 million for the Bonds Only Option, a difference of \$773,000 over the 30-year loan period.

While the interest rates for WIFIA and SRF funding options are lower than Tax-Exempt Bonds, they have strict purchasing requirements that would increase the project costs including compliance with Buy America, Build America, American Iron & Steel, and Davis Bacon Wage Rates that negate much of the interest savings over the life of the loan. In addition, there are typically cumbersome reporting and administrative requirements associated with state and federal loan programs. Tax-Exempt Bonds are also faster to process and more flexible to issue.

Next Steps

Entering into bond issues and other financing arrangements is a policy decision that requires joint direction by City Council and the Board of County Commissioners, collectively the Persigo Board, in accordance with the Persigo Sewer System Intergovernmental Agreement. Hence, Staff will schedule a workshop with the Persigo Board to present these options and recommendations for financing the project for the Persigo Boards consideration.

FISCAL IMPACT:

This item is for discussion purposes only.

SUGGESTED MOTION:

This item is for discussion purposes only.

Attachments

1. Persigo Board Phase 1 Wastewater Expansion Project 050323

Memorandum

TO: Joint Persigo Board
FROM: Greg Caton, City Manager
Randi Kim, Utilities Director
DATE: May 3, 2023
SUBJECT: Persigo Phase 1 Wastewater Expansion Project Update

The purpose of this memorandum is to provide an update on the Persigo Phase 1 Wastewater Expansion Project and financing options for consideration.

Background – The 2020 Wastewater Treatment Facilities Master Plan was initiated primarily to address the facility permit requirement to begin planning for expansion of the wastewater treatment plant after the existing facility surpassed the 80 percent capacity threshold in 2019. Key components of this master planning effort include:

- developing planning assumptions consistent with the 2020 One Grand Junction Comprehensive Plan
- performing process and hydraulic modeling analyses
- evaluating existing and future capacity constraints
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- developing a capital improvement plan for the wastewater treatment facility over the next 20 years

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Based on the master plan, Raftelis Financial Consultants Inc. completed a rate analysis study that provided recommended sewer rates and debt service needed to generate sufficient revenue for operations and capital improvements. The rate study recommended borrowing in 2024 and 2027 to fund the Phase 1 and Phase 2 wastewater treatment plant expansion projects.

Phase 1 Wastewater Treatment Plant Expansion – The Phase 1 Wastewater Treatment Plant Expansion Project as initially conceptualized in the 2020 Wastewater Treatment Facilities Master Plan would enable expansion of the plant from the current 12.5 million gallons per day (mgd) to 13.5 mgd to meet projected demands through 2040. The estimated cost of the project was between \$50 million and \$64 million depending upon whether additional infrastructure was needed for the aeration process.

In 2022, the City contracted with Burns & McDonnell to begin engineering design of the Phase 1 project. Burns & McDonnell completed detailed process modeling to determine if the plant could be expanded to 13.5 mgd within the existing aeration basin infrastructure with a new, more efficient, blower system or if an additional aeration basin would be necessary for the expanded capacity. They concluded that an additional aeration basin would need to be constructed to and recommended designing a larger aeration basin to allow expansion to 15.0 mgd rather than a smaller structure that would only provide an additional incremental capacity of 1.0 mgd. In addition to providing expanded capacity, the larger aeration basin would provide operational flexibility to allow taking basins out of service for maintenance. Burns & McDonnell completed the 30 percent design and cost estimate on this basis. Total estimated costs were \$73 million.

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Financing Options – The City consulted with D.A. Davidson to review financing options for this project. In their analysis, they evaluated debt issuance options for both Phase 1 and 2 assuming project funding needs of \$76.7 million in 2024 for Phase 1 and \$35 million in 2027 for Phase 2 for a total of \$111.7 million. Three potential funding sources were identified for the Phase 1 and 2 capital projects in 2024 and 2027:

- *Tax-Exempt Bonds*: Could fund a portion or all the 2024 and 2027 Projects
- *State Revolving Fund (SRF) Loan from Colorado Water Resources and Power Development Authority (CWRPDA)*: Currently limited to a maximum of \$18 million in funding
- *Water Infrastructure and Finance Innovation Act (WIFIA) Loan from Federal Government*: currently limited to a maximum of 49 percent of total project cost

For all three funding options summarized below, it is assumed that \$15 million in cash reserves will be contributed toward the 2024 Project. The project funding requirements for the SRF and WIFIA options includes an additional 2 percent allowance to cover state and federal loan requirements.

The total debt service ranged from \$176.6 million for the Bonds + WIFIA option to \$177.4 million for the Bonds Only Option, a difference of \$773,000 over the 30-year loan period.

The table attached summarizes pros and cons identified for each funding source. While the interest rates for WIFIA and SRF funding options are lower than Tax-Exempt Bonds, they have strict purchasing requirements that would increase the project costs. This includes compliance with Buy America, Build America, American Iron & Steel, and Davis Bacon Wage Rates that negate much of the interest savings over the life of the loan. In addition, there are typically cumbersome reporting and administrative requirements associated with State and Federal loan programs. Tax-Exempt Bonds are also faster to process and more flexible to issue.

