

**TOWN OF MOUNTAIN VILLAGE
TOWN COUNCIL REGULAR MEETING
THURSDAY, OCTOBER 19, 2023, 2:00 PM
2nd FLOOR CONFERENCE ROOM, MOUNTAIN VILLAGE TOWN HALL
55 MOUNTAIN VILLAGE BLVD, MOUNTAIN VILLAGE, COLORADO
AGENDA REVISED 3**

https://us06web.zoom.us/webinar/register/WN_uwD_kFUqSpicg_gKR9DBfA

Please note that times are approximate and subject to change.

	Time	Min	Presenter	Type	
1.	2:00				Call to Order
2.	2:00	40	Wisor McConaughy	Legal	Executive Session for the Purpose of: <ul style="list-style-type: none"> a. Receiving Legal Advice on Specific Legal Questions, to Determine Positions Relative to Matters that may be Subject to Negotiations, Developing Strategy for Negotiations and/or Instructing Negotiators, In Connection to the Ice Rink Management Agreement Pursuant to C.R.S. 24-6-402(4)(b) and (e) b. Conference with the Town Attorney for the Purpose of Receiving Legal Advice on Specific Legal Questions, to Determine Positions Relative to Matters that may be Subject to Negotiations, Developing Strategy for Negotiations and/or Instructing Negotiators, In Connection With Oak Street Station Pursuant to C.R.S. 24-6-402(4)(a), (b), and (e)
3.	2:40	5			Public Comment on Non-Agenda Items
4.	2:45	5	Farr	Action	Consideration of a Proclamation Declaring October 2023 as Domestic Violence Awareness Month
5.	2:50	5	Kjome	Informational	Introduction of New Staff Member: <ul style="list-style-type: none"> a. Kyle Tanguay, Facilities Maintenance Manager
6.	2:55	5	Johnston	Action	Consent Agenda: All matters in the Consent Agenda are considered to be routine by the Town Council and will be enacted with a single vote. There will be no separate discussion of these items. If discussion is deemed necessary, that item should be removed from the Consent Agenda and considered separately: <ul style="list-style-type: none"> a. Consideration of Approval of the September 20, 2023 Regular Town Council Meeting Minutes
7.	3:00	10	Wisor	Informational	Department Updates
8.	3:10	45	Wisor Lemley Kjome SGM	Work Session	Work Session Regarding a Water and Sewer Rate Study
9.	3:55	20	Wisor Haynes O'Connor	Work Session	Work Session Regarding Change Order to VCA Phase IV West Building Stemming From Soil Conditions, Foundation Modifications, and Association Delays
10.	4:15	15	Lemley	Informational	Finance: <ul style="list-style-type: none"> a. Presentation of the September 30, 2023 Business & Government Activity Report (BAGAR)

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					b. Consideration of the Third Quarter 2023 Financials
11.	4:30	15	Ward	Action Quasi-Judicial	Consideration of a Resolution Approving a Road Right-of-Way Encroachment at Lot 166AR2-2, 1 Stonegate Drive, Mountain Village
12.	4:45	20	Ward Tyler	Action Quasi-Judicial	Seconding Reading, Public Hearing, and Council Vote on an Ordinance Regarding Approving a CDC Amendment Adding CDC Section 17.6.6.D.1 and Amending CDC Section 17.5.13.M to Allow for the Adoption of the Town of Mountain Village Addressing Standards Document
13.	5:05	10	Wisor McConaughy	Action Legislative	Consideration of an Approval of an Intergovernmental Agreement for Cost-Sharing of the Planning and Gondola Project Development Phase of the Gondola Project
14.	5:15	20	Wisor McConaughy	Action Legislative	First Reading, Setting of a Public Hearing and Council Vote on an Ordinance to Authorize the Use of Golf Carts on Certain Municipal Roads
15.	5:35	15			Dinner
16.	5:50	10	Wisor Lemley	Action	Consideration of a Resolution of the Town of Mountain Village Housing Authority Authorizing the Leasing of Certain Real Property and the Execution and Delivery of a Site and Improvement Lease Agreement and a Lease Purchase Agreement, and Other Documents Incidental Thereto All for the Purpose of Financing or Reimbursing the Cost of Acquiring Approximately 55-Acres of Property for the Purpose of Developing, Constructing and Equipping Residential Workforce Housing; Setting Forth Certain Parameters and Restrictions With Respect to the Financing; Authorizing Officials of the Authority to Take All Actions Necessary or Appropriate to Carry Out the Transactions Contemplated Hereby; and Providing for Other Matters Related Thereto
17.	6:00	5	Wisor Lemley	Action	Consideration of a Resolution Concerning the Town of Mountain Village Housing Authority and its Execution and Delivery of a Site and Improvement Lease Agreement, a Lease Purchase Agreement, and Other Documents Incidental Thereto; Authorizing and Directing Actions By the Town Manager in Connection With the Lease Financing; and Ratifying Prior Actions Taken in Connection Therewith
18.	6:05	20	Ward Hawkins Hein	Work Session	Work Session Regarding a Potential Road Right-of-Way Encroachment at Lot 7 TBD Vischer Drive
19.	6:25	10	Members of the Citizen Issue Committee	Informational	Update Regarding the Rico Annexation into the R-1 School District and Bond Measure
20.	6:35	20	Council Members	Informational	Council Boards and Commissions Updates: <ol style="list-style-type: none"> 1. Telluride Tourism Board – Berry 2. Colorado Flights Alliance – Gilbride 3. Transportation & Parking – Mogenson & Duprey 4. Budget & Finance Committee – Duprey, Mogenson & Pearson 5. Gondola Committee – Berry & Mogenson

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					6. Colorado Communities for Climate Action – Berry 7. San Miguel Authority for Regional Transportation (SMART) – Berry & Magid 8. Telluride Historical Museum – Prohaska 9. Alliance for Inclusion – Prohaska 10. Green Team Committee – Berry 11. Mountain Village Business Development Advisory Committee (BDAC) – Duprey & Pearson 12. Wastewater Committee – Duprey & Magid 13. Mayor’s Update – Prohaska
21.	6:55	10	Johnston	Informational	Other Business a. Consideration of the 2024 Regular Town Council Meeting Dates
22.	7:05				Adjourn

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Zoom participation in public meetings is being offered as a courtesy, however technical difficulties can happen, and the Town bears no responsibility for issues that could prevent individuals from participating remotely. Physical presence in Council Chambers is recommended for those wishing to make public comments or participate in public hearings.

Public Comment Policy:

- All public commenters must sign in on the public comment sign in sheet and indicate which item(s) they intend to give public comment on.
- Speakers shall wait to be recognized by the Mayor and shall give public comment at the public comment microphone when recognized by the Mayor.
- Speakers shall state their full name and affiliation with the Town of Mountain Village if any.
- Speakers shall be limited to two minutes with no aggregating of time through the representation of additional people.
- Speakers shall refrain from personal attacks and shall keep comments to that of a civil tone.
- No presentation of materials through the AV system shall be allowed for non-agendized speakers.
- Written materials must be submitted 48 hours prior to the meeting date to be included in the meeting packet and of record. Written comment submitted within 48 hours will be accepted but shall not be included in the packet or be deemed of record.



Town of Mountain Village Proclamation

Domestic Violence Awareness Month 2023 Proclamation

WHEREAS, Domestic violence is a public health issue of epidemic proportions that impacts our community, consumes vast resources, and serves as a form of oppression; and

WHEREAS, Nearly 1 in 3 women and 1 in 4 men have suffered from domestic violence by an intimate partner; and

WHEREAS, In 2021, Colorado had 61 incidents in which domestic violence resulted in a fatality, and 91 people died in these incidents; and a disproportionate percentage of the fatalities occurred in rural, as compared to urban, counties. This was the highest number of domestic violence fatalities since Colorado created a Domestic Violence Fatality Review Board in 2017.

WHEREAS, Domestic violence is not simply a “woman’s issue,” but a “human” issue affecting men, women, children, families, and communities of all ages, races, religions, and income levels; and

WHEREAS, All community members can and should work together to end relationship violence because domestic violence is prevalent in every community, even small ones, and has devastating consequences that can last a lifetime and cross generations;

THEREFORE, be it resolved that we, the Town Council of the Town of Mountain Village, do hereby designate October 2023 as

Domestic Violence Awareness Month

in Mountain Village, and during Domestic Violence Awareness Month, we urge every member of our community to be part of the solution today and every day. Support and believe survivors. Educate yourself and others. Model non-violent and respectful behavior through your everyday actions. Speak up about abuse. At the San Miguel Resource Center, they envision an equitable community in which every person has the right and the ability to be safe, respected, empowered and free from oppression, violence and the fear of violence, and they hope you join us in our work to make this vision a reality.

Dated this 19th day of October 2023

Martinique Prohaska, Mayor

Susan Johnston, Town Clerk



TOWN OF MOUNTAIN VILLAGE

455 Mountain Village Blvd. Suite A

Mountain Village, CO 81435

970-728-8000

970-728-4342 Fax

mvclerk@mtnvillage.org

**TOWN OF MOUNTAIN VILLAGE
MINUTES OF THE SEPTEMBER 20, 2023
REGULAR TOWN COUNCIL MEETING**

DRAFT

Agenda Item 6a

The meeting of the Town Council was called to order by Mayor Martinique Prohaska at 1:00 p.m. on Wednesday, September 20, 2023. The meeting was held in person and with virtual access provided through Zoom.

Attendance:

The following Town Council members were present and acting:

Marti Prohaska, Mayor

Scott Pearson, Mayor Pro Tem (via Zoom) (arrived at 2:12 p.m.)

Harvey Mogenson

Jack Gilbride

Pete Duprey

Tucker Magid (via Zoom)

Patrick Berry (via Zoom) (arrived at 2:26 p.m.)

Also in attendance were:

Paul Wisor, Town Manager

Michelle Haynes, Assistant Town Manager

Susan Johnston, Town Clerk

Kim Schooley, Deputy Town Clerk

David McConaughy, Town Attorney

Lizbeth Lemley, Finance Director

Chris Broady, Police Chief

Amy Ward, Community Development Director

Kathrine Warren, Public Information Officer

JD Wise, Economic Development & Sustainability Director

Lauren Tyler, GIS Administrator

Jim Loebe, Transit & Recreation Director

Jaime Holmes, HR Director

Lindsay Niehaus, HR Coordinator

Maegan Eckard, Administrative Assistant

Kate Burns, Controller

Lauren Kirn, Environmental Efficiencies & Grant Coordinator

Molly Norton, Community Engagement Coordinator

Lauren "LT" Tyler, GIS Administrator

Lars Forsythe, Building Inspector

Clair Perez, Planner II

Marleina Fallenius, Housing Policy & Programs Manager

Chad Hill

Winston Kelly

David Foster

Len Rybicki

Tim Barber

Adam Raiffe

Darshan Patel

Huascar (Rick) Gomez

Jennifer Zanardi

Jonathan Greenspan

Paul Savage

Yvette Rauff

Terry Elkins

Melanie Montoya

Kiernan Lannon

David Shear

John Miller

Marcin Ostromecki

Tim Johnson

Cyndi Stovall

Matt Skinner

Steven Paletz

Matthew Shear

Albert Roer

Madeline Gomez

Dovid Spector

Chris Hawkins

Jon Stern

Peggy Raible

Jackie Kadin

Anne Reissner
Mickey Salloway
Katsia Lord
Bill Kyriagis
Avani Patel
Matt Hintermeister
Nikoleta Angelova
Jon Duerr
Dan Jansen
Chris Chaffin
Ankur Patel
Chuck Horning
Patrick Latchem
Tamas Paluska
Erica McDonnell
Laura Aleman
Anton Benitez
Meehan Fee

Linda Brown
Keith Hampton
Linda Tyler
Andrew Vidor
Douglas Tooley
Stacy Ostromecki
Brandyn Bair
Wesley Massey Hill
Karla Howard
Chris Paulk
Vijesh Patel
Jeff Walker
Chad Horning
Ron Allred
Mike Ialeggio
George Harvey
Morgan Ballou
Simon Aplin

On a **MOTION** by Pete Duprey and seconded by Jack Gilbride, Council voted unanimously to add to the Consent Agenda as item 5c, a Resolution Approving the Purchase of Real Property. On a **MOTION** by Pete Duprey and seconded by Jack Gilbride, Council voted unanimously to remove agenda item 17, Consideration of an Update to the Town of Mountain Village Open Space Map Last Updated in 2012.

Executive Session for the Purpose of: (2)

- a. **Conference with the Town Attorney for the Purpose of Receiving Legal Advice on Specific Legal Questions Under CRS Section 24-6-402(4)(b), Specifically Regarding the Major Planned Unit Development (PUD) Amendment to the Formerly Named Mountain Village Hotel PUD, to Consider Amendments to the Existing PUD for Lot 109R for a Mixed-Use Hotel/Resort Development Including Plaza, Commercial, Hotel and Residential Use**
- b. **Receiving Legal Advice on Specific Legal Questions, to Determine Positions Relative to Matters That May be Subject to Negotiations, Developing Strategy for Negotiations and/or Instructing Negotiators, In Connection With Paid Parking Pursuant to C.R.S. 24-6-402(4)(b) and (e)**

On a **MOTION** by Pete Duprey and seconded by Harvey Mogenson, Council voted unanimously to move into Executive Session for the purpose of:

- a. Conference with the Town Attorney for the purpose of receiving legal advice on specific legal questions under CRS Section 24-6-402(4)(b), specifically regarding the Major Planned Unit Development (PUD) Amendment to the Formerly Named Mountain Village Hotel PUD, to consider amendments to the existing PUD for Lot 109R for a mixed-use hotel/resort development including plaza, commercial, hotel and residential use;
- b. Receiving legal advice on specific legal questions, to determine positions relative to matters that may be subject to negotiations, developing strategy for negotiations and/or instructing negotiators, in connection with paid parking pursuant to C.R.S. 24-6-402(4)(b) and (e)

at 1:00 p.m.

Council returned to open session at 1:35 p.m.

Public Comment on Non-Agenda Items (3)

Public comment was received from Jonathan Greenspan.

Consideration of a Proclamation Declaring September 2023 as Suicide Prevention Awareness Month (4)

Tri-County Health Co-Executive Director Melanie Montoya presented. Mayor Prohaska read the proclamation. On a **MOTION** by Jack Gilbride and seconded by Harvey Mogenson, Council voted unanimously to approve a proclamation declaring September 2023 as Suicide Prevention Awareness Month in the Town of Mountain Village.

Consent Agenda:

All matters in the Consent Agenda are considered to be routine by the Town Council and will be enacted with a single vote. There will be no separate discussion of these items. If discussion is deemed necessary, that item should be removed from the Consent Agenda and considered separately: (5)

- a. **Consideration of Approval of the August 7, 2023 Special Town Council Meeting Minutes**
- b. **Consideration of Approval of the August 17, 2023 Town Council Meeting Minutes**
- c. **Consideration of a Resolution Approving the Purchase of Real Property**

Town Clerk Susan Johnston presented. Council discussion ensued. On a **MOTION** by Pete Duprey and seconded by Tucker Magid, Council voted unanimously to approve the Consent Agenda as presented.

Telluride Museum Update (6)

Telluride Historical Museum Executive Director Kiernan Lannon presented. Council discussion ensued.

Finance: (7)

- a. **2024 Draft Budget Review**

Finance Director Lizbeth Lemley and Assistant Finance Director Julie Vergari presented. Council discussion ensued.

Second Reading, Public Hearing and Council Vote on an Ordinance Amending CDC Section 17.4 of the Mountain Village Municipal Code Concerning Extensions of Land Use Approvals *Quasi-Judicial* (8)

Community Development Director Amy Ward presented. Mayor Prohaska opened the public hearing. There was no public comment. The Mayor closed the public hearing. Council discussion ensued. On a **MOTION** by Pete Duprey and seconded by Harvey Mogenson, Council voted 7-0 to approve on second reading an Ordinance amending chapter 17.4 of the Mountain Village Municipal Code concerning extensions of land use approvals as proposed in the staff memo dated September 14, 2023.

Second Reading, Public Hearing and Council Vote on an Ordinance Regarding a Vested Property Rights Extension for a Site-Specific Development Plan for Lot 30, TBD Aspen Ridge Drive Pursuant to CDC 17.4.17 *Quasi-Judicial* (9)

Amy Ward presented. Mayor Prohaska opened the public hearing. There was no public comment. The Mayor closed the public hearing. Council discussion ensued. On a **MOTION** by Harvey Mogenson and seconded by Jack Gilbride, Council voted 7-0 to approve an Ordinance regarding the extension of a vested property right at Lot 30, TBD Aspen Ridge Drive, from October 7, 2023, to October 7, 2026 pursuant to CDC Section 17.4.17 based on the evidence provided within the Staff Report of record dated September 14, 2023.

With the following findings:

1. The proposal to extend the Lot 30 vested property rights meets all of the Criteria for Decision listed in 17.4.17(D)(1).

And, with the following conditions:

1. Prior to the recordation of the Ordinance approving the Extended Vested Property Rights and site-specific development plan, the Owner shall revise all documents to include the following statement: “Approval of this site-specific development plan may create a vested property right pursuant to C.R.S. § 24-68-101 et seq. and subject to the Town of Mountain Village’s Community Development Code.”
2. The Town shall publish a notice in the newspaper of record within 14 days of approval a notice describing that a vested property right has been created/extended consistent with CDC Section 17.4.17(E)(4)
3. All previous conditions of approval from the original 2021 Design Review approval remain applicable for any future development.