Next Steps – Entering into bond issues and other financing arrangements is a policy decision that requires joint direction by City Council and the Board of County Commissioners, collectively the Persigo Board, in accordance with the Persigo Sewer System Intergovernmental Agreement. Hence, Staff will schedule a workshop with the Persigo Board to present these options and recommendations for financing the project for the Board’s consideration.

*C: John Shaver, City Attorney
Department Directors*

Attachments:

- Sources and Uses Summary: 2024 and 2027 Wastewater Financing
- Pros and Cons of Funding Sources
- Joint Sewer System Revenue Bonds 2024 Financing Summary

Sources and Uses Summary - Series 2024 & 2027 Wastewater Financing – Bonds Only

		Series 2024 Bonds	Series 2027 Bonds	Total
Bonds Only	Par	57,500,000	32,870,000	90,370,000
	TIC	4.30%	4.48%	4.37%
	Average Annual Debt Service	3,546,492	2,366,583	5,217,419
	Total Debt Service	106,394,750	70,997,500	177,392,250

Sources and Uses Summary - Series 2024 & 2027 Wastewater Financing – Bonds + CWRPDA SRF Loan

		Series 2024 Bonds	Series 2024 CWRPDA	Series 2027 Bonds	Total
Bonds + SRF	Par	42,090,000	18,000,000	32,870,000	92,960,000
	TIC	4.36%	2.92%	4.59%	4.21%
	Average Annual Debt Service	2,725,038	808,654	2,365,608	5,205,265
	Total Debt Service	81,751,125	24,259,634	70,968,250	176,979,009

Sources and Uses Summary - Series 2024 & 2027 Wastewater Financing – Bonds + WIFIA Loan

		Series 2024 Bonds	Series 2024 WIFIA	Series 2027 Bonds	Total
Bonds + WIFIA	Par	23,595,000	38,470,000	32,775,000	94,840,000
	TIC	4.22%	3.85%	4.46%	4.16%
	Average Annual Debt Service	1,335,469	2,175,846	2,375,975	5,194,668
	Total Debt Service	40,064,063	65,275,394	71,279,250	176,618,707

Funding Source	Tax-Exempt Bonds	State SRF Loan	WIFIA Loan
Pros	<ul style="list-style-type: none"> • Can fully fund 2024 and 2027 Projects as a single funding source • Can be issued in multiple tranches • Fastest process from start to finish (4-5 months) 	<ul style="list-style-type: none"> • Lowest possible borrowing cost (priced at 80% of CWRPDA 'AAA' rate) • Minimal costs of issuance compared to Bonds or WIFIA 	<ul style="list-style-type: none"> • Maximum structuring flexibility (can be amortized up to 40 years) • Priced to Treasury SLG rate corresponding to weighted average life
Cons	<ul style="list-style-type: none"> • Highest aggregate borrowing costs, compared to supplementing with SRF or WIFIA 	<ul style="list-style-type: none"> • Maximum loan size of \$18mm • Execution time of approximately 1 year • Applications only accepted twice a year • Subject to federal regulations (BABA, Davis Bacon, AIS, etc.) 	<ul style="list-style-type: none"> • Maximum loan size of 49% of total project cost • Applications only accepted twice a year • Subject to federal regulations (BABA, Davis Bacon, AIS, etc.)

LEADERS IN INFRASTRUCTURE

FINANCE



CITY OF GRAND JUNCTION

JOINT SEWER SYSTEM REVENUE BONDS, SERIES 2024 FINANCING SUMMARY



SERIES 2024 AND 2027 PROJECT FUNDING OPTIONS SUMMARY

The City and Joint Sewer System have three potential funding sources for its 2024 and 2027 Capital Improvement Program:

1. **Tax-Exempt Bonds Issued in the Capital Markets:** can fund a portion or all of the 2024 and 2027 Projects
2. **SRF Loan from CWRPDA:** currently limited to a maximum of \$18 million in funding
3. **WIFIA Loan from Federal Government:** currently limited to a maximum of 49% of total project cost

For all three combinations of funding summarized below, **City staff has assumed that \$15 million in cash balance will be contributed toward the 2024 Project**; all figures summarized below include the additional debt required to fund the remainder of the 2024 and 2027 Projects.

Sources and Uses Summary - Series 2024 & 2027 Wastewater Financing – Bonds Only				
		Series 2024 Bonds	Series 2027 Bonds	Total
Bonds Only	Par	57,500,000	32,870,000	90,370,000
	TIC	4.30%	4.48%	4.37%
	Average Annual Debt Service	3,546,492	2,366,583	5,217,419
	Total Debt Service	106,394,750	70,997,500	177,392,250

Sources and Uses Summary - Series 2024 & 2027 Wastewater Financing – Bonds + CWRPDA SRF Loan					
		Series 2024 Bonds	Series 2024 CWRPDA	Series 2027 Bonds	Total
Bonds + SRF	Par	42,090,000	18,000,000	32,870,000	92,960,000
	TIC	4.36%	2.92%	4.59%	4.21%
	Average Annual Debt Service	2,725,038	808,654	2,365,608	5,205,265
	Total Debt Service	81,751,125	24,259,634	70,968,250	176,979,009

Sources and Uses Summary - Series 2024 & 2027 Wastewater Financing – Bonds + WIFIA Loan					
		Series 2024 Bonds	Series 2024 WIFIA	Series 2027 Bonds	Total
Bonds + WIFIA	Par	23,595,000	38,470,000	32,775,000	94,840,000
	TIC	4.22%	3.85%	4.46%	4.16%
	Average Annual Debt Service	1,335,469	2,175,846	2,375,975	5,194,668
	Total Debt Service	40,064,063	65,275,394	71,279,250	176,618,707

*Preliminary and subject to change. D.A. Davidson makes no commitment to underwriting at these levels.



SERIES 2024 AND 2027 PROJECT FUNDING OPTIONS PROS/CONS

Funding Source	Tax-Exempt Bonds	State SRF Loan	WIFIA Loan
Pros	<ul style="list-style-type: none">• Can fully fund 2024 and 2027 Projects as a single funding source• Can be issued in multiple tranches• Fastest process from start to finish (4-5 months)	<ul style="list-style-type: none">• Lowest possible borrowing cost (priced at 80% of CWRPDA 'AAA' rate)• Minimal costs of issuance compared to Bonds or WIFIA	<ul style="list-style-type: none">• Maximum structuring flexibility (can be amortized up to 40 years)• Priced to Treasury SLG rate corresponding to weighted average life
Cons	<ul style="list-style-type: none">• Highest aggregate borrowing costs, compared to supplementing with SRF or WIFIA	<ul style="list-style-type: none">• Maximum loan size of \$18mm• Execution time of approximately 1 year• Applications only accepted twice a year• Subject to federal regulations (BABA, Davis Bacon, AIS, etc.)	<ul style="list-style-type: none">• Maximum loan size of 49% of total project cost• Applications only accepted twice a year• Subject to federal regulations (BABA, Davis Bacon, AIS, etc.)

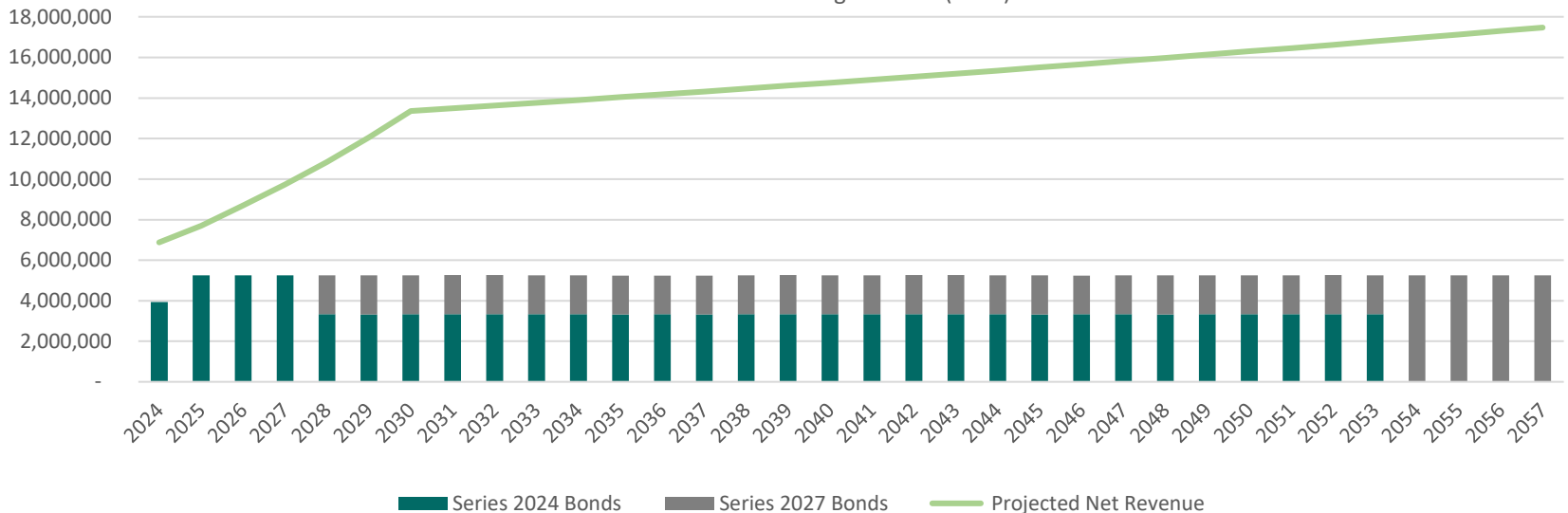


SERIES 2024 & 2027 PROJECT FUNDING SUMMARY – BONDS ONLY

Sources and Uses Summary - Series 2024 & 2027 Wastewater Financing			
Scenario 1 - Bonds Only (Level Debt Service)	Series 2024 Bonds	Series 2027 Bonds	Total
Sources			
Par	57,500,000	32,870,000	90,370,000
Premium	4,662,587	2,504,332	7,166,919
Cash Contribution	15,000,000	-	15,000,000
Total Sources	77,162,587	35,374,332	112,536,919
Uses			
Project Fund Deposit	76,695,973	35,000,000	111,695,973
Costs of Issuance	466,614	374,332	840,946
Total Uses	77,162,587	35,374,332	112,536,919