Second Reading, Public Hearing and Council Vote on an Ordinance Approving a Major Planned Unit Development (PUD) Amendment to the Formerly Named Mountain Village Hotel PUD, to Consider Amendments to the Existing PUD for Lot 109R for a Mixed-Use Hotel/Resort Development Including Plaza, Commercial, Hotel and Residential Use *Quasi-Judicial* (10)

Assistant Town Manager Michelle Haynes, Amy Ward and Town Engineer Chad Hill presented. Applicants Avani Patel, Bill Kyriagis, and Vijesh Patel made comments. Mayor Prohaska opened the public hearing. Public comment was received from Dr. Walker, Laura Aleman, Wesley Massey Hill, Patrick Latham, George Harvey, Anton Benitez, Morgan Ballou, Jackie Kadin, Len Rybicki, Chad Horning, Ron Allred, Dan Jansen, Albert Roer, Ann Reissner, Winston Kelly, Chris Paulk, Tamas Paluska, Chuck Horning, Meehan Fee, David Foster, and Simon Aplin. The Mayor closed the public hearing. Council discussion ensued. On a **MOTION** by Jack Gilbride and seconded by Tucker Magid, Council voted 4-3 (with Pete Duprey, Harvey Mogenson, and Scott Pearson dissenting) to approve an Ordinance for a fourth major PUD amendment for Lot 109R and portions of OS-3BR-2 and approve a vested property right for a site-specific development plan, with the findings and conditions stated in the ordinance, and adding an additional approved CDC variation for driveway grades as described in the staff memo.

Council took a break from 3:23 to 3:30 p.m.

Consideration of a Resolution approving a Major Subdivision to Replat Portions of Property Between Lot 109R and OS-3-BR2 and a Portion of Property from 109R to Active Open Space Right of Way *This Item was Continued from the August 17, 2023 Regular Town Council Meeting Quasi-Judicial* (11)

Michelle Haynes and Amy Ward presented. Mayor Prohaska opened the public hearing. Public comment was received from David Foster. The Mayor closed the public hearing. Council discussion ensued. On a **MOTION** by Pete Duprey and seconded by Tucker Magid, Council voted unanimously to approve a major subdivision by Resolution regarding a replat of Lot 109R and OS-3BR-2 to be replat as Lot 109R2, OS-3BR-2R-1R and Active Open Space Right of Way. The findings and conditions are contained within the resolution.

Second Reading, Public Hearing and Council Vote on an Ordinance Regarding a Rezone of Portions of Town Owned Village Center Active Open Space (OS-3- BR2) to 109R PUD, and 109R PUD to Village Center Active Open Space (OS-3-BR2) and a Portion of 109R PUD to Active Open Space Right of Way (a Portion of the Mountain Village Blvd. Bridge) Consistent with CDC Section 17.4.9.15 Related to the Concurrent Major Subdivision Application to Replat Portions of Property Between Lot 109R and OS-3-BR-2 *Quasi-Judicial* (12)

Michelle Haynes and Amy Ward presented. Mayor Prohaska opened a public hearing. There was no public comment. The Mayor closed the public hearing. Council discussion ensued. On a **MOTION** by Pete Duprey and seconded by Jack Gilbride Council voted 7-0 to approve an Ordinance rezoning former portions of OS-3BR-2 to Lot 109R2 site specific PUD and portions of 109R to OS-3BR-2R-1R Active

Open Space Village Center and a small portion of former 109R rezone to Mountain Village Boulevard, Active Open Space Right of Way as shown on the proposed major subdivision plat and the rezone exhibit. The findings and conditions are contained within the ordinance.

First Reading, Setting of a Public Hearing and Council Vote on an Ordinance Regarding Approving a CDC Amendment Adding CDC Section 17.6.6.D.1 and Amending CDC Section 17.5.13.M to Allow for the Adoption of the Town of Mountain Village Addressing Standards Document Quasi-Judicial (13)

Amy Ward, GIS Administrator Lauren Tyler, and Police Chief Chris Broady presented. Mayor Prohaska opened a public hearing. Public comment was received from Len Rybicki and Douglas Tooley. The Mayor closed public comment. Council discussion ensued. On a **MOTION** by Pete Duprey and seconded by Jack Gilbride, Council voted 7-0 to approve on first reading an Ordinance proposing changes to the Community Development Code at Sections 17.6.6.D. (new) and 17.4.13.M. attached as exhibit A, and to set the second reading, public hearing and final Council vote for the October 19, 2023 Regular Town Council meeting.

Updates Regarding Meadowlark at Mountain Village Unit Selection Process with Tiered Priority Individuals and Organizations (14)

Town Manager Paul Wisor, Michelle Haynes, and Housing Policy and Programs Manager Marleina Fallenius presented. The Mayor opened a public hearing. Public comment was received from Stacy Ostromecki. The Mayor closed the public hearing. Council discussion ensued. Council directed staff to all essential organizations to purchase more than one unit. Council consensus was in favor of investing in three units for the Town to use for employee housing and recruiting.

Discussion Regarding Daytime Parking Fees and Parking Policy Changes (15)

Paul Wisor and Walker Consultants Parking Consultant Andrew Vidor presented. The Mayor opened a public hearing. Public comments were received from Erica McDonnell, Len Rybicki, Michael Ialeggio, and Douglas Tooley. Council discussion ensued. Council directed staff to use the parking fees suggested by Walker Consultants and increase the parking fees for the Meadows Lot to match the Gondola Parking Garage. Implementation issues will be discussed on the parking committee level.

Council broke for dinner from 5:21 to 5:35 p.m.

Discussion Regarding Staff Reports and Financial Reporting to Town Council (16)

Paul Wisor presented. Council discussion ensued. Council directed staff to assemble a brief update from each director and present to Council monthly and to adjust the financial reporting to present to Council quarterly.

Consideration of an Update to the Town of Mountain Village Open Space Map Last Updated in 2012 (17)

This item was removed from the agenda.

Council Boards and Commissions Updates: (18)

1. **Telluride Tourism Board – Berry**
2. **Colorado Flights Alliance – Gilbride**
3. **Transportation & Parking – Mogenson & Duprey**
4. **Budget & Finance Committee – Duprey, Mogenson & Pearson**
5. **Gondola Committee – Berry & Mogenson**
6. **Colorado Communities for Climate Action – Berry**
7. **San Miguel Authority for Regional Transportation (SMART) – Berry & Magid**
8. **Telluride Historical Museum – Prohaska**

9. Alliance for Inclusion – Prohaska
10. Green Team Committee – Berry
11. Mountain Village Business Development Advisory Committee (BDAC) – Duprey & Pearson
12. Wastewater Committee – Duprey & Magid
13. Mayor's Update – Prohaska

Council Boards and Commissions updates were skipped.

Other Business (20)

There was no other business.

Executive Session for the Purpose of: (21)

- a. Receiving Legal Advice on Specific Legal Questions, to Determine Positions Relative to Matters that may be Subject to Negotiations, Developing Strategy for Negotiations and/or Instructing Negotiators, In Connection to the Ice Rink Management Agreement Pursuant to C.R.S. 24-6-402(4)(b) and (e)
- b. Receiving Legal Advice on Specific Legal Questions, to Determine Positions Relative to Matters that may be Subject to Negotiations, Developing Strategy for Negotiations and/or Instructing Negotiators, In Connection to the La Piazza del Villaggio Ristorante Plaza License Agreement Pursuant to C.R.S. 24-6-402(4)(b) and (e)
- c. Receiving Legal Advice on Specific Legal Questions, to Determine Positions Relative to Matters that may be Subject to Negotiations, Developing Strategy for Negotiations and/or Instructing Negotiators, In Connection With the Proposed Wastewater Treatment Plant Pursuant to C.R.S. 24-6- 402(4)(b) and (e)
- d. Conference with the Town Attorney for the Purpose of Receiving Legal Advice on Specific Legal Questions, to Determine Positions Relative to Matters that may be Subject to Negotiations, Developing Strategy for Negotiations and/or Instructing Negotiators, In Connection With the Acquisition of Property Pursuant to C.R.S. 24-6-402(4)(a), (b), and (e)

On a **MOTION** by Pete Duprey and seconded by Harvey Mogenson, Council voted unanimously to move into Executive Session for the purpose of:

- a. Receiving legal advice on specific legal questions, to determine positions relative to matters that may be subject to negotiations, developing strategy for negotiations and/or instructing negotiators, in connection to the Ice Rink Management Agreement pursuant to C.R.S. 24-6-402(4)(b) and (e);
- b. Receiving legal advice on specific legal questions, to determine positions relative to matters that may be subject to negotiations, developing strategy for negotiations and/or instructing negotiators, in connection to the La Piazza del Villaggio Ristorante Plaza License Agreement pursuant to C.R.S. 24-6-402(4)(b) and (e);
- c. Receiving legal advice on specific legal questions, to determine positions relative to matters that may be subject to negotiations, developing strategy for negotiations and/or instructing negotiators, in connection with the proposed Wastewater Treatment Plant pursuant to C.R.S. 24-6- 402(4)(b) and (e);
- d. Conference with the Town Attorney for the purpose of receiving legal advice on specific legal questions, to determine positions relative to matters that may be subject to negotiations, developing strategy for negotiations and/or instructing negotiators, in connection with the acquisition of property pursuant to C.R.S. 24-6-402(4)(a), (b), and (e)

at 5:42 p.m.

Council returned to open session at 7:20 p.m.

There being no further business, on a **MOTION** by Marti Prohaska and seconded by Pete Duprey, Council voted unanimously to adjourn the meeting at 7:20 p.m.

Respectfully prepared,

Kim Schooley
Deputy Town Clerk

Respectfully submitted,

Susan Johnston
Town Clerk

DRAFT



AGENDA ITEM 7
TOWN MANAGER
455 Mountain Village Blvd.
Mountain Village, CO 81435
(970) 729-2654

TO: Mountain Village Town Council
FROM: Paul Wisor, Town Manager
DATE: October 19, 2023
RE: Mountain Village Department Updates

Executive Summary: Below is a summary of notable activity within each of the Town's departments. Please contact the Town Manager if this report raises any questions.

Gondola/Trails

During this fall, the gondola has seen record ridership, with a notable high of 18,664 riders on Saturday, October 6th. At the request of the community, the gondola will remain open through October 21st, a week longer than normal. The gondola will reopen on November 17th. Hiring for the winter season has concluded, and we are excited to begin orientation in early November.

Work on San Joaquin, a project years in the making, is near completion. We have also been working with TSG to finalize an updated trails agreement to permit the development of new trails throughout the community, including a novice reroute of lower big billies trail, the new Meadows Express Trail connecting Jurassic to the Meadows, and a realignment of Stegosaurus Trail.

Clerks

The Clerk's Department is upgrading the voter database to a fully supported alternative, and we've met with three interested parties regarding the Council Chambers/AV remodel. We are looking to streamline Council packet processes with staff.

Community Development

Planning has been catching up on deferred work as a result of staff time spent on Lot 109R final approvals. Also, trying to fill two vacant planning positions, reviewing applicants and interviewing for Senior Planner and Planning technician. Claire Perez has been promoted to a Planner II Position. Design Review Board review continues with a combination of in-house staff review and contract review provided by Design Workshop. Building is preparing for staff transitions with the upcoming November retirement of CBO Drew Harrington. Lars Forsythe, our current Building Inspector has accepted an offer to fill this position. We will need to fill his inspector position starting in December. Additionally, we are problem solving the impacts of a state law that affects our ability to do electrical inspections. Both Planning and Building are very busy with design reviews, plan reviews and inspections. GIS is preparing for the rollout of the first phase of re-addressing and continues to support other departments primarily with mapping requests. Forestry finished working with the contractor to remove hazard trees at the shop area

and the larger spruce beetle/fire mitigation project by the shop has begun. Rodney Walters, Town Forester also did the first of multiple work sessions with DRB to help them understand how construction affects existing trees on lots, how to better mitigate these impacts, and what realistic plans look like so we can start to understand what if any changes to the CDC might be required.

Economic Development and Sustainability

The Climate Action Roadmap process continues and we held an internal listening session and Q&A with our consultant, Cascadia. We have also been meeting with Eco Action Partners to discuss the implementation of a commercial building benchmarking program. The Plaza Vending Panel met and approved two new vendors for the winter season, the Cheez Cart (grilled cheese) and Lady Bird Baking (fresh baked goods and soup). BDAC meets for it's quarterly meeting on October 17 with a new format that includes an economic and marketing update from the Telluride Tourism Board and a roundtable discussion with the business community. We are working with the Town Forester on an application for the Colorado State Forest Service 'Forest Restoration & Wildfire Risk Mitigation' grant application for a shaded fuel break project on the north Town of Mountain Village boundary.

Finance

The finance team has been focused on the Audit and Budget. The audit was completed, and the report was issued on September 28th. The 2022 Annual Comprehensive Financial Report (ACFR) has been posted to the website. We have submitted the Town's annual report to GFOA to be considered for a Certificate of Achievement for Excellence in Financial Reporting. The Town has received this award every year since 2007. Budget work is ongoing and staff has been working with department heads and the Finance Committee to ensure a thorough budget is submitted to Council for consideration. An electronic documents module has been added to Incode, the Town's accounting software, and staff is now working on document organization and will be rolling access out to all staff in 2024. Finance staff has been working closely with Vero post Broadband sale to ensure a seamless transition for Mountain Village customers. The finance team worked on the VCA Phase IV debt issuance and is currently working on the debt issuance for the purchase of the Alexander Ranch Ilium property. The finance team worked to implement new billing procedures and tuition assistance application procedures for Mountain Munchkins as well as modeling the financials for the five day program implementation. We have also been working with the Human Resources team on the NeoGov payroll set up to ensure a successful payroll conversion in 2024.

Housing

Village Court Apartments. VCA will be issuing a Request for Proposal (RFP) within two weeks, for completion of a capital improvements plan so that we can better anticipate needed reserves and keep up with necessary improvements on a predictable schedule. VCA opened the wait list for studio's only as of November 1st. VCA is also anticipating parking management challenges as the new buildings will be brought online, and plans to get ahead of this beginning internal discussions this month.

Marleina has been concurrently (concurrently with the Meadowlark sales process) preparing for the biannual deed restriction compliance outreach process and communications this fall. In cooperation with the legal department, we will be updating our Mountain Village Housing Guidelines and reinitiating this process with a target of completion by year end.

Connor and Marleina attended the Housing Colorado Conference. We are happy to report that the Meadowlark project was mentioned during a missing middle panel as a model program that targeted essential workers. Shirley Diaz, who works for DOLA, in a separate panel discussion, discussed Mountain Village's deed restrictions as accessible and simplified deed restrictions in a positive manner.

Human Resources

HR continues to focus on the new HRIS implementation. We have finally been able to set a full go live date of 12/16/23 in order to have all taxes, pay, time keeping, etc for all employees housed in one system for a full year (2024). The implementation consists of a complete buildout of the new system which takes roughly 15-20 hours/week for each HR team member, including multiple meetings with the company and follow up work. We will be happy to see completion and it will be a much more robust, streamlined system with multiple modules not currently in place leading us to a better working environment in overall operational efficiency, robust recruitment efforts and succession planning. We are currently conducting all Performance Reviews in the new system and each department and employee has received initial training on the new program. This is part of HR's 2023 goal of a new HRIS system.

HR has started the open enrollment process with the addition of two new benefits: short term disability - this is 100% employer paid and works in conjunction with employer paid long term disability, as well as an opportunity to enroll in Colorado's Collegenest 529 savings plan. Collegenest is hosting a webinar in October with \$25 going to anyone that attends and opens a starter plan with them.

CIRSA, our Property & Casualty insurance conducts an annual audit (regarding the previous year) both in person and through Loss Control Standards reporting. The 2022 Loss Control Standards audit was just completed with a nearly perfect score and an increase from last year in 40 points. Some of the data reported were various department safety trainings, including fire extinguisher, flagger, playground, lock out/tag out, chemical safety, harassment, violence/bullying in the workplace and defensive driving. Our plan in developing a Loss Control Action Plan and keeping safety trainings a high priority, combined with no loss claims in P&C this year have resulted in high premium savings and high praises from CIRSA. An in-person facilities audit will be conducted in early November.

IT

IT has been updating its Incident response plan for micro and major disasters, destroyware, and ransomware. Specifically, IT has improved its legal response by engaging the legal firm Constangy (Kun-STAN-jee) who are experienced in data breaches. During an incident, Constangy offers experienced legal guidance in protecting TMV as an organization and mitigating liability. Constangy has a working relationship with CIRSA (TMV's breach insurance provider) regarding incident response which improves TMV efficiencies during an event. In addition, IT has engaged Kivu who specializes in Ransomware and Incident Response services. Kivu has a working relationship with Constangy which also improves efficiencies during an event. Kivu is also conducting a NIST baseline cybersecurity audit on TMV's cyber infrastructure aimed at identifying and improving TMV's technology ecosystem. Another important update is TMV has Microsoft's Azure cloud system as part of their continuity of operations (COOP).

Munchkins

Munchkins has been focusing our efforts on hiring staff to help maintain opening on Fridays. We hired two new full-time, year-round employees. Both started early this month and we are very

excited that Shelby is coming to us already qualified as a lead teacher. These two new hires are helping to bring our staffing numbers back up after having one staff member resign and having to cut ties with our AmeriCorps member last month. We are looking to hire one new full-time, year-round staff member to bring us to our staffing ideals. We will be hosting an open house/Halloween party on the 31st to showcase the new classroom layouts with the new furniture purchased by our Temple Buell Grant. Together with Finance, we are working through the new billing process, getting families familiar with the new payment process.