Sources and Uses Summary - Series 2024 & 2027 Wastewater Financing (Level Debt Service)			
	Series 2024 Bonds	Series 2027 Bonds	Total
TIC	4.30%	4.48%	4.37%
Average Annual Debt Service	3,546,492	2,366,583	5,217,419
Total Debt Service	106,394,750	70,997,500	177,392,250

Projected Debt Service - Series 2024 and Series 2027 Bonds
Minimum Debt Service Coverage – 1.47x (2025)



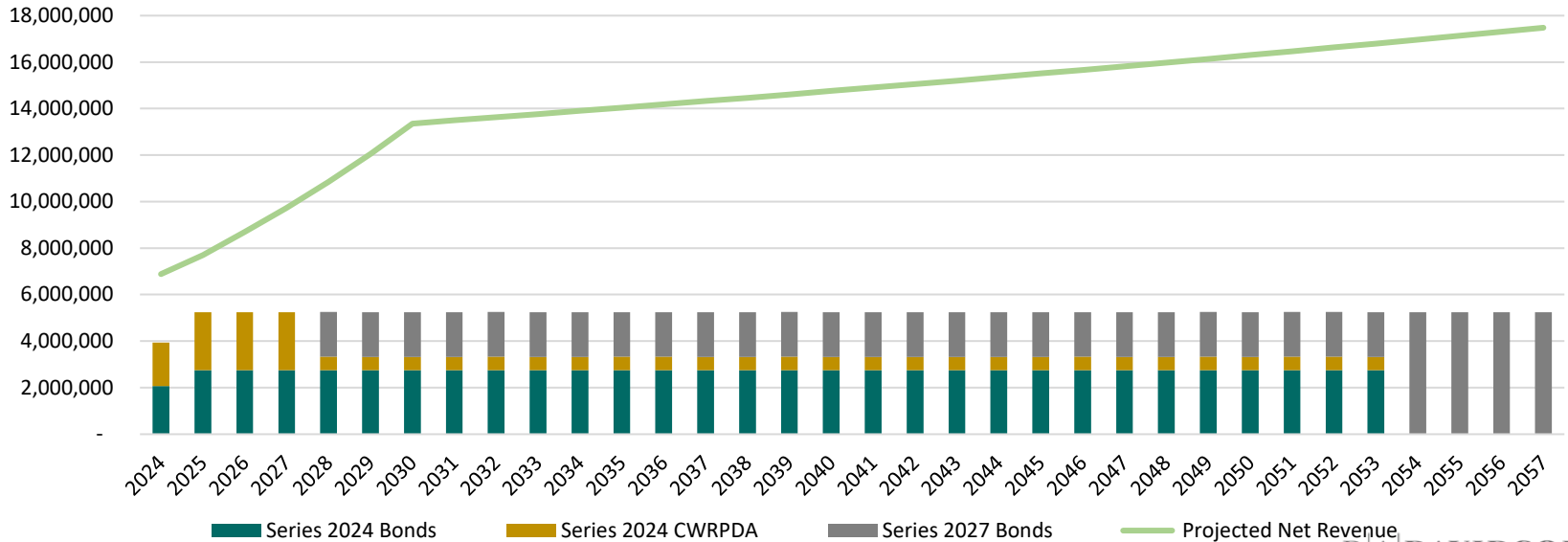


SERIES 2024 & 2027 PROJECT FUNDING SUMMARY – BONDS + CWRPDA SRF

Sources and Uses Summary - Series 2024 & 2027 Wastewater Financing				
Scenario 2- Bonds + CWRPDA (Level Debt Service)	Series 2024 Bonds	Series 2024 CWRPDA	Series 2027 Bonds	Total
Sources				
Par	42,090,000	18,000,000	32,870,000	92,960,000
Premium	3,581,058	-	2,506,208	6,087,266
Cash Contribution	15,000,000	-	-	15,000,000
Total Sources	60,671,058	18,000,000	35,376,208	114,047,266
Uses				
Project Fund Deposit	60,261,197	18,000,000	35,000,000	113,261,197
Costs of Issuance	409,861	-	376,208	786,069
Total Uses	60,671,058	18,000,000	35,376,208	114,047,266

Sources and Uses Summary - Series 2024 & 2027 Wastewater Financing (Level Debt Service)				
	Series 2024 Bonds	Series 2024 CWRPDA	Series 2027 Bonds	Total
TIC	4.36%	2.92%	4.59%	4.21%
Average Annual Debt Service	2,725,038	808,654	2,365,608	5,205,265
Total Debt Service	81,751,125	24,259,634	70,968,250	176,979,009

Projected Debt Service - Series 2024 and Series 2027 Bonds
Minimum Debt Service Coverage – 1.47x (2025)



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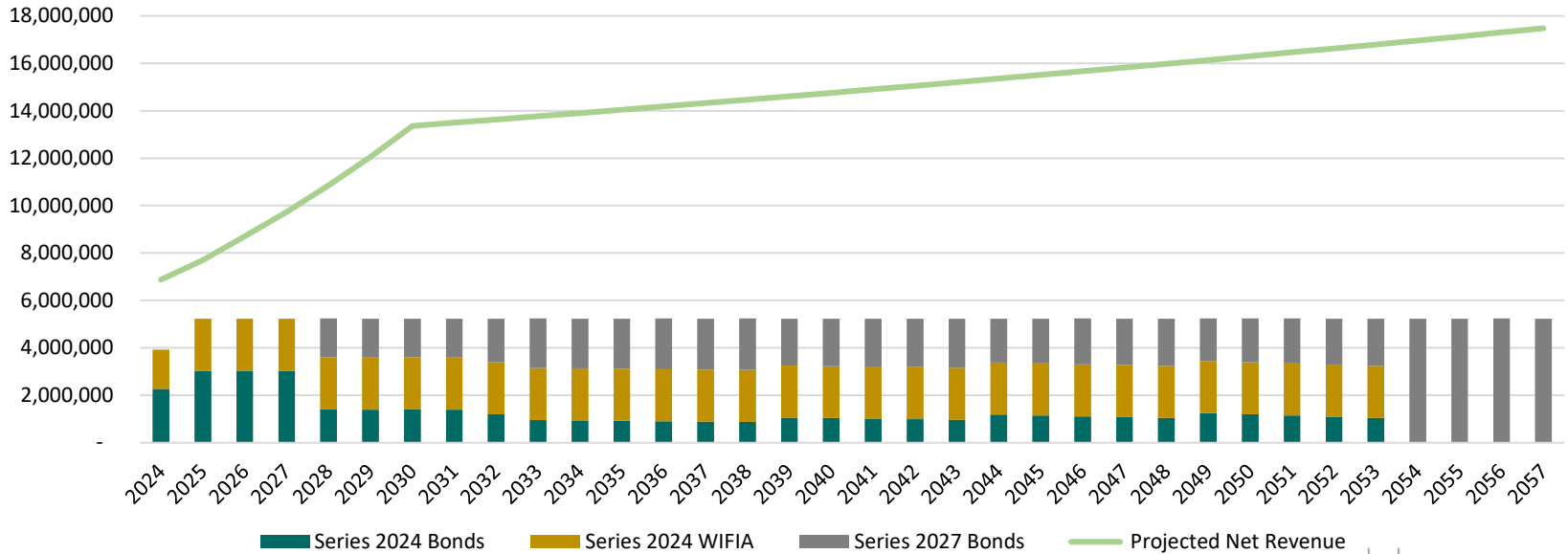


SERIES 2024 & 2027 PROJECT FUNDING SUMMARY – BONDS + WIFIA

Sources and Uses Summary - Series 2024 & 2027 Wastewater Financing				
Scenario 3 - Bonds + WIFIA (Level Debt Service)	Series 2024 Bonds	Series 2024 WIFIA	Series 2027 Bonds	Total
Sources				
Par	23,595,000	38,470,000	32,775,000	94,840,000
Premium	1,787,398	-	2,599,356	4,386,755
Cash Contribution	15,000,000	-	-	15,000,000
Total Sources	40,382,398	38,470,000	35,374,356	114,226,755
Uses				
Project Fund Deposit	40,041,197	38,220,000	35,000,000	113,261,197
Costs of Issuance	341,201	250,000	374,356	965,558
Total Uses	40,382,398	38,470,000	35,374,356	114,226,755

Sources and Uses Summary - Series 2024 & 2027 Wastewater Financing (Level Debt Service)				
	Series 2024 Bonds	Series 2024 WIFIA	Series 2027 Bonds	Total
TIC	4.22%	3.85%	4.46%	4.16%
Average Annual Debt Service	1,335,469	2,175,846	2,375,975	5,194,668
Total Debt Service	40,064,063	65,275,394	71,279,250	176,618,707

Projected Debt Service - Series 2024 and Series 2027 Bonds
Minimum Debt Service Coverage – 1.47x (2025)



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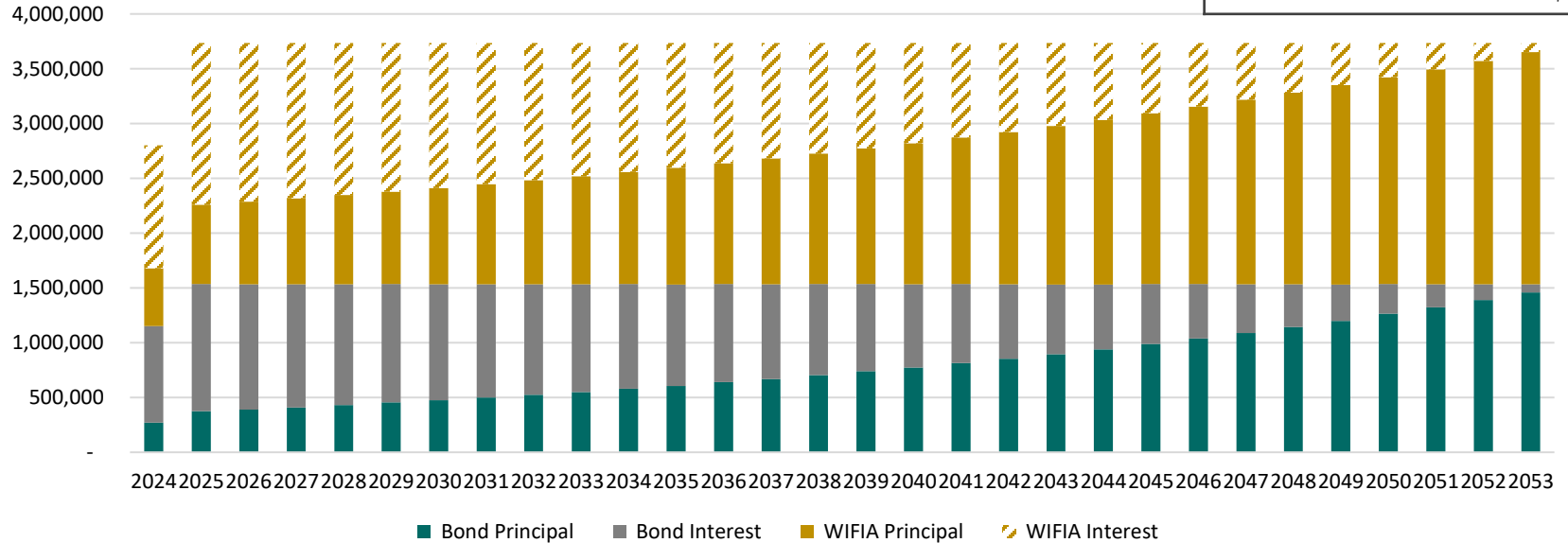