Police

Donation. A Mountain Village resident donated \$10,000 to the MVPD so we could purchase training equipment that was outside this years budget. We are very appreciative of the support we receive from our community!

Training.

- The police department had a joint “get to know each other” meeting with the San Miguel Resource Center staff.
- Jodi and I spent a day at the user conference for our records management systems
- Mayor Prohaska and I spent a morning in Ridgway for incident management training (GS-1002)
- I attended the CIRSA LE Roundtable meeting that included Liability mitigation and recent court decisions.
- 4 officers completed Crisis Intervention Teams (CIT) training. This was provided free of charge by Grand Junction Police Department, and we only paid per diem (which will be also submitted to POST for reimbursement)
- Crisis Intervention Teams (CIT) training is an intensive 40-hour curriculum designed to enhance the abilities of law enforcement officers to effectively respond to crisis calls, particularly when behavioral health problems are involved. CIT is a broad-based community partnership designed to: Increase officer and citizen safety, minimize use of force and unnecessary arrests, and intervene early and proactively to reduce chronic calls for service.
- We sent three officers to a 2 day Force Encounters training. This was also free of charge to us and funded by POST grant.
- This training program is an introduction to the psychological and physiological factors that affect threat assessment, sensory perception, decision, performance, and memory. The course applies these concepts to high-stress and life-threatening encounters in a law enforcement context.
- Most staff have been able to participate in weekly, ongoing, defensive tactics training.
- Erika assisted instructing with CMC Glenwood Law Enforcement academy for their weeklong emergency vehicle operations class.

MVPD had 435 calls for service for September including 17 criminal cases 4 arrests and 2 citations issued.

Public Works

Water Department: The 2023 Ski Ranches Waterline Replacement Project has been complete for the year. The water crew is starting to install the new SCADA equipment in the field. Water production is dropping as irrigation systems are being turned off for the season.

Road and Bridge. The upper section of San Joaquin Road was overlaid with 2” of new asphalt in September. The bottom section of San Joaquin has been reconstructed as part of the Safety

Improvement Project. The Village Center sidewalks portion of the Safety Improvement Project is ongoing. The crews will be working on a few asphalt patching projects before winter moves in.

Vehicle Maintenance. The Vehicle Maintenance Department has been fabricated a new guard rail assembly along a section of Cortina Drive. The new backup generator is finally up and running at the Town Shop. This will allow the shop to be fully functional during a power outage including the fuel depot. The annual winter tire swap out has started to prepare Town vehicles for snow.

Plaza Services. The Plaza staff is finishing up cutting back the flower beds and blowing out the irrigation systems. Christmas decorating has started with lights going up at the entrance this weekend and the assembly of decorations taking place at the Conference Center next week. It was a successful event season on the plazas this summer with crews assisting move in and out for Market on the Plaza and other events.

Facility Maintenance. Kyle Tanguay has been hired as the new Facility Maintenance Manager. We are excited to have Kyle as part of the Public Works team! Facility Maintenance will be working with the Gondola staff and hired contractors to remodel the angle station bathrooms this off season. Snowmelt systems are being tested in anticipation of the coming snow.

Town Manager

Housing. The Town Manager's Department continues to focus on housing. Work continues on Meadowlark, where construction remains on track. The first three priority tiers (Town of Mountain Village employees, Essential Businesses, Essential Workers, and Essential Organizations) have gone through the unit selection process. Nine units remain, with those employed within Mountain Village set to select by the end of the month. VCA construction continues, with the biggest obstacle being the West Building, which is a separate agenda item for the October meeting. After receiving zoning approval for the Alexander Property in Ilium Valley from the County, and closing on the property this month, we are beginning to work on implementing a development plan.

Gondola. Work continues on the gondola. An IGA has been finalized, which will allow the Gondola Advisory Committee and Project Manager to move forward on the planning process, including a potential ballot question in 2024. Simultaneously, the Town of Telluride and Mountain Village are working on the wastewater treatment plant, including discussions on a potential alternative site for the plant. The respective attorneys are also working on finalizing a proposed agreement to form a Wastewater Authority.

Zero-Waste. The Assistant Town Manager, Michelle, had an opportunity to travel to Japan for leisure, and also realize a bucket list opportunity to visit Japan's first declared zero waste community, Kamikatsu. Kamikatsu declared zero waste in 2003 and has successfully achieved this end. It's a rural and mountainous community with a population of 1500 residents, about 790 households so it is in a similar situation to Mountain Village in size. She spent the day learning from an English-speaking couple about the implementation plan, toured the waste/resource facility, stayed in the onsite zero-waste hotel and met with the local government officials in charge of Sustainable Development Goals (SDG). Michelle intends to put together a presentation and share thoughts and ideas with staff and/or community members. Michelle and Paige Kempker, who is working with JD's department and a graduate student in Environment Management, is analyzing our waste/resource systems in Mountain Village, and intend to share notes.



AGENDA ITEM 8
FINANCE DEPARTMENT
455 Mountain Village Blvd.
Mountain Village, CO 81435
(970) 708-1175

TO: Mountain Village Town Council
FROM: Lizbeth Lemley, Finance Director & Michelle Haynes, Assistant Town Manager
DATE: October 19, 2023
RE: Work session Regarding a Water and Sewer Rate Study

Executive Summary: Town staff, at the direction of Council, engaged SGM engineering to complete a Water and Sewer Rate Study in light of large capital expenditures in the future related to both Town owned infrastructure and the Regional Wastewater Treatment Plant.

HISTORY

The Town Council has been diligent in growing the Water & Sewer Fund Balance in anticipation of a large capital investment in the Regional Wastewater Treatment Plant. Additionally, Council recognizes that as Town owned water and sewer infrastructure ages, increasing investment in the system will be required. To build fund balance, water and sewer rates have increased annually by an average of 10%. Tap fees have not been adjusted since 2007. At the Council's direction, staff engaged SGM Engineering to evaluate the current rate structure and anticipated future expenses and provide a comprehensive water and sewer rate study. The study evaluates a nexus and methodology with rate and funding recommendations to ensure revenues will be sufficient to cover necessary upgrades, improvements and the Town's investment in the regional Wastewater Treatment Plant.

DISCUSSION

The rate study is a meaningful exercise to evaluate our current rate structure and anticipated future investments in the related systems. SGM will be attending the Council meeting to provide an overview presentation summarizing their findings and recommendations. After Council discussion, staff will bring the rate study back to be adopted by Town Council inclusive of a public hearing.

ATTACHMENTS

- TMV Rate Study Report
- TMV Rate Study Appendices

WATER AND SEWER RATE STUDY

TOWN OF MOUNTAIN VILLAGE



Photo from Town of Mountain Village Webpage

October 2023

DRAFT

Prepared by



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WATER AND SEWER RATE STUDY

TOWN OF MOUNTAIN VILLAGE

PREPARED BY

KIMBERLY RIDDLE, EIT

REVIEWED BY

BAILEY LEPPEK, PE

SGM PROJECT # 007.06.16

1.0 Introduction

1.1 Purpose

Most water and sewer entities are experiencing rising administrative and operations and maintenance (O&M) costs. Furthermore, they face challenges with generating the revenue needed to make significant infrastructure investments to:

- replace aging buried assets (especially water and sewer lines) and other facilities and equipment to minimize emergency failures and service interruptions;
- upgrade facilities (such as water and wastewater treatment facilities) to replace aging assets and meet new regulatory requirements; and
- make system improvements that increase service reliability, operational flexibility or efficiency and control costs over the long term.

The goal of a rate study is to generate the revenue to make the necessary capital investments outlined in a capital improvement plan.

1.2 Background

Town of Mountain Village (Town) is a municipality in San Miguel County located just southwest of Telluride, Colorado. The Town provides water to residents of Town of Mountain Village, as well as the Ski Ranches and Skyfield subdivisions. The Town provides wastewater only to residences of Town of Mountain Village, while Ski Ranches and Skyfield subdivisions are on septic systems.

Ski Ranches is an unincorporated subdivision bordering the Town of Mountain Village. Ski Ranches was originally supplied drinking water from wells, until a Metro District was formed in 1982. In 2007, the Town of Mountain Village inherited the Metro District's infrastructure and assumed the responsibilities of providing water and sanitation services. The Skyfield Subdivision is located on the west side of Highway 145. Water is supplied to the Skyfield Subdivision through the Ski Ranches distribution system infrastructure.

The Town's potable water is supplied by eleven wells in the vicinity of Mountain Village, which are supplemented by water from two additional wells during high demand times.

The Town's most recent formal Capital Improvement Plan report was conducted in 2017 by Russel Planning & Engineering. The Town has since been maintaining its own list of capital projects. The Town's planned list of capital projects, costs, and timing, forms the backbone of this rate study.

The Town maintains the sewer collection system for Mountain Village. Wastewater treated at the Regional Wastewater Treatment Plant (Regional WWTP) at Society Turn, which Town of Telluride (Telluride) owns and manages. Telluride is in preliminary planning stages of a new WWTP, which is estimated now to cost roughly \$90 Million. The construction timing and funding source have not yet been determined. Furthermore, a cost sharing agreement has not been made among the parties that use the Regional WWTP. Most likely, a regional rate study will be required to determine funding sources and determine rates required from the various parties. Town of Mountain Village is aware

that it needs to save money for this large upcoming expense; however, with so many unknowns (timing, total project cost, project funding, debt service costs, and cost sharing), detailed and specific expenses cannot be projected. As such, this rate study uses broad assumptions, projecting out future costs based on the Town's anticipated share of a loan for the full Regional WWTP project cost. This approach allows the Town to start planning and building reserves for Regional WWTP project to the best of its ability based on the information available. When more details are solidified with Telluride, SGM recommends reviewing and updating this rate study.

2.0 Current Rates

2.1 Sewer Rates

Only Town of Mountain Village Sewer customers are charged a flat monthly Base Fee for wastewater service, as Ski Ranches and Skyfield are on septic systems. The Mountain Village sewer Base Fee is different for each customer type, as summarized in **Table 2-1**.

2.2 Water Rates

Water customers are charged a flat monthly Base Fee plus usage charges with an increasing block tier rate structure. The Base Fee varies by area (Mountain Village vs Ski Ranches and Skyfield) and for each customer type, as summarized in **Table 2-1**. Rates are charged per equivalent building unit (EBU). EBUs are a tool to express the amount of water used by a typical single family residential home. EBUs are also used to normalize demands and rates for different accounts (for example, a five-bedroom home would use a different amount of water than a studio apartment).

Table 2-1: 2023 Base Fees by Area and Customer Category

Area	Customer Category Name	Sewer Monthly Base Fee per EBU	Water Monthly Base Fee per EBU
Town of Mountain Village	Single Family	\$ 79.24	\$ 79.24
	Guesthouse	\$ 39.62	\$ 39.62
	Combined Rate Table (Main + Guest)	\$ 118.87	\$ 118.87
	Subdividable Duplex – 2 taps	\$ 79.24	\$ 79.24
	Non Subdividable Duplex – 2 taps	\$ 79.24	\$ 79.24
	Condo	\$ 79.24	\$ 79.24
	Hotel	\$ 15.85	\$ 15.85
	Hotel Eff	\$ 23.77	\$ 23.77
	Lodge Efficiency (Kitchen)	\$ 19.81	\$ 19.81
	Emp Condo/Apartment	\$ 39.62	\$ 39.62
	Emp Dorm	\$ 19.81	\$ 19.81
	Commercial (per 2,000sf)	\$ 79.24	\$ 79.24
	Construction	N/A	N/A
	Fireman	N/A	N/A
	Snowmaking	N/A	N/A
	Common Irrigation (May thru Oct)	N/A	\$ 79.24
	Irrigation Added to House Usage	N/A	N/A
Common Irrigation – year round	N/A	\$ 79.24	
Ski Ranches & Skyfield	Single Family	N/A Sewer service not provided	\$ 183.68
	Guesthouse		\$ 91.84
	Construction		N/A
	Fireman		N/A
	Vacant Lot		N/A
	Common Irrigation (May thru Oct)		\$ 183.68
	Irrigation Added to House Usage		N/A

The Town charges for water use with an increasing block rate structure with six tiers. Increasing block rates are defined as a pricing structure where the unit price per gallon of each succeeding block of usage is charged at a higher unit rate than the previous block(s).

For all accounts except construction accounts, the Town does not charge for water usage within Tier 1. This is referenced as the base allowance. The amount of water usage included with the monthly water Base Fee (base allowance) varies seasonally. For example, the base allowance for a single-family residence is 8,000 gallons in the non-irrigation season (October through May) and 14,000 gallons in the irrigation season (June through September). For water usage above the base allowance, the Town charges an increasing block tier usage rate (dollars per thousand gallons).

The base allowance, block tier breaks, and unit price also vary by:

- Area (Mountain Village versus Ski Ranches and Skyfield customer type), with a higher unit price for Ski Ranches and Skyfield customers than for Mountain Village, due to additional delivery system costs.
- Customer type, with different structures for residential and commercial, deed restricted, construction units, and irrigation customers.
- Season (for some customer types), with a higher base allowance in the irrigation season.

The increasing block rate structure is summarized in **Table 2-2**. These usage charges are in addition to the Base Fees summarized in **Table 2-1**. Refer to **Appendix A** for the Town's full schedule of rates and charges.

Table 2-2: Mountain Village Increasing Block Rate Structure

Tier	Usage Charge (\$/1,000 gal)	Block Tier Water Usage Breaks (in Gallons)						Construction Year-Round
		Residential or Commercial (per EBU)		Deed Restricted (per EBU)		Irrigation		
		Winter (Oct - May)	Summer (June - Sept)	Winter (Oct - May)	Summer (June - Sept)	Seasonal (May - Oct)	Year-Round Irrigation	
1	\$ 0.00 (Base)*	1 - 8,000	1 - 12,000	1 - 4,000	1 - 7,000	1 - 12,000	1 - 10,000	1 - 4,000 (\$3.50)*
2	\$ 6.00	8,001 - 16,000	12,001 - 16,000	4,001 - 8,000	7,001 - 8,000	12,001 - 16,000	10,001 - 16,000	4,001 - 8,000
3	\$ 8.00	16,001 - 24,000		8,001 - 16,000		16,001 - 24,000		8,001 - 12,000
4	\$ 10.00	24,001 - 32,000		16,001 - 24,000		24,001 - 32,000		12,001 - 16,000
5	\$ 12.00	32,001 - 40,000		24,001 - 32,000		32,001 - 40,000		16,001 - 20,000
6	\$ 20.00	40,001 +		32,001 +		40,001 +		20,001+

*For all customers except Construction, usage within Tier 1 is included with the Base Fee (no usage charge) and is referred to as the base allowance.

Table 2-3: Ski Ranches and Skyfield Increasing Block Rate Structure

Tier	Usage Charge (\$/1,000 gal)	Block Tier Water Usage Breaks (in Gallons)			
		Residential or Commercial (per EBU)		Year-Round Irrigation	Construction Year-Round
		Winter (Oct - May)	Summer (June - Sept)		
1	\$ 0 (Base) *	1 - 8,000	1 - 14,000	1 - 12,000	1 - 10,000 (\$5.25)*
2	\$ 9.00	8,001 - 16,000	14,001 - 16,000	12,001 - 16,000	10,001 - 16,000
3	\$ 12.00	16,001 - 24,000		16,001 - 24,000	16,001 - 24,000
4	\$ 15.00	24,001 - 32,000		24,001 - 32,000	24,001 - 32,000
5	\$ 18.00	32,001 - 40,000		32,001 - 40,000	32,001 - 40,000
6	\$ 30.00	40,001 +		40,001 +	40,001 +

*For all customers except Construction, usage within Tier 1 is included with the Base Fee (no usage charge) and is referred to as the base allowance.



2.3 Water Rate Comparison

To understand the possible public perception of the Town’s current water rates, the Town’s water rates were compared to rates charged by other water providers for ski town resorts on the western slope of Colorado. The rate comparison is shown in **Figure 2-1** below.

This information is provided for comparison purposes only and is not recommended for rate setting. Rates differ widely for water providers based on many factors including (but not limited to): source water quality, water rights, recent and planned construction or upgrades on water treatment and distribution system, costs to maintain water treatment and distribution system, and presence of other funding sources such a mill levies and special assessments. As such, this comparison should not be used to set rates. A more detailed water rate comparison is in **Appendix B** to this memo, which shows the rate structures for other water providers.