SERIES 2024 PROJECT FUNDING SUMMARY – BONDS + WIFIA LOAN (30-Year)

Sources and Uses Summary - Series 2024 Wastewater Financing			
Scenario 2 - Bonds + WIFIA (30-Year)	Bonds	WIFIA Loan	Total
Sources			
Par	23,505,000	38,347,987	61,852,987
Premium	2,000,143	-	2,000,143
Cash Contribution	15,000,000	-	15,000,000
Total Sources	40,505,143	38,347,987	78,853,130
Uses			
Project Fund Deposit	40,163,210	38,097,987	78,261,197
Costs of Issuance	341,933	250,000	591,933
Total Uses	40,505,143	38,347,987	78,853,130

Projected Debt Service - Bonds + WIFIA Loan
(Anticipated Bonds TIC – 4.32%; Anticipated WIFIA Rate – 3.90%)

Average Annual Debt Service	\$3.7mm
Total Debt Service	\$111.1mm



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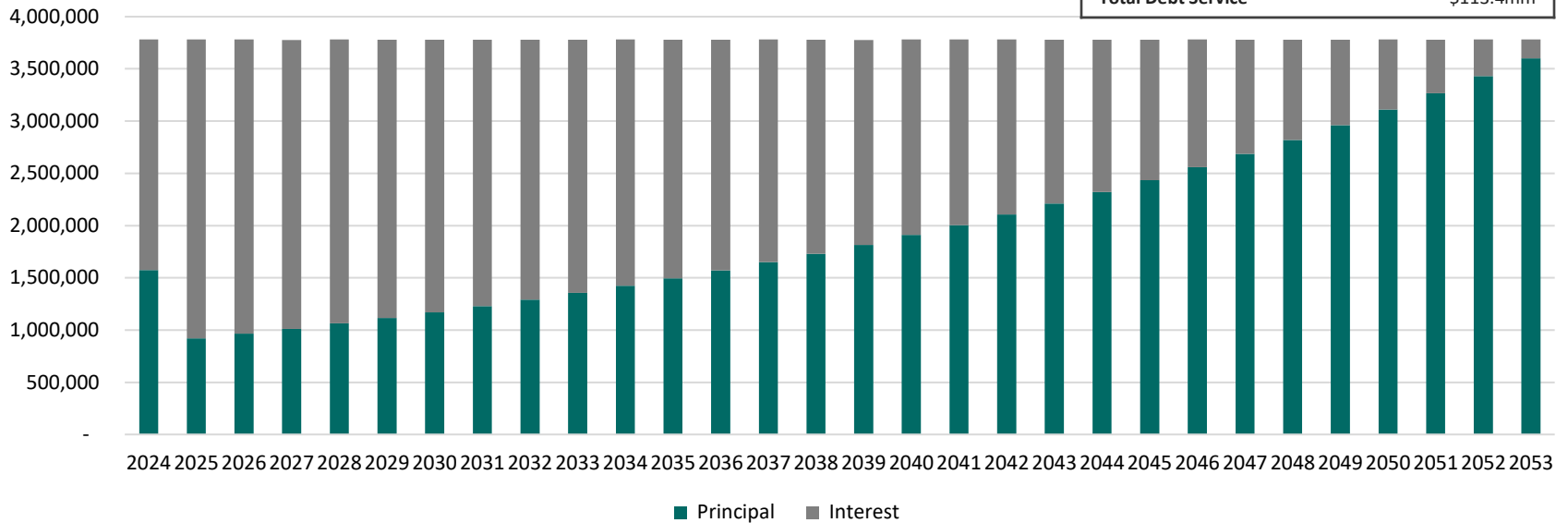


SERIES 2024 PROJECT FUNDING SUMMARY – BONDS ONLY

Sources and Uses Summary - Series 2024 Wastewater Financing	
Scenario 1 - Bonds Only	
Sources	
Par	58,795,000
Premium	4,937,850
Cash Contribution	15,000,000
Total Sources	78,732,850
Uses	
Project Fund Deposit	78,261,197
Costs of Issuance	471,653
Total Uses	78,732,850