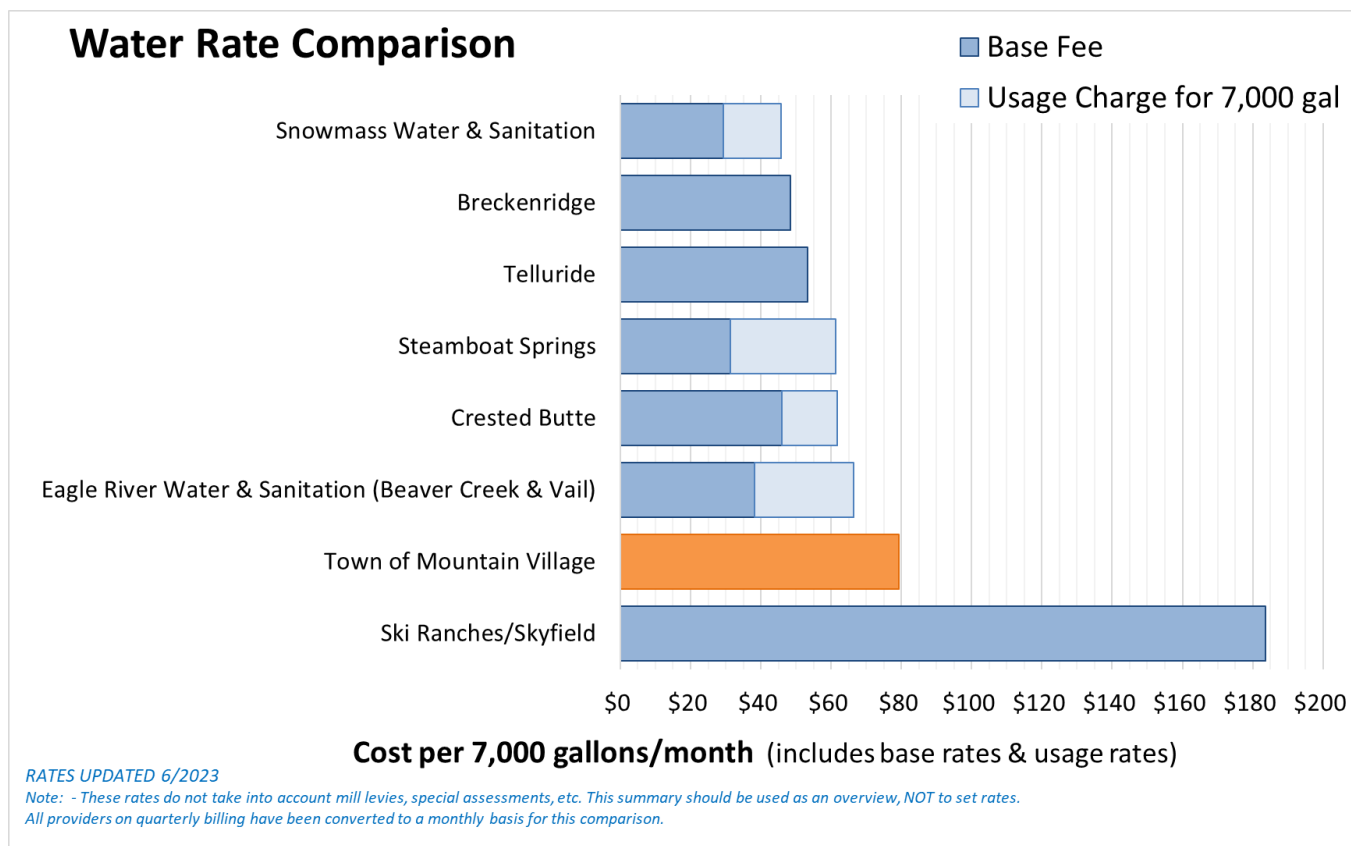


Figure 2-1: Water Rate Comparison for Ski Town Water Providers

2.4 Sewer Rate Comparison

Figure 2-2 compares the Town’s sewer rates to rates charged by other sewer providers for ski town resorts on the western slope of Colorado. Similar to the water rate comparison, this figure serves as a tool to understand the possible public perception of the Town’s sewer rates and proposed rate increases. This information is provided for comparison purposes only and is not recommended for rate setting. A more detailed sewer rate comparison is in **Appendix B** to this memo, which shows the rate structures for other sewer providers.

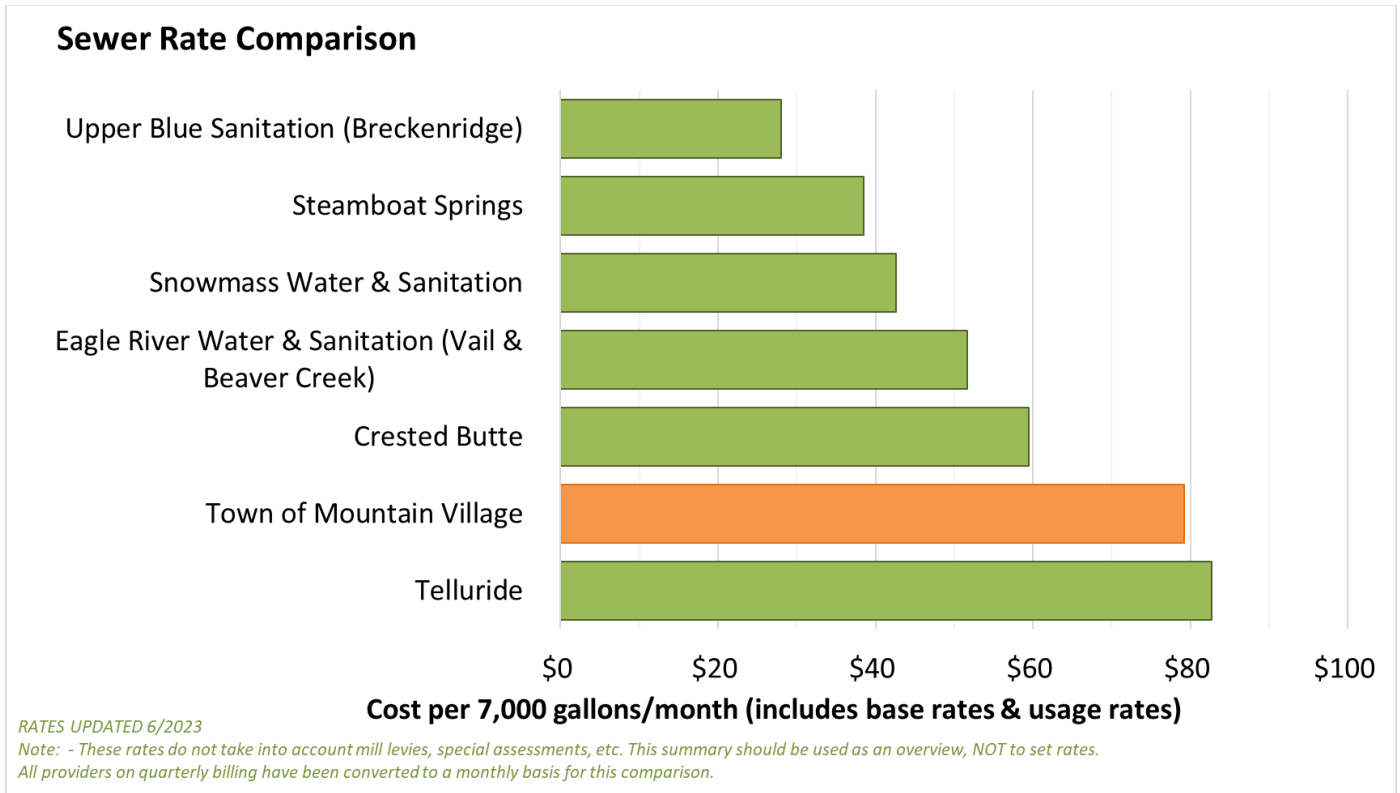


Figure 2-2: Sewer Rate Comparison for Ski Town Sewer Providers

3.0 Tap Fee Study

The purpose of this section is to provide information to the Town of Mountain Village on its water system tap fees, to recommend updated tap fees based on a rational nexus, and to recommend future adjustments on tap fees. Tap fees are also referred to as water system impact fees or plant investment fees. For the remainder of this report, the terminology “tap fees” will be used to describe these utility impact fees.

The Town imposes tap fees on new development to ensure that development “pays its own way,” and that development has a “buy-in” to the current infrastructure. Tap fees are charged for new service connections to offset the increased capacity burden placed on water and wastewater systems. The tap fees ensure that the Town can afford any upgrades to current water and wastewater infrastructure required for meeting increased demands on the system caused by new developments. These fees represent a significant funding source for the Town’s wholesale infrastructure.

Tap fees also represent a significant expense to the development community that is reflected in the cost of housing and services in the community. It is important that municipal water service providers charge an equitable amount and have a methodology for setting these fees so that they are rational, fair, efficient, and equitable to meet current and future anticipated conditions.

3.1 Background

The Town of Mountain Village charges a tap fee of \$10,000 (\$5,000 for water and \$5,000 for sewer) per equivalent building unit (EBU). An EBU is a unit of measurement equivalent to the water demand for a single-family residential house. TMV charges a tap fee of \$10,000 for a 3,000 square foot (SF) home. The charge for each additional 500 SF is \$2,000.

Figure 3-1 shows the comparison of Town of Mountain Village tap fees among different service providers in ski town resorts on the western slope of Colorado. Similar to the water and sewer rate comparison, this figure serves as a tool to understand the possible public perception of the Town’s tap fees. This information is provided for comparison purposes only and is not recommended for setting tap fees. More detailed water and sewer tap fee comparisons are in **Appendix C** to this report.

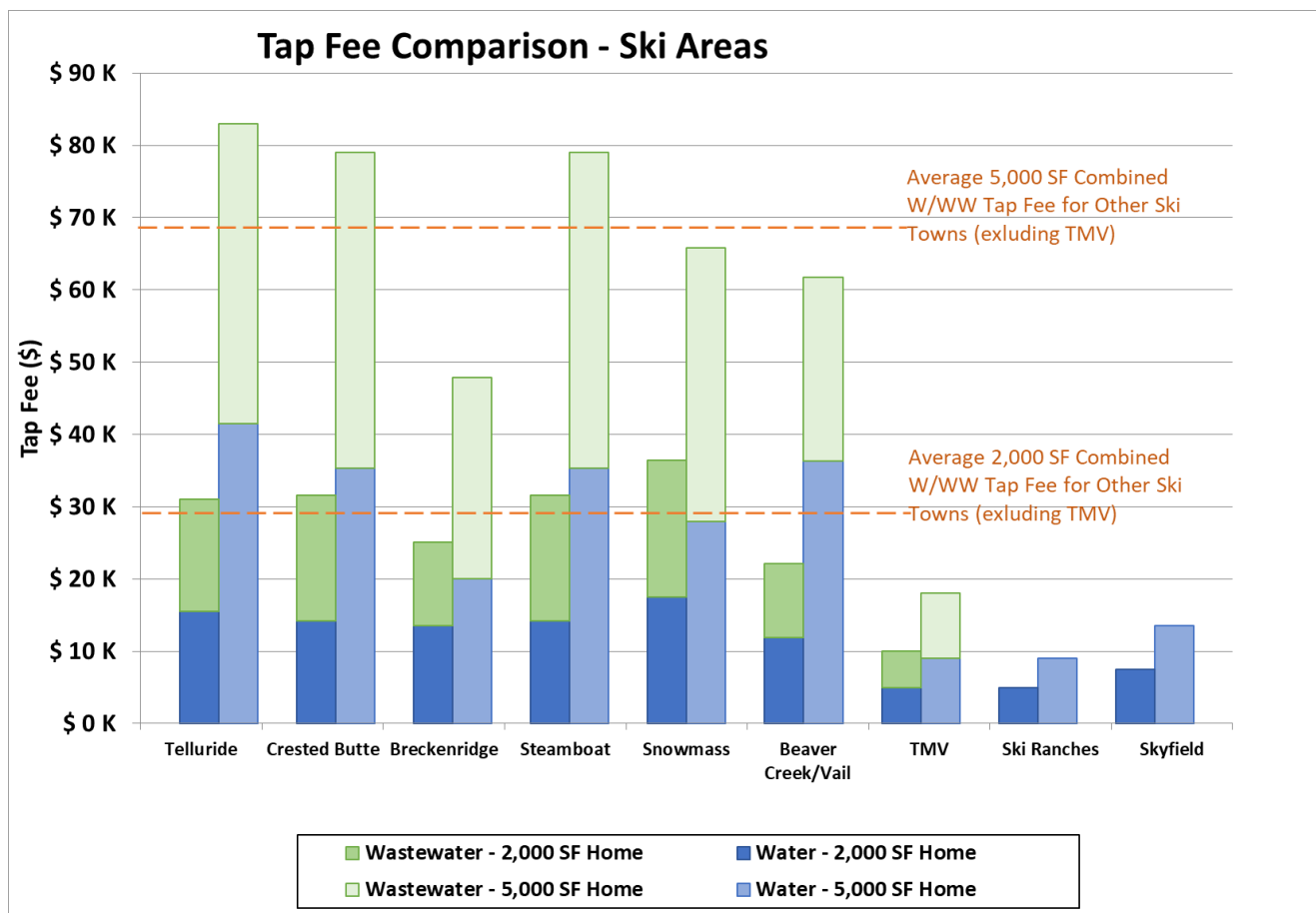


Figure 3-1: Tap Fee Comparison for Nearby Water and Sewer Providers

The current tap fees for the Town of Mountain Village, Ski Ranches, and Skyfield are notably lower than the average for ski area water providers in Colorado. One key difference from neighboring water utilities to the Town of Mountain Village, Ski Ranches, and Skyfield, is that neighboring water utilities tend to have a larger difference between their smaller residential consumers (2,000 SF homes, as a proxy), and their larger residential consumers (5,000 SF homes, as a proxy). This difference accounts for the fact that as larger homes put more stress on the water treatment and distribution system and wastewater collection and treatment system.

3.2 Rational Nexus

This report will provide commonly used methodology, known as a “*rational nexus*,” along with the supporting factual information to allow the Town to modify and update the current tap fees.

3.2.1 Cost per EBU

The development of a rational nexus for tap fees requires developing a cost per unit of measurement. In this report, the unit of measurement will be one EBU. This cost per EBU will form the basis for a direct connection between the demand placed on Town infrastructure by water demand from new development, and the cost for the Town of

Mountain Village to provide the infrastructure necessary to provide service to each EBU. This methodology for definition of an EBU has been established by the Town of Mountain Village and is available on the Town's website.

These EBU definitions for each property type can be and were used to provide apples-to-apples tap fee comparisons between municipalities, as not all water service providers define an EBU the same way.

SGM used this methodology as a basis to recommend future tap fees that are equitable to both the developer and the Town of Mountain Village.

3.2.2 Rational Nexus based upon Town Policy

Before tap fees can be determined, each municipal entity should provide broad policy objectives to define the purpose of the fees. Examples of broad policy objective could include:

- Funding major capital improvements
- Paying for future infrastructure capacity/growth needs for a growing community
- Minimizing debt
- Equity recovery
- Maintaining the retained earnings and cash reserves to meet capital, or possible emergency needs of the utility
- Enabling affordable housing
- Minimizing monthly service fees

Town staff provided input to SGM that the goal is not to use tap fees to pay for major capital improvement projects, such as the Town's share of the new WWTP. The Town's broad objective for tap fees is equity recovery for existing infrastructure. The new WWTP will be financed through rates.

3.2.3 Legal Basis for Rational Nexus

The courts have established criteria necessary to justify tap fees. Historically, customers, homeowners, builders, and developers have questioned the amount and methodology for assessing tap fees. It is important for those involved with enterprise fund operations to understand what makes a tap fee system defensible or subject to challenge. This report will form the rational nexus to allow the Town of Mountain Village to adjust the current tap fees and comply with the industry standard legal process for setting these metrics.

Krupp v. Breckenridge Sanitation District

In Colorado, the Supreme Court's 2001 ruling in Krupp v. Breckenridge Sanitation District set precedence for the criteria under which tap fees are valid. This case involved a developer who challenged the Breckenridge Sanitation District in court for how a multi-family development was assessed impact fees. The developer claimed an unconstitutional takings and claimed that tap fees were unfairly determined. In other parts of the country, courts have held that there is a "rational nexus between the fee and the impact of the proposed development". Ultimately, the Colorado Supreme Court ruled in favor of the Breckenridge Sanitation District. The criteria the court used in the ruling included the following key criteria:

- Is there a clear underlying philosophy for the fee and is the fee legally implemented?
- Is the basis for class distinctions rational and fair?
- Did competent independent experts perform the tap fee study?
- Was the database used pertinent and was the analysis correctly done?
- Were the fee design and resulting rates rational?

In its ruling, written by Justice Gregory Hobbs Jr., the Colorado Supreme Court reviewed and commented on the criteria for the establishment of valid tap fees. The court issued the following findings on each criterion in this case:

- The District had a clearly defined policy, properly enacted, that growth would not be subsidized by existing customers.
- The tap fee is authorized under state law.
- Its assessment schedule distinguishes fairly between different types of developments.
- The District commissioned an independent expert to evaluate its conversion schedule and assessments.
- The experts report confirmed the validity of the customer type service distinction and found that multi-family development units, in this case, temporary rental units, have higher peak-flow requirements than single family units.
- The conversion units used to determine fees were reasonably based on the reports analyses.
- The tap fees fell within the justifiable range of fees as provided by the reports methodology.
- The District's fees were rational.

This analysis of tap fees will establish a rational nexus, using the Town's current EBU definitions and cost estimates for its wholesale infrastructure. This report will provide the Town of Mountain Village a rational basis for setting tap fees.

3.3 Methodology

The Town of Mountain Village currently has a combined tap fee (\$10,000 as of 2023) wherein half of the tap fee is attributed to the water system (\$5,000) and the other half is attributed to the sewer system (\$5,000). The Ski Ranches and Skyfield systems have a separate sewer system but receive water through the same system as Town of Mountain

Village. Therefore, the tap fee for Ski Ranches is 50% of the tap fee for Town of Mountain Village to contribute to the existing water system (\$5,000). There are additional distribution infrastructure associated with Skyfield compared to Ski Ranches, so the current tap fees for Skyfield are 75% of the tap fee for Town of Mountain Village (\$7,500). For the updated tap fee rates, SGM analyzed the Town of Mountain Village's wholesale infrastructure for water and sewer to determine an updated combined tap fee and recommend applying the same percentages currently used for Ski Ranches and Skyfield for the updated tap fees (50% and 75%, respectively).

3.3.1 Buy-In, Incremental, and Hybrid Methods

Tap fees can be calculated with the Buy-In, Incremental, or Hybrid method. The Buy-In method assesses original capital cost of system assets. The Incremental method assesses future capital costs of growth-related projects, or future replacement costs. Future replacement costs are more expensive than original costs due to the time value of money. Replacing infrastructure around existing development includes costs that the original construction does not, such as replacing asphalt, moving utilities, redirecting traffic, etc. The Hybrid method assesses a combination of costs of existing infrastructure and future projects. This analysis utilizes the Hybrid method, which is suitable for the Town of Mountain Village, because it is a mature utility with much existing infrastructure and modest growth expectations.

3.3.2 Wholesale Infrastructure

In this method, tap fees pay for the wholesale infrastructure that benefits the entire community, and not the retail facilities that are dedicated by the development community or individual users. Wholesale infrastructure is defined as that infrastructure which the entire customer base relies upon for water service. SGM has determined appropriate costs based on input from the Town of Mountain Village and the inventory that was provided. **Table 3-1** shows the overview of categorized wholesale fixed assets from the Town of Mountain Village that SGM used to calculate recommended tap fees.

What Is Included:

- Water Tanks
- Pump Stations
- Hydrants
- Manholes
- Primary and Secondary Sewer Mains (see **Figure 3-2**). All sewer mains are 8-inch lines, though some service larger areas than others.
- Treated Water Distribution Lines (8-inch to 12-inch)

What Is Not Included:

- Water service lines that serve customers directly, that are 6 inches in diameter or smaller. These are commonly defined as retail infrastructure. While lines that are 8 inches in diameter may sometimes be considered retail infrastructure for certain utilities, SGM considered the replacement of the 8-inch lines as wholesale infrastructure, due to the fact that the majority of the water distribution system (69%) consists of 8-inch lines.

- Any sewer lines not considered to be primary or secondary sewer mains (see **Figure 3-2**).
- Raw water system infrastructure.
- The cost of the Telluride WWTP – which will benefit all existing and future customers – will be paid for through service fees and not tap fees. Tap fees are instead used as equitable buy-in to the existing infrastructure. Once the WWTP is constructed and completely paid for and is then part of the existing system, tap fees can be re-calculated to include this infrastructure cost.
- Existing water and wastewater treatment facilities, even though these are commonly considered wholesale infrastructure. The Town does not have a water treatment plant; instead, the water treatment facilities are relatively simple and low-cost, as groundwater from wells is treated with chlorination. The existing wastewater treatment plant was not considered in the tap fee assessment for multiple reasons: the existing WWTP is not owned by the Town and is shared among multiple entities besides the Town; Ski Ranches and Skyfield do not use the WWTP; and the additional cost would result in a tap fee that is significantly higher than other ski towns.

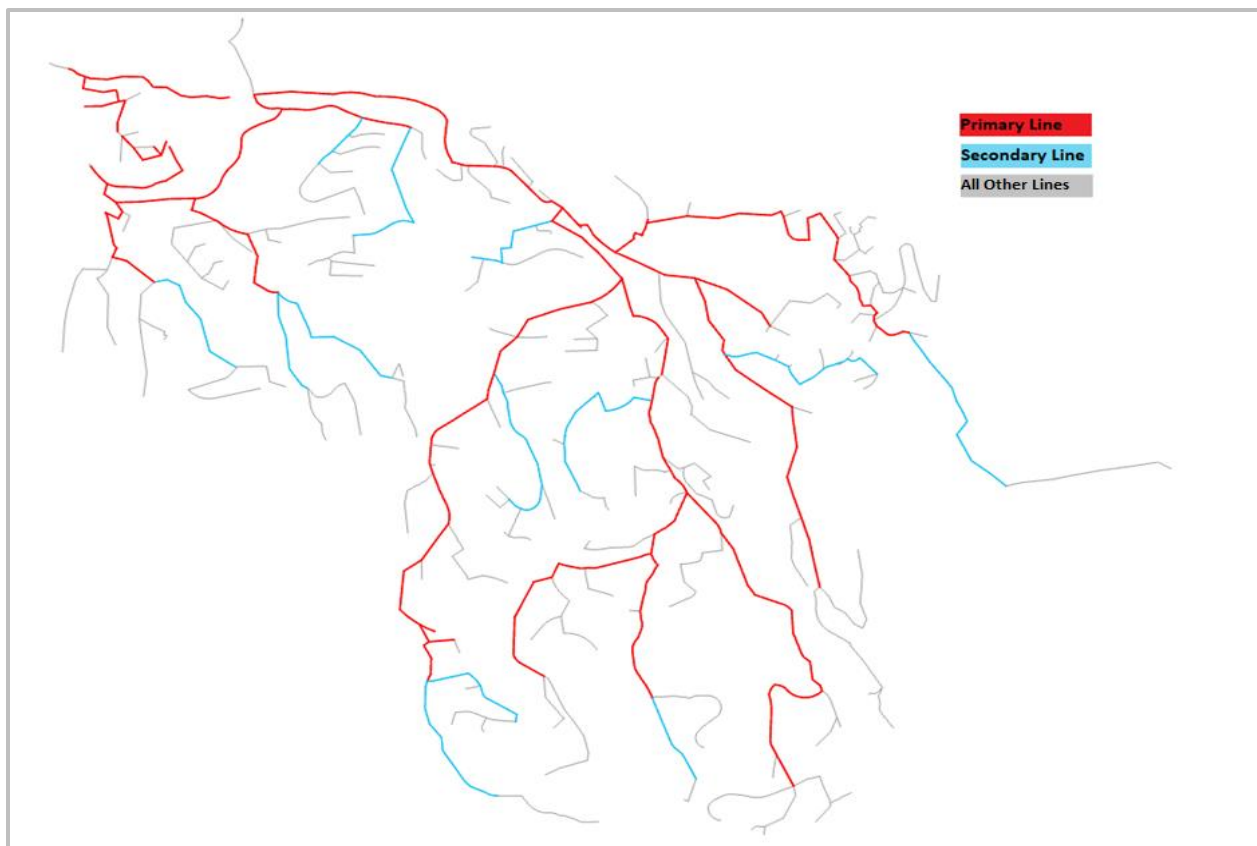


Figure 3-2. Schematic of the Town of Mountain Village Sewer System, Primary and Secondary Lines are Included in the Tap Fee Assessment

3.4 Costs

The Town provided an asset inventory for all key Town owned and maintained water and sewer infrastructure, summarized in **Table 3-1**. Note that this does not include the cost to replace water and wastewater treatment plants, as described further in **Section 3.3.2**.

Water line costs were based on a 2023 construction bid for water line replacements outside of Aspen, Colorado. Sewer line and manhole costs were estimated based on a 2022 Capital Improvement Plan for a nearby water provider conducted by SGM and adjusted for inflation. Costs of all other infrastructure were estimated by SGM's municipal and water/wastewater treatment teams, which regularly design and estimate costs for similar systems.

Table 3-1: Overview Town of Mountain Village Water and Sewer Asset Inventory

System Component		Quantity	Cost in 2023 Dollars
Water Mains	3-in	5,971 LF	\$3,642,474
	4-in	5,877 LF	\$3,584,777
	6-in	15,005 LF	\$9,153,239
	8-in	125,574 LF	\$78,101,883
	10-in	16,537 LF	\$10,496,477
	12-in	12,937 LF	\$8,391,974
Sewer Mains (8-in)	Primary Lines	54,607	\$21,296,551
	Secondary Lines	22,597	\$8,813,025
	All Other Lines	78,355	\$30,558,414
Tanks		6 tanks 3.1 million gallons	\$16,895,000
Pumps		1 CT	\$500,000
Hydrants		330 CT	\$3,960,000
Manholes		706 CT	\$5,835,090
Total			\$201,228,903

Notes: LF = linear feet; CT = count

The age of the Town's primary infrastructure ranges from thirty to fifty years old. The Town's six tanks, storing a combined total of 3.1 million gallons age from the 1970s to the early 1990s. The majority of six to 12-inch lines were built between 1986 and 1996. Consistent with the Hybrid Method, as described in Section 3.3.1, costs were determined based on cost to replace the infrastructure. This is appropriate for evaluating buy-in cost for aging infrastructure.

Appendix D is a more detailed inventory of wholesale infrastructure and present-day costs included in the Tap Fee Study.

3.5 Tap Fee Options

The tap fee on a per EBU basis was calculated as the total value of wholesale infrastructure divided by the number of EBUs at buildout, 3,113 EBUs which was provided by Town as a conservative target. EBUs for Ski Ranches and Skyfield were not included as they have a separate water distribution line system. As described in **Section 3.3**, tap fees for Ski Ranches and Skyfield are calculated as a percentage of the tap fee for Town of Mountain Village. The tap fees proposed are for a combined water and wastewater tap fee for one EBU, which covers up to a 3,000 SF home.

There is flexibility in what is categorized as wholesale infrastructure. As such, SGM developed three tap fee options which vary based on what is included as wholesale infrastructure. The three options present a range of tap fee amounts.

The baseline for all options is the inclusion of the 10 to 12-inch treated water distribution lines (16% of total water lines) the primary and secondary sewer mains (50% of total sewer lines), water tanks, pump stations, hydrants, and manholes. The other two options presented herein include varying amounts of 8-inch treated water distribution lines to increase the percentage of the existing water line system being represented in the whole sale infrastructure that is incorporated into the tap fee. This is especially important to consider given that most if not all of Town of Mountain Village's water lines were installed between the 1970's to the late 1990's.

The three options presented in this report were developed based on feedback from the Counsel on June 22, 2023. The three recommended options are presented in **Table 3-2** through **Table 3-4** below, with descriptions of each option above the table.

Option 1, presented below in **Table 3-2**, includes the 10 to 12-inch treated water distribution lines (16% of total water lines), the primary and secondary sewer mains (50% of total sewer lines), water tanks, pump stations, hydrants, and manholes. The proposed tap fee with the estimated 3,113 EBUs at build-out is \$24,500, which is \$5,000 lower than the average combined water and wastewater tap fee for a single family home in other Colorado ski towns, but which is \$14,500 more than what Town of Mountain Village currently charges for combined tap fees (see **Figure 3-1**).

Table 3-2. Proposed Tap Fee Option 1

System Component		% Included	Cost
Water Mains	3-in	0%	\$0
	4-in	0%	\$0
	6-in	0%	\$0
	8-in	0%	\$0
	10-in	100%	\$10,496,477
	12-in	100%	\$8,391,974
Sewer Mains (8-in)	Primary Lines	100%	\$21,296,551
	Secondary Lines	100%	\$8,813,025
	All Other Lines	0%	\$0
Tanks		100%	\$16,895,000
Pumps		100%	\$500,000
Hydrants		100%	\$3,960,000
Manholes		100%	\$5,835,090
Total			\$76,188,117
EBUs at Buildout			3,113
Option 1 Proposed Tap Fee			\$24,500

Option 2, detailed in **Table 3-3**, includes the 10 to 12-inch treated water distribution lines and 25% of the 8-inch water lines (33% of total water lines), the primary and secondary sewer mains (50% of total sewer lines), water tanks, pump stations, hydrants, and manholes. The proposed tap fee is \$30,800, which is comparable to the average combined water and wastewater tap fee for a single-family home in other Colorado ski towns.

Table 3-3. Proposed Tap Fee Option 2

System Component		% Included	Cost
Water Mains	3-in	0%	\$0
	4-in	0%	\$0
	6-in	0%	\$0
	8-in	25%	\$19,525,471
	10-in	100%	\$10,496,477
	12-in	100%	\$8,391,974
Sewer Mains (8-in)	Primary Lines	100%	\$21,296,551
	Secondary Lines	100%	\$8,813,025
	All Other Lines	0%	\$0
Tanks		100%	\$16,895,000
Pumps		100%	\$500,000
Hydrants		100%	\$3,960,000
Manholes		100%	\$5,835,090
Total			\$95,713,588
EBUs at Buildout			3,113
Option 2 Proposed Tap Fee			\$30,800

Option 3, shown in **Table 3-4**, ensures that tap fees provide buy-in to 50% or more of the existing water distribution system, by including the 10 to 12-inch treated water distribution lines and 75% of the 8-inch water lines (68% of total water lines), the primary and secondary sewer mains (50% of total sewer lines), water tanks, pump stations, hydrants, and manholes. The proposed tap fee is \$43,300, which is slightly higher but comparable to Snowmass Water and Sanitation District tap fees.

Table 3-4. Option 3 – Proposed Tap Fee Options

System Component		% Included	Cost
Water Mains	3-in	0%	\$0
	4-in	0%	\$0
	6-in	0%	\$0
	8-in	75%	\$58,576,412
	10-in	100%	\$10,496,477
	12-in	100%	\$8,391,974
Sewer Mains (8-in)	Primary Lines	100%	\$21,296,551
	Secondary Lines	100%	\$8,813,025
	All Other Lines	0%	\$0
Tanks		100%	\$16,895,000
Pumps		100%	\$500,000
Hydrants		100%	\$3,960,000
Manholes		100%	\$5,835,090
Total			\$134,764,529
EBUs at Buildout			3,113
Option 3 Proposed Tap Fee			\$43,300

3.6 Recommendations

SGM recommends proceeding with tap fee Option 3 (\$43,300 tap fee) or, at a minimum, tap fee Option 2 (\$30,800 tap fee).

As provided in the Town's asset inventory list (shown in **Appendix D**), most of the key infrastructure was installed between 1970 and 1996. With most of the Town infrastructure nearing or exceeding 30 years of age, it is increasingly important to support existing infrastructure that will likely need to be replaced in the foreseeable future. Tap fee Option 3 provides buy-in to 68% of the existing water lines, 50% of the sewer lines, and all tanks, pumps, hydrants, and manholes. A tap fee of \$43,300 would put Town of Mountain Village at a higher rate than other Colorado ski towns for a single-family home (one EBU generally defined as homes up to 3,000 SF). However, the difference is not excessive, and Town of Mountain Village would have a rational nexus for this tap fee. Option 2, while being more in-line with the average Colorado ski town tap fee for one EBU at a tap fee of \$30,800, only provides buy-in to 33% of the water lines (compared to 68% with Option 3).

Based on **Table 3-1**, the cost of the entire key infrastructure is over \$200 Million. Charging tap fees that support the entire existing infrastructure would result in a tap fee of over \$64,000. This far exceeds the average tap fee for Colorado ski towns for similar sized single-family homes, as shown in **Figure 3-1**. Option 2 and Option 3 account for about 47% and 67% of the total existing infrastructure costs, respectively. Both options balance

the Town's goals for allowing development to pay its own way without discouraging development with excessive tap fees.

Table 3-5 below shows the three options, with the recommended option highlighted. The current tap fee of \$10,000 covers one EBU up to 3,000 SF, with an extra square footage cost of \$2,000 per additional 500 SF. The table shows the proportionate increase in square footage cost for each option (for example, if the tap fee was increased 10% the square footage cost increased 10%).

Table 3-5: Summary of Tap Fee Options

	Tap fee per tap up to 3,000 square feet	Extra Square Footage Cost	% of Water Distribution Lines*	% of Sewer Collection Lines*
2023 Tap Fee	\$10,000	\$2,000/500 SF	4%	0%
Option 1	\$24,500	\$4,900/500 SF	16%	50%
Option 2	\$30,800	\$6,160/500 SF	33%	50%
★ Option 3 (Recommendation)	\$43,300	\$8,660/500 SF	68%	50%

Note: Each option includes 100% of the tanks, pumps, hydrants, and manholes.

Many Colorado ski towns also have a higher rate for larger homes that put a greater stress on the distribution systems when compared to Town of Mountain Village. The recommended tap fee (Option 3) and proportionate increase in cost per additional square foot is comparable to other ski towns, as shown in **Figure 3-3** below.

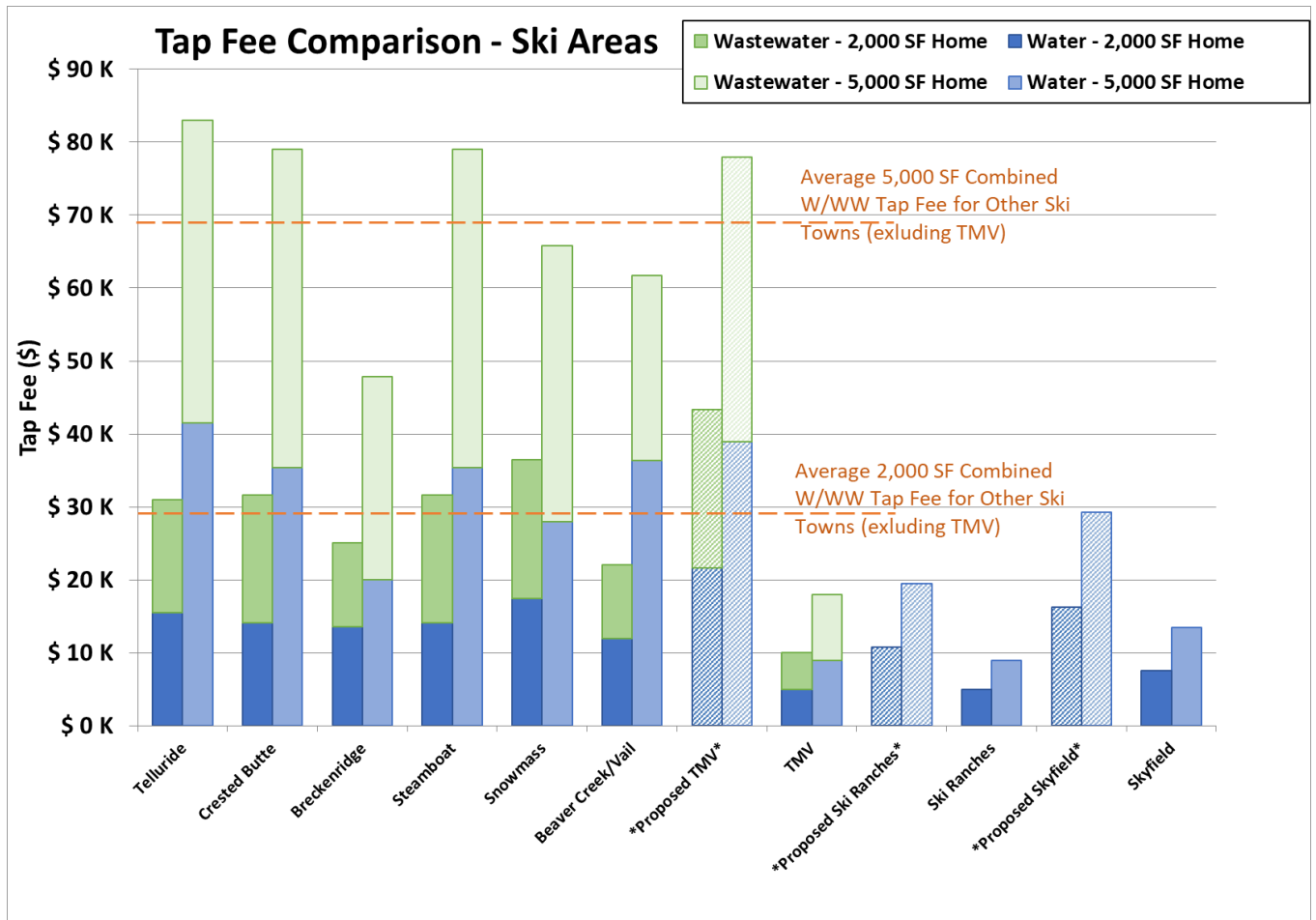


Figure 3-3. Comparison of Proposed Tap Fee Option 3 to Other Ski Towns

4.0 Analysis of Water Usage and Rate Revenues

SGM analyzed 2022 monthly water usage and billing data (provided by Town staff).