Projected Debt Service - Bonds Only
(Anticipated TIC – 4.32%)

Average Annual Debt Service	\$3.8mm
Total Debt Service	\$113.4mm



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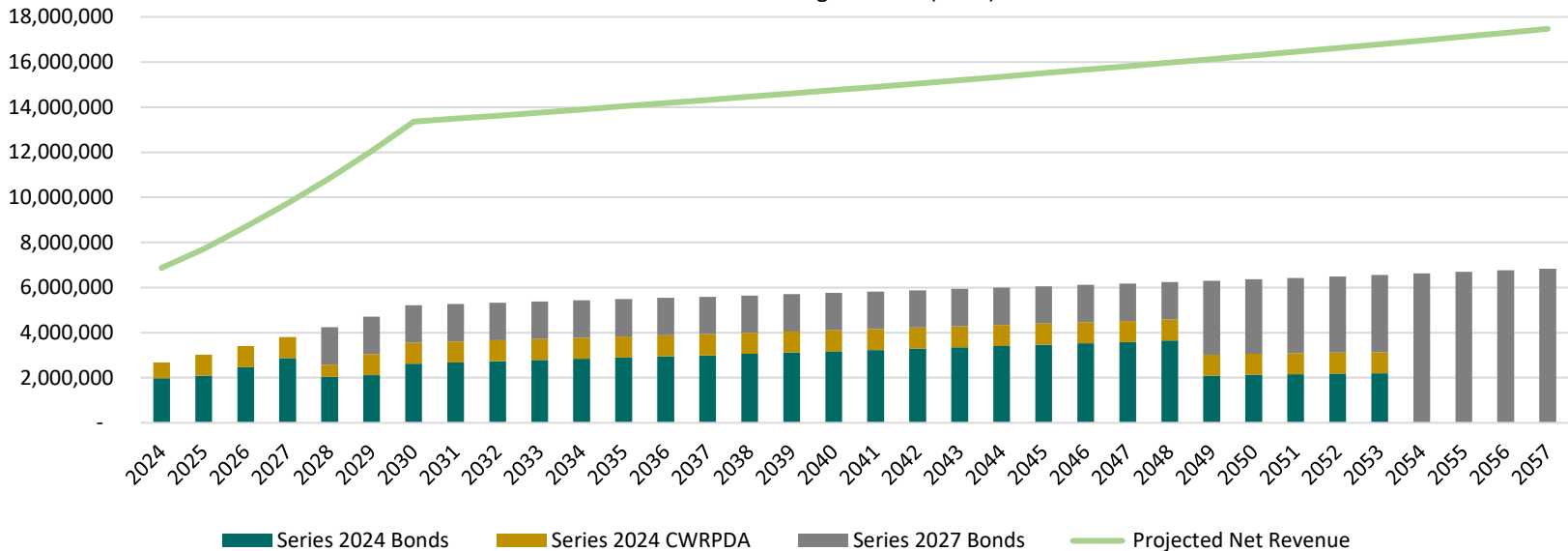


SERIES 2024 & 2027 PROJECT FUNDING SUMMARY – ASCENDING DEBT SERVICE

Sources and Uses Summary - Series 2024 & 2027 Wastewater Financing				
Scenario 2 - Bonds + CWRPDA (Ascending Debt Service)	Series 2024 Bonds	Series 2024 CWRPDA	Series 2027 Bonds	Total
Sources				
Par	42,140,000	18,000,000	33,170,000	93,310,000
Premium	3,534,026	-	2,204,478	5,738,504
Cash Contribution	15,000,000	-	-	15,000,000
Total Sources	60,674,026	18,000,000	35,374,478	114,048,504
Uses				
Project Fund Deposit	60,261,197	18,000,000	35,000,000	113,261,197
Costs of Issuance	412,829	-	374,478	787,307
Total Uses	60,674,026	18,000,000	35,374,478	114,048,504

Sources and Uses Summary - Series 2024 & 2027 Wastewater Financing (Ascending Debt Service)				
	Series 2024 Bonds	Series 2024 CWRPDA	Series 2027 Bonds	Total
TIC	4.33%	2.92%	4.47%	4.12%
Average Annual Debt Service	2,789,208	912,627	2,616,367	5,574,884
Total Debt Service	83,676,250	27,378,822	78,491,000	189,546,072

Projected Debt Service - Series 2024 and Series 2027 Bonds
Minimum Debt Service Coverage – 2.55x (2025)