4.1 Water Usage and Revenue Trends

SGM compared the percentage of water use by tier compared with the percentage of revenue by tier, as shown in **Figure 4-1**. The revenue from Tier 1 includes Base Fee revenue as well as usage charge for construction accounts, the only customer type for which a usage charge is applied in Tier 1.

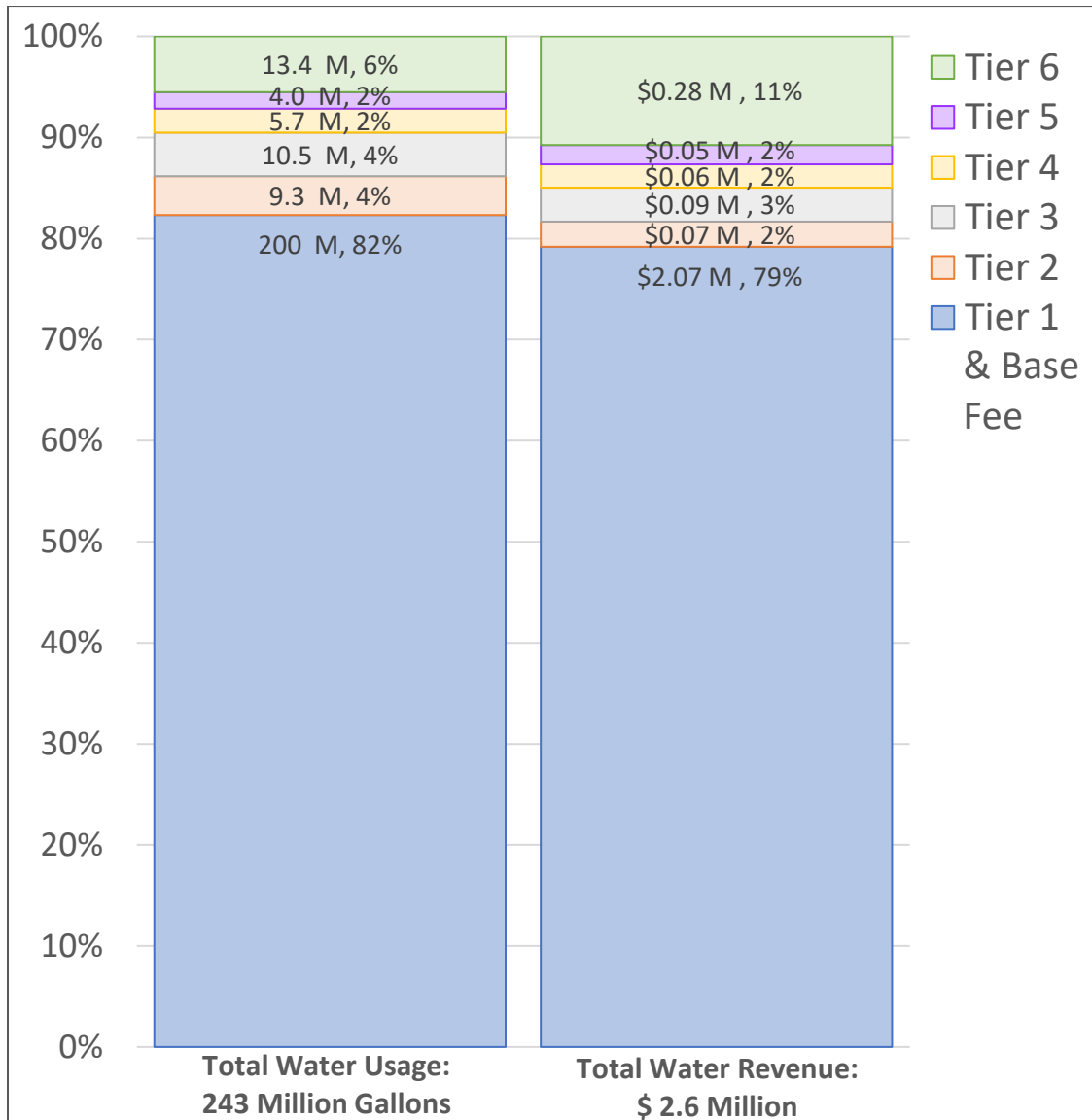


Figure 4-1: Annual Water Usage and Revenue Comparison by Tier

Figure 4-1 shows that most of the Town’s water rate revenue comes from the Base Fee (and incidental Tier 1 usage charges). This revenue generated from the Base Fee and

Tier 1 usage is a stable source (compared to revenue from higher tiers, because it would not be impacted by water conservation measures).

SGM generally recommends that rates be structured such that the revenue generated from the most stable source (Base Fee and Tier 1) is sufficient to cover the fixed costs. Fixed costs are operational expenses that do not vary throughout the year due to demand (such as staff salaries, office expenses, and routine repair and replacement of infrastructure). Variable costs, on the other hand, refer to costs that vary based on how much water is produced (such as pumping costs, chlorine costs, etc.) Water plant related operations and maintenance costs were approximately \$1.2 M in 2022, of which SGM estimates at least \$700,000 were fixed costs. In contrast, the revenue from the Base Fee and Tier 1 was estimated at over \$2.0 M, more than enough to cover the fixed costs, and more than enough to cover all the water treatment related operations and maintenance costs.

This puts the Town in a stable position, allowing it to pay for its water treatment operations and maintenance costs, even in the event of reduced water sales due to water conservation measures. This allows the revenue from the higher block tiers to be used toward other items, such as capital improvement projects.

SGM finds that this rate structure is adequate. The water usage and revenue for all customer and all tiers is shown in **Figure 4-2** and **Figure 4-3**, respectively.

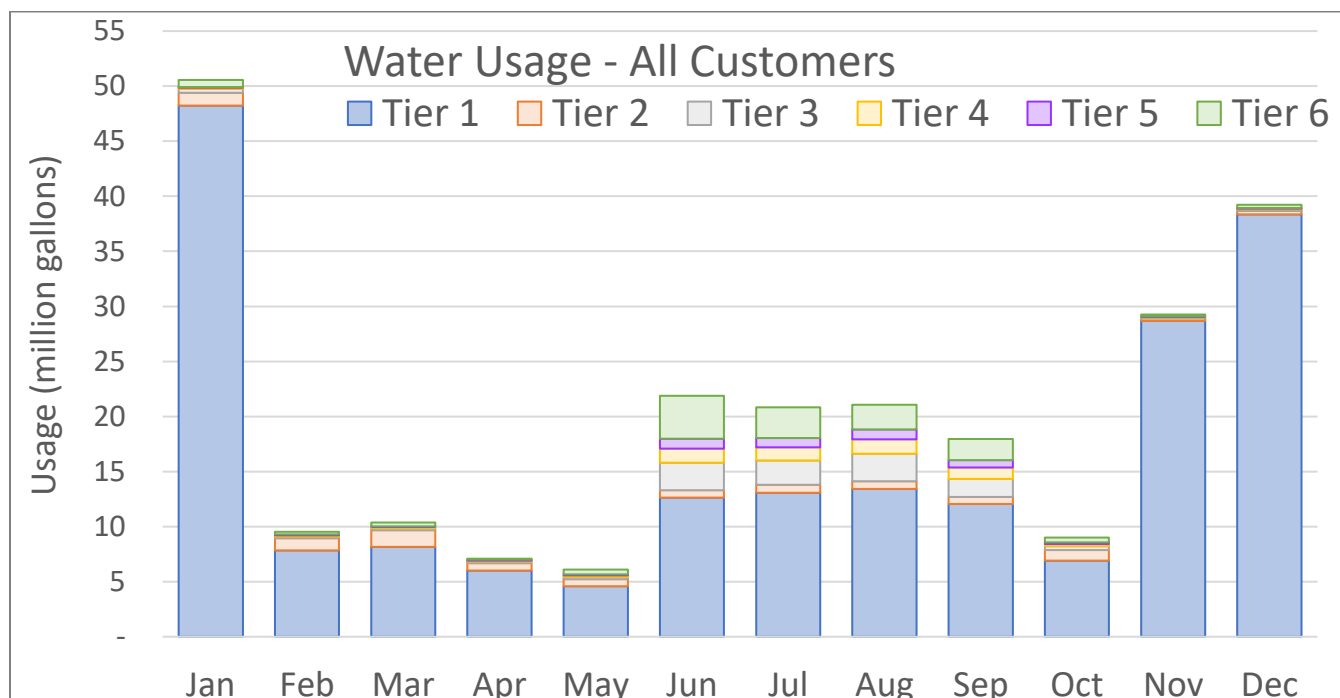


Figure 4-2: Monthly Water Usage by Tier for All Customers

The higher water usage and revenue in November through January is largely due to Telski Pond and for Telski snowmaking. The higher overall water usage and higher tiered rate usage that occurs in June through September is most likely due to irrigation during the summer months. February through May appear to be the best months for estimating

baseflow water usage for Town of Mountain Village, which averages around 8 million gallons.

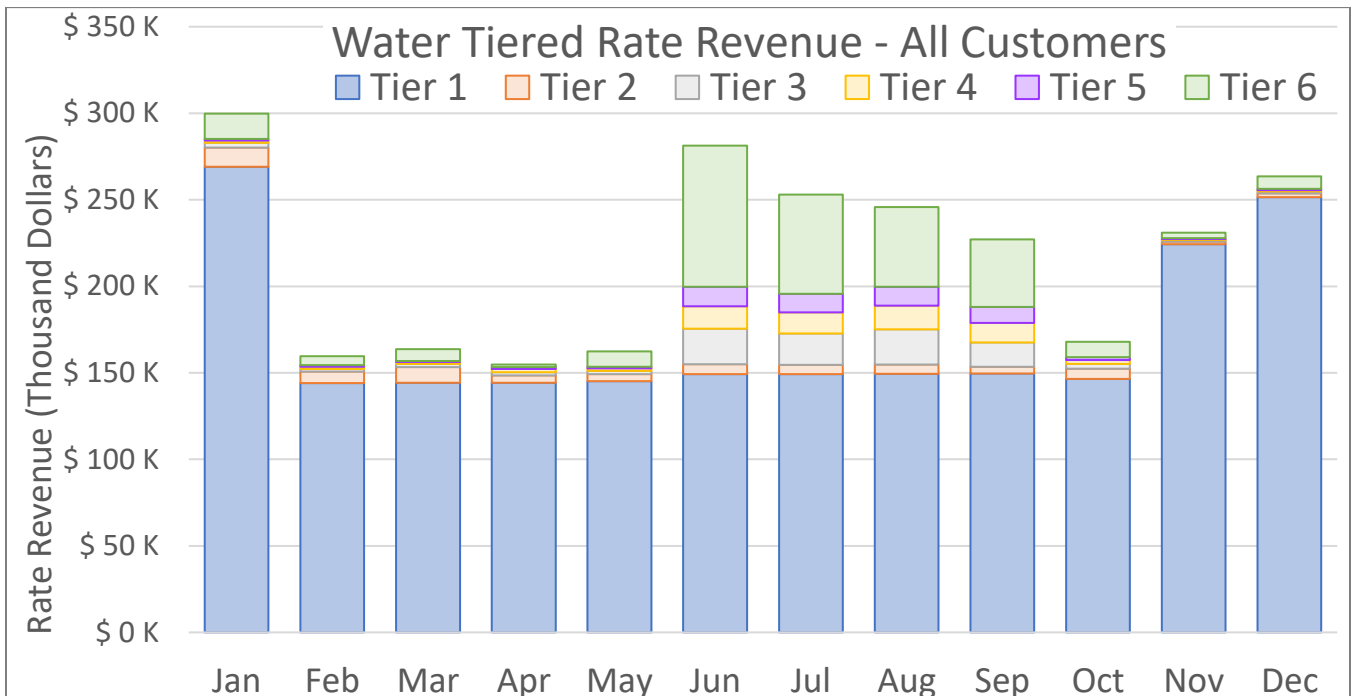


Figure 4-3: Monthly Revenue by Tier for All Customers

Water tiered rate revenue closely follows the water usage chart, with extra funds coming in during the summer months due to Tier 6 irrigation usage, and extra funds from Tier 1 usage at Telski Pond and for Telski snowmaking.

5.0 Cash Flow Model Development

SGM developed an Excel-based tool (referred to herein as the Cash Flow Model) to compare current and projected revenues, expenses, and reserve account balances under multiple planning alternatives. The Cash Flow Model was developed with input from Town staff based on the Town's Utility (Water and Sewer) Fund budgets from 2020 through 2023, with audited numbers from 2020 and 2021 and unaudited numbers from 2022 and 2023. Town staff provided an updated list of capital improvement projects (CIP) which forms the basis of the model. The Cash Flow Model is projected out 10 years. This was chosen to show the full life of all planned CIP projects.

The Utility Fund combines water and sewer finances; however, the Cash Flow Model separately tracks the water and sewer related expenses and revenues. This allows the model to compare water revenue to water expenses and sewer revenue to sewer expenses, thereby creating a rational nexus between the cost of service and the rates charged for each service. For purposes of tracking water and sewer finances separately, the Cash Flow Model applies a 60/40 split to shared Utility Fund revenues (such as miscellaneous expenses) and a 60/40 split for shared Utility Fund expenses (such as employee and office expenses). Town staff verified that this split is representative.

5.1 Expenses

All expenses presented are in present day (2023) dollars. Expenses will increase each year with inflation. The Cash Flow Model uses an average inflation rate of 3% for projecting future operations and maintenance expenses. This was determined based on the average increase in consumer price index for the Western United States over the last ten years (2013-2022). For future capital improvement project costs, SGM conservatively selected inflation rates for 2024-2026 to reflect the short-term inflation rate over the last three years (2020-2022) at an average rate of 4.76%. Inflation assumptions were verified by Town staff. The interest rate assumptions for the CIP are shown in **Table 5-1** below.

Table 5-1. Inflation Assumptions for Capital Improvement Projects in Cash Flow Model

Year	Inflation	Explanation
2024	4.76%	* 4.76% = Average increase in consumer price index in Western US over last 3 years (2020-2022)
2025	4.76%	
2026	4.76%	
2027 on	3.00%	* 3.0% = Average increase in in consumer price index in Western US over last 10 years (2013-2022)

5.1.1 Operations and Maintenance Expenses

Operations and maintenance (O&M) expenses include costs required to maintain daily operations, and costs for routine repairs and replacements. Examples of O&M expenses includes: staff salaries, operating supplies, shop and office space costs (rental or mortgage payments and utilities), vehicle maintenance and gas, etc. O&M expenses do *not* include water line replacements or capital improvement projects (listed in the following section). The Utility Fund budget includes combined expenses which are shared between water and sewer; these expenses were categorized in the Cash Flow Model as 60% water

and 40% sewer. This split was based on the average ratio of water and sewer O&M expenses in recent years and verified with Town staff. The O&M expenses are based on the 2023 proposed operating costs budget for Mountain Village and Ski Ranches/Skyfield.

All expenses will increase by 3% annually in the Cash Flow Model, as previously described. The proposed 2023 budget for Town of Mountain Village for O&M Expenses is shown in **Table 5-2**.

Table 5-2: Operations and Maintenance Expenses

Category	2023 Utility Fund Budgeted Expenses			Annual Projected Increase
	Combined ¹	Water	Sewer	
Plant O&M		\$1,242,463	\$730,688	3%
Transfer to General Fund – Overhead Allocation	\$217,971			3%
Combined expenses are split 60/40 between water and wastewater				

5.1.2 New WWTP Cost (Debt Service Estimates)

The Town's wastewater is currently treated at the Regional WWTP at Society Turn, which Town of Telluride owns and manages. Telluride is in the early planning stages of a new WWTP, which is estimated now to cost roughly \$90 Million. Telluride has not provided exact costs to the Town, nor has it provided cash flow projections for the WWTP capital expenditures. Furthermore, a cost sharing agreement has not been made among the parties that use the Regional WWTP. These unknowns for such a major expense present a significant challenge for the Town when trying to set rates to pay for this capital improvement project.

To address these unknowns, SGM developed a solution in conjunction with Town staff. The Cash Flow Model projects future costs based on the Town's anticipated share of a loan for the full Regional WWTP project cost. This approach allows the Town to start planning and building reserves for Regional WWTP project to the best of its ability based on the information available. When more details are solidified with Telluride, SGM recommends reviewing and updating this rate study.

While official information on cost sharing has not been provided by Telluride, Town staff estimate that the Town will be responsible for 35% of the cost of the new Telluride WWTP, meaning that the Town can anticipate being responsible for approximately \$31.5 Million of the total cost.

While the Town does not have the ultimate decision on what type of loan Telluride pursues to pay for the new Regional WWTP project, it is most likely that Telluride will apply for a loan from the State Revolving Fund (SRF) program, because this program offers competitively low interest. SRF program is a low interest loan program to finance the design and construction of public drinking water, wastewater, and stormwater infrastructure projects. Interest rates for SRF loans can range between 0.6-2.5%, and the payback period is commonly 20 years. The Cash Flow Model uses 3% interest as a conservative estimate to ensure that the Town can secure adequate funds.

SGM incorporated the Town's anticipated share of the future WWTP project cost as a debt service payment for an SRF loan with a principal amount of \$31.5 Million (Town's anticipated 35% share of the \$90 Million cost), a payback period of 20 years, and an interest rate of 3%. Given the in-depth application process for an SRF loan, 2025 is the earliest that debt service would realistically start. As such, SGM conservatively used 2025 as a start date for the projected loan payments in the Cash Flow Model. If the loan payments start later, the Town would have additional time to build reserves. **Table 5-3** below details the debt service and debt payment plan assumed in the Cash Flow Model.

Table 5-3. Debt Service Payment Assumptions for the New WWTP

	WWTP Loan
TOTAL PRINCIPAL	\$31,500,000
Start Year (Jan)	2025
End Year (Dec)	2044
# Payments Periods	20
Finance Rate	3.0%
Annual Payment	\$2,117,295

It is important to note that the cost and implementation of the proposed WWTP is still largely unknown, so as more information is obtained, SGM recommends updating the Cash Flow Model projections.

5.1.3 Capital Improvement Projects

The Town completed a formal capital improvement plan (CIP) in 2017. Since then, the Town has been maintaining its own list of capital projects, which Town staff provided to SGM. The complete capital improvement schedule included in the Cash Flow Model is in **Appendix F. Table 5-4** details the total cost of water and wastewater capital improvement projects by year. The new WWTP is not included as a capital project, as it is projected out as a debt service, as described in **Section 5.1.2**.

Table 5-4: Capital Improvement Project Schedule Summary of Total Annual Costs

Year	Water Capital Projects Estimated Annual Cost (2023 Dollars)	Wastewater Capital Projects Estimated Annual Cost (2023 Dollars)
2023	\$901,500	3,801,818
2024	\$926,602	531,657
2025	\$458,192	556,964
2026	\$401,822	8,623
2027	\$38,135	-
2028	\$365,980	-
2029	-	-
2030	\$530,672	-
2031	\$666,591	-

Notes: * Costs are escalated at 4.76% for 2024-2026, then 3% annually

5.2 Revenues

Water and sewer revenues are tracked separately in the Cash Flow Model.

5.2.1 Rate Revenue

The Town's primary source of revenue is water and sewer service rates.

Sewer rate revenue changes with the number of customers and the monthly fee charged; however, as this is a flat monthly service fee, sewer rate revenue is expected to stay relatively constant (and will not vary with respect to monthly water usage).

Water rate revenue changes with the number of customers, the monthly fee charged, and the amount of water used monthly by customers.

The following sections present multiple alternatives for rate increases and corresponding rate revenue projections. For the Baseline Condition (no rate increases) water and sewer rate revenue are based on the projected 2023 rate revenue. Other alternatives use the proposed water and sewer rate increases to project rate revenue.

Growth from new accounts factors into the calculations of rate revenue, because if there are new accounts added there will be additional rate payers. SGM incorporated Town staff's projections of new EBUs for known planned development for the next five years, shown in **Table 5-5**. For long term planning projections after the known planned developments, SGM used a growth rate of 0.5% per year. At the March 1, 2023 meeting, Town staff gave SGM a preliminary estimate of a max of 10 homes per year (a growth rate of 0.6%); however, new customer data from 2022 showed a 0.43% growth rate. Based on the range from 0.43% to 0.6%, a growth rate of 0.5% was used for the Cash Flow Model. Staff found this assumption representative at the June 22, 2023 meeting.

5.2.2 Tap Fee Revenue

The Town receives revenue from tap fees paid by developers. Town staff provided a schedule of anticipated tap fee revenue and new growth (additional EBUs), which is shown in **Table 5-5**.

Tap fee revenue is not a stable or reliable source of revenue, as it is dependent on the state of the economy and uncertain development plans. Due to these two factors, SGM does not recommend relying heavily on tap fee revenue in future projections. The Cash Flow Model therefore only projects tap fee revenue from the known planned developments shown in **Table 5-5**, and does not project tap fee revenue after 2028. Furthermore, for known developments, the Cash Flow Model projects only 50% revenue from the projected tap fees. For example, Town staff estimated the Town of Mountain Village would receive \$100,000 in tap fee revenue in 2024, as shown in **Table 5-5**, but the Cash Flow Model only projects \$50,000 of tap fee revenue for that year.

Table 5-5: Growth and Tap Fee Revenue Projections for Known Developments

Year	Town of Mountain Village (Water & Sewer Combined)		Ski Ranches (Water Only)		Skyfield (Water Only)	
	Tap Fee Revenue (100%*)	New EBUs	Tap Fee Revenue (100%*)	New EBUs	Tap Fee Revenue (100%*)	New EBUs
2023	\$ 245,000	10.0	\$ 5,000	1.0	\$ 2,000	1.0
2024	\$ 100,000	32.0	\$ 5,000	1.0	\$ 2,000	1.0
2025	\$ 1,100,000	22.0	\$ 5,000	1.0	\$ 2,000	1.0
2026	\$ 100,000	10.0	\$ 5,000	1.0	\$ 2,000	1.0
2027	\$ 100,000	57.7	\$ 5,000	1.0	\$ 2,000	1.0
2028	\$ 100,000	89.2	\$ 5,000	1.0	\$ 2,000	1.0

This table shows the full tap fee income projected by Town staff. The Cash Flow Model projects only 50% of this revenue from the projected tap fees

5.2.3 Grants and Loans

The Town currently has no projected income from grants and loans.

5.2.4 Late Fees

The Town of Mountain Village forecasted budget estimated approximately \$4,700 of annual late fee revenue for 2022 and 2023. SGM projected this value out for future years based on projected growth and rate increases.

5.3 Recommended Minimum Reserve Balance

The level of reserves maintained by a utility is an essential financial policy decision. Reserves allow a utility to respond quickly to emergencies and maintain service levels despite short-term variability in expenses and revenues.

5.3.1 Emergency Reserve

Emergency reserves allow a water provider to pay for sudden infrastructure and equipment replacement due to unforeseen emergencies such as fire, flood, landslide, tornado, etc. While water providers can often seek loans to cover such replacements, loan procurement takes time, and having those reserves on-hand allows the water provider to make the emergency repair quickly while minimizing time with lost or reduced service capacity.

SGM recommends keeping an emergency reserve balance required to cover the replacement of the single largest infrastructure piece that could fail at a single point in time. SGM recommends keeping an emergency reserve balance of at least \$500,000 (in 2023 dollars) to cover costs associated with a full pump station repair or replacement (which is the Town's most expensive single infrastructure component). The Emergency & Loan reserve amount was chosen by Town staff at the meeting on February 21, 2023 between SGM and Town staff.

5.3.2 Operations and Maintenance (O&M) Reserve

An O&M fund reserve allows the Town to continue operations even if revenues from water sales are low (for example, during drought-triggered watering restrictions), or if the Town is unable to collect certain revenues (for example, due to a pandemic and/or recession). The Town plans to maintain a reserve balance of six months of O&M expenses.

5.3.3 Debt Service Reserve

The goal of a debt service reserve balance for the new WWTP is to ensure that the Town of Mountain Village has sufficient reserves that it does not default on its loan during unforeseen circumstances, such as major infrastructure failure. SGM recommends that the Town maintain at least \$2,117,295 of reserve account funds (in 2023 dollars) to ensure that the Town maintains the restricted funds per its loan terms and that it keeps the reserves necessary to respond quickly to an emergency such as a major infrastructure failure. The debt service reserve is especially helpful in this circumstance because of the high level of uncertainty about the exact funding mechanism and cash flow projections for the Town's share of the Regional WWTP project.

5.3.4 Minimum Reserve Balance

The recommended reserve account balance is detailed below in **Table 5-6**. The balances shown in **Table 5-6** are in 2023 dollars. The minimum recommended reserve balance is increased by 3% annually to keep up with inflation.

Table 5-6: Recommended Reserve Account Balance

Reserve Balance (2023 \$)		Description
Debt Service Reserve	\$ 2,117,295	One year of annual debt service payment for WWTP (2025-2044)
O&M Reserve	\$ 1,095,561	6 months O&M for water & sewer
Emergency Reserve	\$ 500,000	Single most expensive piece of equipment (pump station)
Total	\$ 5,712,856	Debt Service + O&M Reserve + Emergency Reserve
Escalation Rate	3%	Inflation rate (typical inflation rate)

6.0 Expenses Revenue Comparison: Baseline Condition

This section shows projections from the Cash Flow Model for expenses, revenues, and the resulting reserve account balance if there are no rate increases; this is referred to as the Baseline Condition. At the end of 2022, the Town had a reserve balance of approximately \$6,184,082 (based on the forecasted end of year balance from the 2023 budget), which meets and exceeds the recommended minimum balance of \$3,712,856 (including Emergency Reserve, O&M Reserve, and Debt Service Reserve).

Figure 6-1 shows the projected reserve balance under the Baseline Condition (no rate increases). While the Town is in a favorable financial position currently, **Figure 6-1** shows that in order to meet expenses, maintain the reserve balance, and pay for capital projects in the future, it must raise water and sewer rates. In 2024 the utility fund balance is still above zero and the reserve balances, however, by 2030, the projected reserve balance dips below zero. The following section presents three alternatives for rate setting strategies to raise rates to allow the Town to continue to meet expenses, maintain a reserve balance, and fund capital projects.

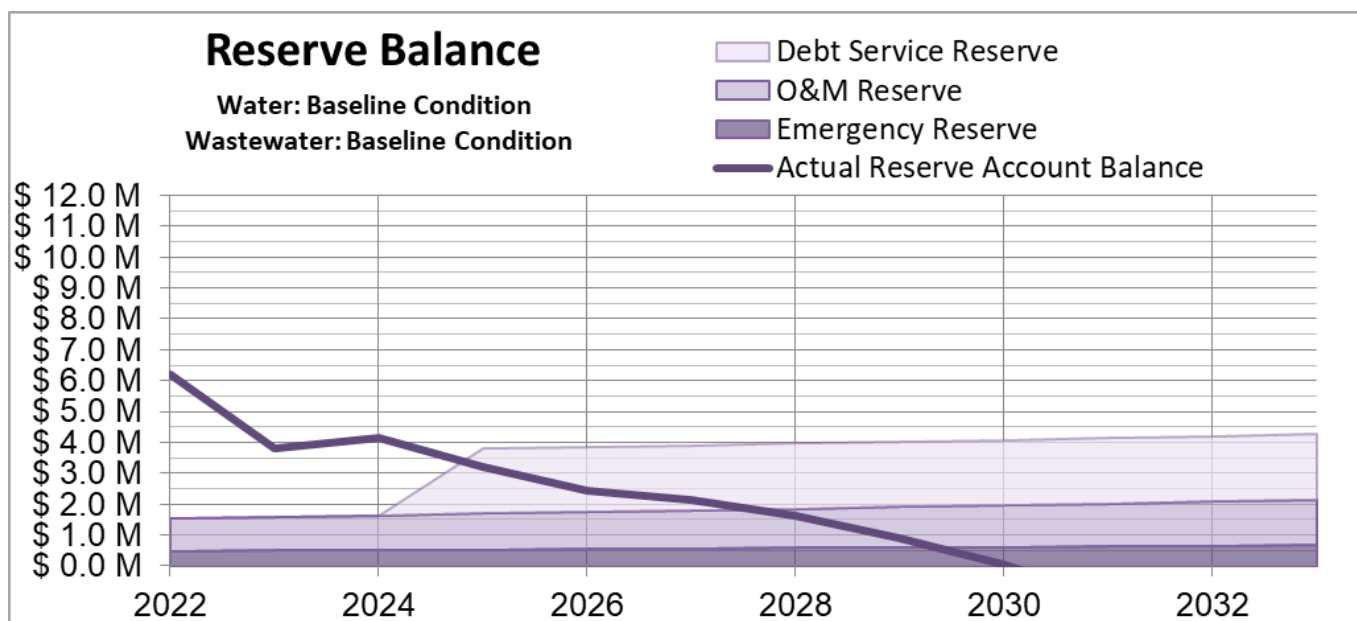


Figure 6-1: Reserve Balance Baseline Condition

Figure 6-2 shows that currently, water revenues exceed expenses, but sewer expenses exceed revenues. **Figure 6-2** also shows that O&M expenses will continue to rise with inflation and that planned capital improvement project costs will deplete the reserve balance over the next several years. Combined water and sewer expenses will continue to exceed revenues if the rates remain constant.

The Town currently has a more comprehensive list of capital projects for the sewer fund; this, when combined with costs for the new WWTP, results in sewer expenses generally exceeding sewer revenue. However, the Town does not currently have an extensive list of water capital projects. As a result, the water revenues are projected to exceed expenses. The excess water revenue is essentially being used to support sewer expenses in the Cash Flow Model.

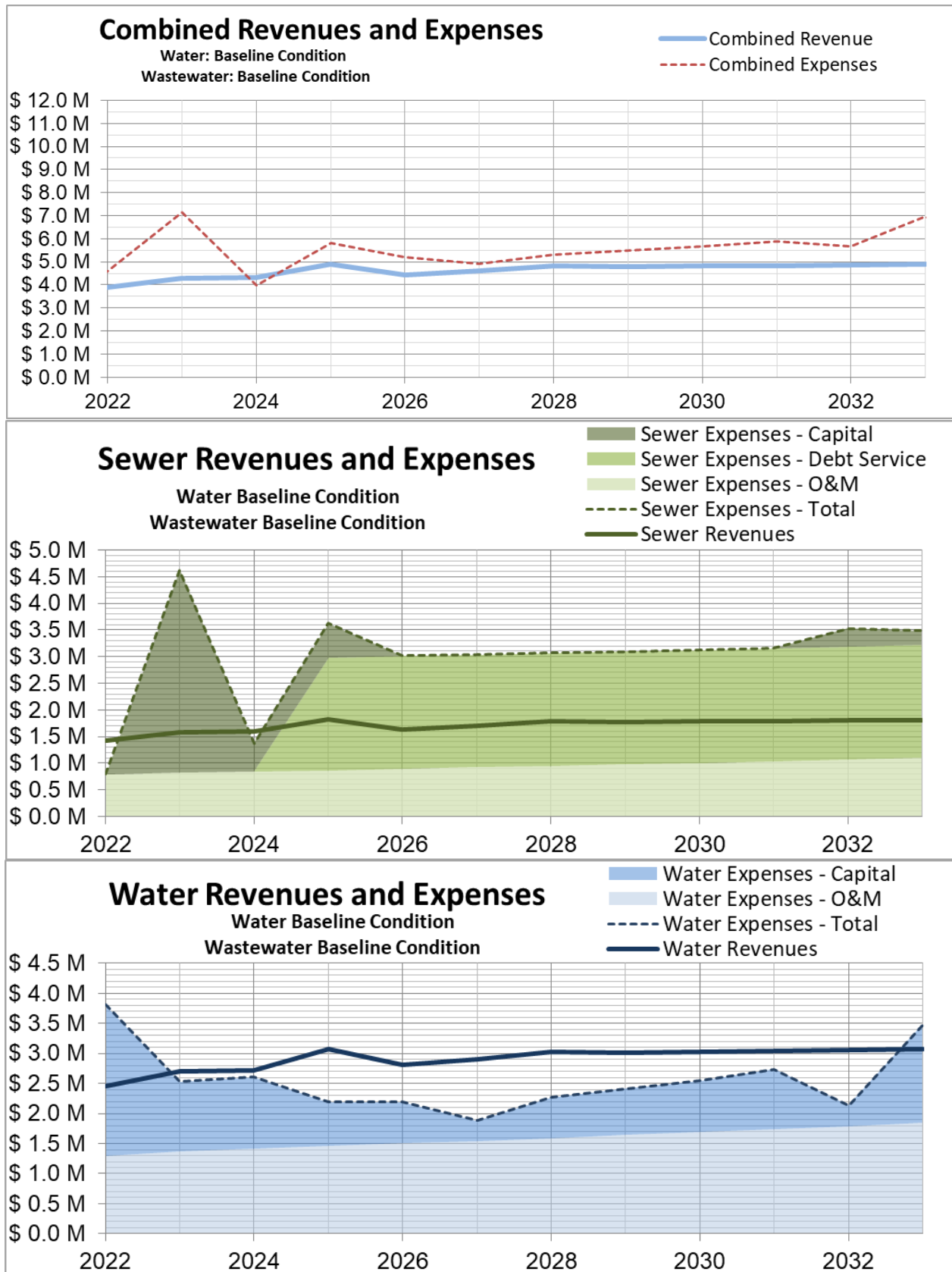


Figure 6-2: Revenues and Expenses Comparison – Baseline Condition



Figure 6-3 shows what the average monthly customer bill with the baseline condition and no rate increases would look like over the next ten years.