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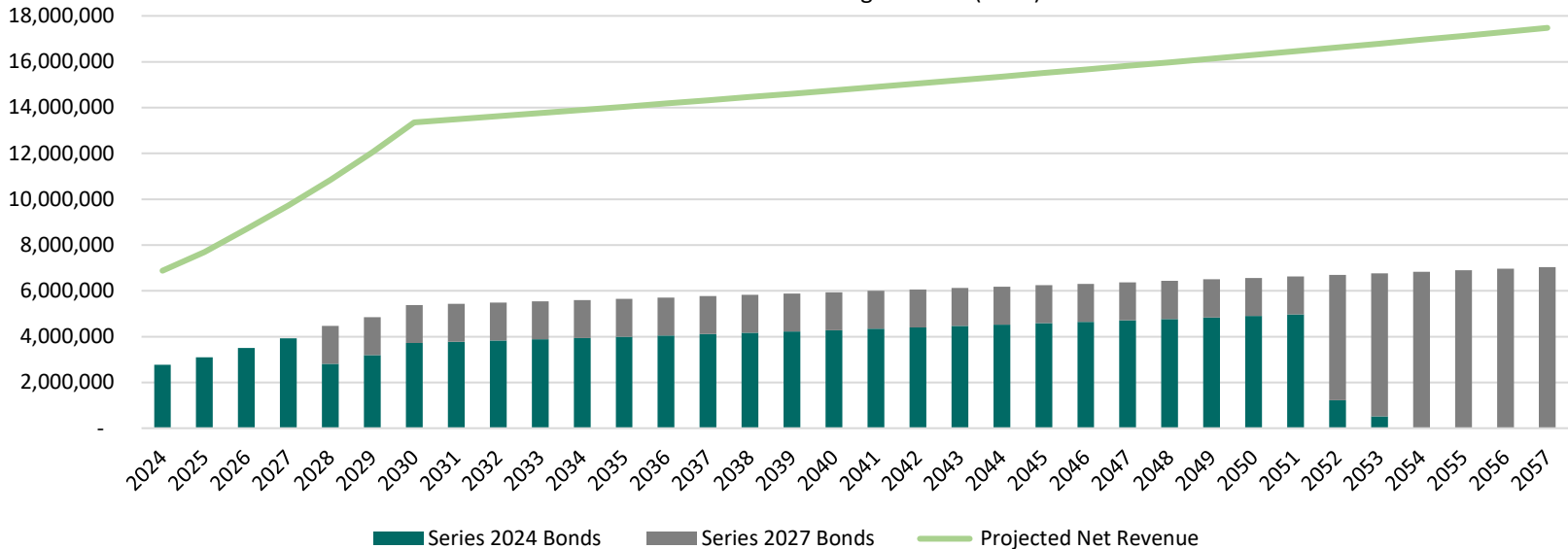


SERIES 2024 & 2027 PROJECT FUNDING SUMMARY – ASCENDING DEBT SERVICE

Sources and Uses Summary - Series 2024 & 2027 Wastewater Financing			
Scenario 2 - Bonds Only (Ascending Debt Service)	Series 2024 Bonds	Series 2027 Bonds	Total
Sources			
Par	58,805,000	33,170,000	91,975,000
Premium	4,931,311	2,204,478	7,135,789
Cash Contribution	15,000,000	-	15,000,000
Total Sources	78,736,311	35,374,478	114,110,789
Uses			
Project Fund Deposit	78,261,197	35,000,000	113,261,197
Costs of Issuance	475,114	374,478	849,592
Total Uses	78,736,311	35,374,478	114,110,789

Sources and Uses Summary - Series 2024 & 2027 Wastewater Financing (Ascending Debt Service)			
	Series 2024 Bonds	Series 2027 Bonds	Total
TIC	4.36%	4.60%	4.45%
Average Annual Debt Service	3,875,823	2,642,150	5,751,153
Total Debt Service	116,274,688	79,264,500	195,539,188

Projected Debt Service - Series 2024 and Series 2027 Bonds
Minimum Debt Service Coverage – 2.42x (2028)



*Preliminary and subject to change. D.A. Davidson makes no commitment to underwriting at these levels.



Disclosures by D.A. Davidson & Co. as Underwriter or Placement Agent pursuant to MSRB Rules G-17 and G-23

D.A. Davidson & Co. (“Davidson”) is providing certain disclosures to the City of Grand Junction (the “City”), as required by the Municipal Securities Rulemaking Board (MSRB) Rules G-17 & G-23, regarding our potential role, duties and interests as the underwriter or placement agent for the anticipated bond transaction being discussed in these materials (the “Bonds”).

Davidson intends to serve as underwriter or placement agent (in either case, the “underwriter”), and not as a financial advisor or municipal advisor, in connection with the issuance of the Bonds. Once engaged as underwriter, as part of our services to the City, Davidson may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds. However, Davidson is not acting as an advisor to the City and does not owe the City a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 with respect to the information accompanying this disclosure letter. Furthermore, at this time Davidson is not recommending any action to the City in connection with the proposed issuance of the Bonds.

As underwriter, Davidson’s primary role will be to purchase as principal, or arrange for the placement of, the Bonds in a commercial arm’s-length transaction with the City. Davidson has financial and other interests that differ from those of the City. MSRB Rule G-17 requires Davidson to deal fairly at all times with both municipal issuers and investors. Unlike a municipal advisor, Davidson does not have a fiduciary duty to the City under federal securities laws and therefore is not required by federal law to act in the best interests of the City without regard to our own financial or other interests. The City may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the City’s interest in this transaction. Davidson has a duty to purchase Bonds from the City at a fair and reasonable price, but must balance that duty with the duty to sell the Bonds to investors at prices that are fair and reasonable. Davidson will review any official statement for the Bonds in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.

We suggest you discuss this letter and any accompanying materials with any and all internal or external advisors or experts such as your financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.