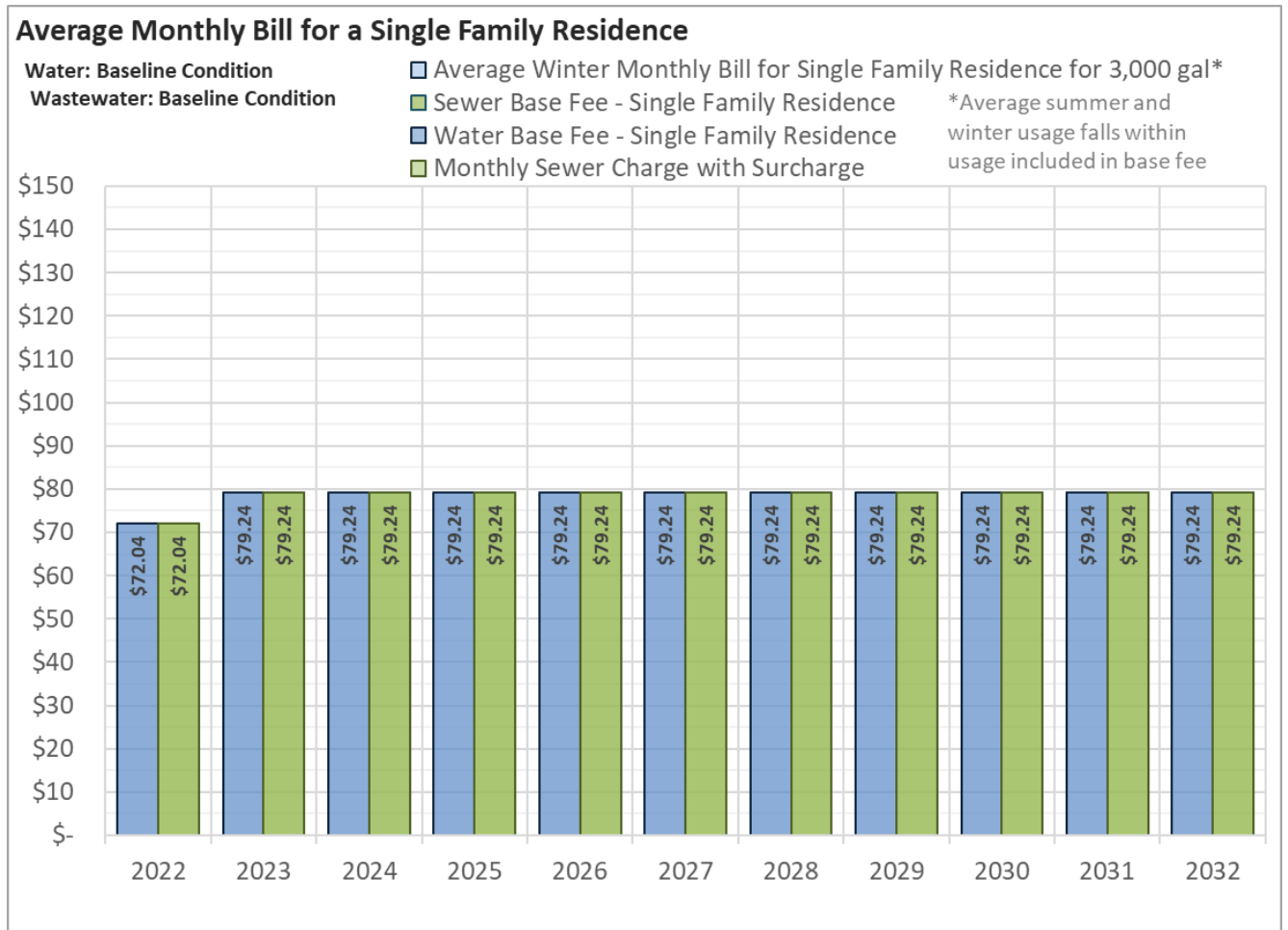


Figure 6-3. Average Monthly Bill for a Single Family Residence – Baseline Condition

7.0 Alternatives for Raising Required Rate Revenue

SGM developed three alternatives with input from Town staff, each with different rate structures to maintain the minimum reserve balance and fund capital improvement projects. The upcoming CIP expenses are summarized in **Section 5.1.3**. A full list of the CIP projects is included as **Appendix F**.

7.1 Alternatives

The water and sewer rate increases associated each of the three alternatives evaluated are documented in **Table 7-1**. The alternatives show a combination of rate increases and surcharge additions. Planned sewer expenses largely exceed sewer revenue and given the magnitude and uncertainty of the debt service for the new WWTP, the alternatives primarily focus on sewer rate adjustments. Alternative 1 for water will be chosen for each proposed alternative wherein the water base rates will be increased using an inflation-based rate increase of 4.76% for 2023-2027 (following the average inflation over the last three years) and a 3% increase for every year after 2027 (following the average inflation over the last ten years). This will be sufficient to cover water expenses and capital improvement project costs. This water rate setting strategy was discussed with and approved by Town staff in various meetings with SGM.

Table 7-1: Rate Increase Alternatives Evaluated

Rate Increase Alternative (Alt)		Temporary Rate Increase			Default * (Long-term) Rate Increase %	Annual WWTP Surcharge	Alternative Description
		Increase %	Start Year (Jan of)	End Year (Dec of)			
Water	Alt. 1	4.76%	2023	2027	3.00%	N/A	Inflation-based rate increase
Sewer	Alt. 1	4.76%	2023	2027	3.00%	-	Inflation-based rate increase
	Alt. 2	10.00%	2023	2027	3.00%	-	Short-term steep rate increase
	Alt. 3	4.76%	2023	2027	3.00%	\$120	Inflation-based rate increase plus \$10/month/EBU surcharge

*The purpose of the default long-term rate increase is to adjust revenues to keep pace with long-term inflation trends (an average of 3% over the last ten years). The Town may choose to evaluate these rate increases each year based on recent inflation and Cash Flow Model projections.

Water and sewer rates are both being increased, at a minimum, to cover the cost of inflation, even though water revenues currently exceed planned water expenses. Currently, the projected costs for water capital projects are small compared to the planned costs of sewer capital projects. These adjustments in **Table 7-1** assume that excess water revenue will be available for funding excess sewer expenses. It makes sense to avoid

customer concerns by not raising sewer rates an excessive amount, when extra funds from water rates are available to help fund the extra sewer capital costs and offset the sewer rate increases needed. It is important to note, however, that unexpected and unplanned water expenses would reduce the amount of excess water revenue that can be attributed to financing the WWTP plant, in which case the sewer rates or surcharge may have to be boosted accordingly. That is one benefit of the Alternative 3, which allows the Town to adjust the sewer surcharge on an as-needed basis to offset unforeseen costs.

7.1.1 Alternative 1

Alternative 1 increases the sewer base rate by an inflation-based rate increase of 4.76% for 2023-2027 (following the average inflation over the last three years) and a 3% increase for every year after 2027 (following the average inflation over the last ten years).

Figure 7-1 shows the projected reserve account balance under Alternative 1. With inflation-based rate increases only, the Town will manage to stay at or above the recommended minimum reserve balance of \$3,712,856 (including Emergency Reserve, O&M Reserve, and Debt Service Reserve).

It is important to note that the actual reserve account balance increases in the long-term but is likely inflated post 2028 due to low number of current planned capital projects post 2028. It is likely that additional capital project needs will arise.

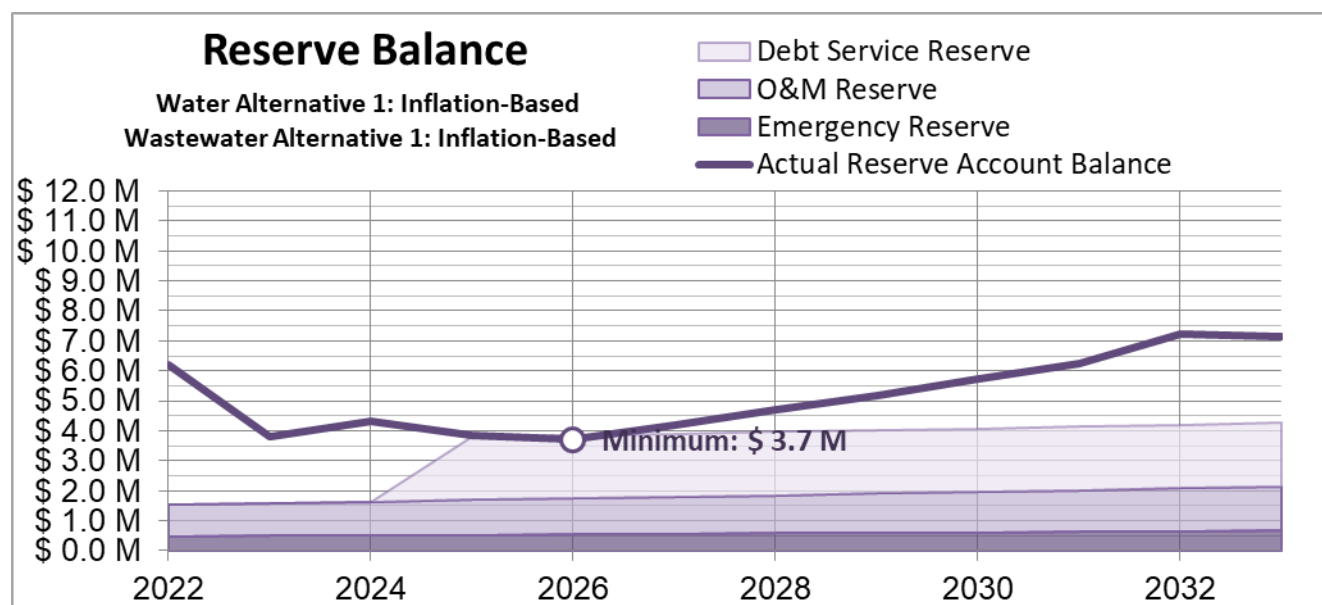


Figure 7-1. Reserve Balance Alternative 1

The breakdown of the water and sewer revenues and expenses for each alternative is shown later in **Section 7.2**, Revenue and Customer Cost Implications for Each Alternative.

7.1.2 Alternative 2

Alternative 2 consists of a short-term steep sewer base rate increases of 10% per year from 2023 to 2027 to help build a reserve balance for the future WWTP, followed by long-term inflation rates of 3% per year.

Figure 7-2 shows the projected reserve account balance under Alternative 2. With the short-term steep rate increase and the long-term 3% rate increase, the Town will stay above the recommended minimum balance of \$3,712,856. The short-term steep rate increase allows the Town to increase the reserves ahead of the loan payments for the new WWTP. Furthermore, remaining above the recommended reserves enables the Town to cover potential unforeseen water expenses without as heavy of a reliance on excess water revenues.

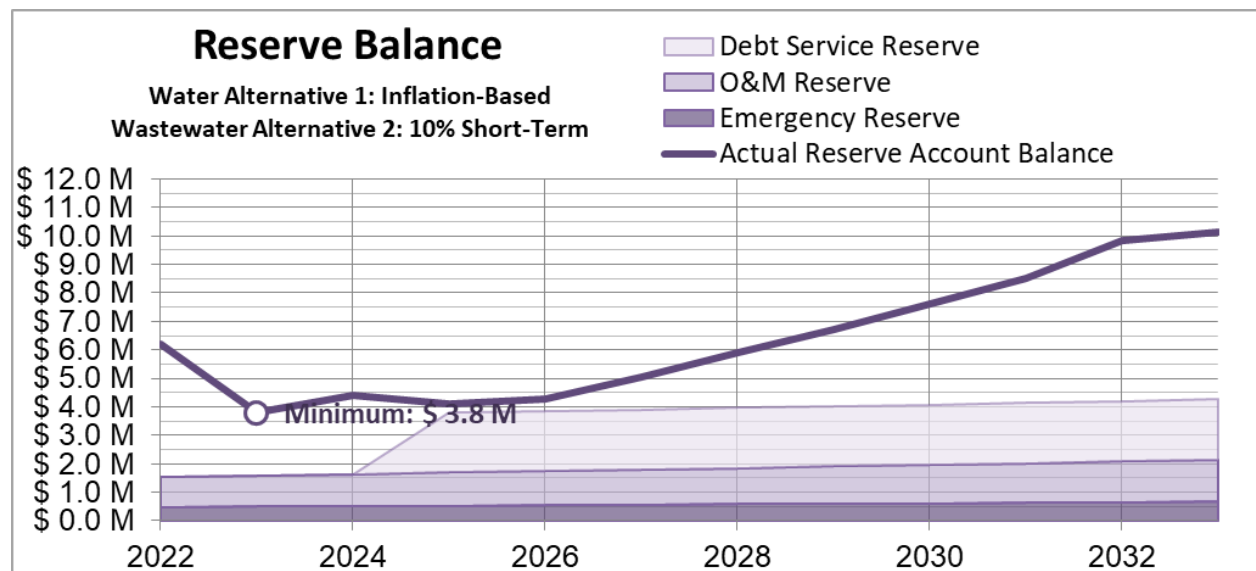


Figure 7-2. Reserve Balance Alternative 2

7.1.3 Alternative 3

Alternative 3 introduces the idea of a monthly surcharge on top of the sewer base rate to help fund the new WWTP. Alternative 3 incorporates a flat \$10 per EBU monthly surcharge on top of inflation-based base rate increases of 4.76% for 2023-2027 (following the average rate increase over the last three years) and a 3% increase for every year after 2027.

Figure 7-3 shows the projected reserve account balance under Alternative 3. The Alternative 3 reserve account balance very closely resembles Alternative 2 with slightly less reserve account balance overall. The benefit of Alternative 3 over Alternative 2 is that the monthly surcharge can be easily adjusted on an as-needed basis to help cover the sewer expenses should the excess water revenue that is currently offsetting sewer expenses be needed for unplanned water projects. The surcharge may also be removed when the loan repayment period ends.

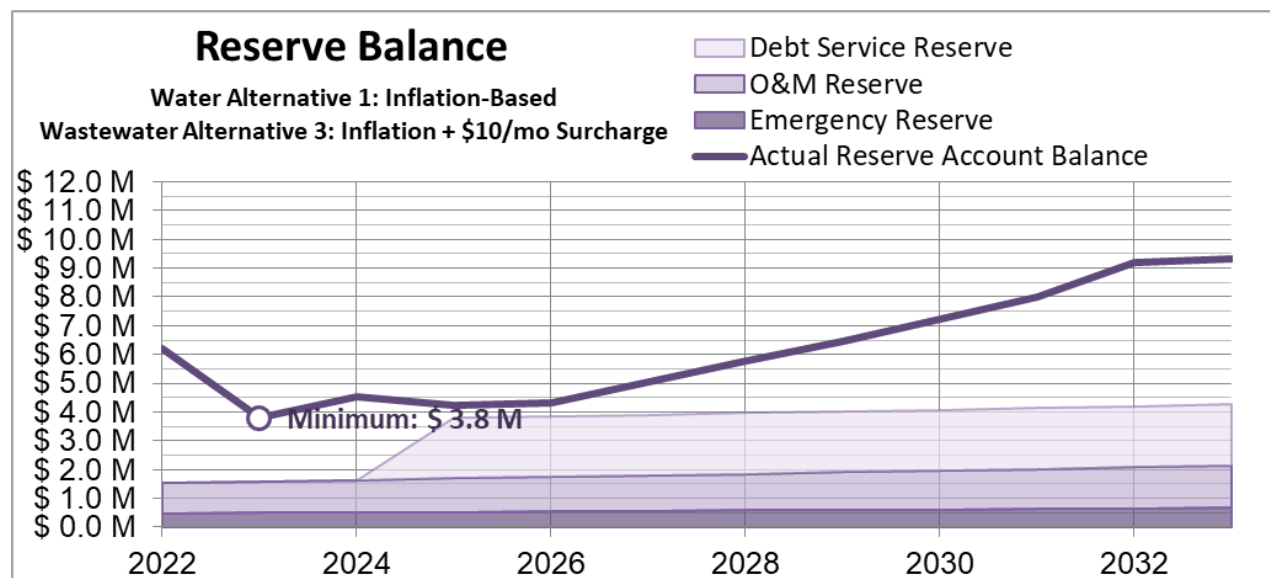


Figure 7-3. Reserve Balance Alternative 3

7.2 Revenue and Customer Cost Implications for Each Alternative

The reserve balance (actual and recommended), a comparison of water revenues and expenses, and a comparison of sewer revenues and expenses are presented in **Figure 7-4** through **Figure 7-6**, respectively.

The utility fund balance figures for all three alternatives shown below in **Figure 7-4** remain above the minimum recommended reserve account balance, with Alternatives 2 and 3 having similar results in reserve account balance. Each alternative would be successful in achieving the Town of Mountain Village’s goals of meeting expenses, maintaining the reserve balance, and paying for CIP projects. Alternatives 2 and 3 best suit the Town’s needs for increasing reserves to pay for the new WWTP and any unplanned future expenses.

The water revenues and expenses shown in **Figure 7-5** are the same for all alternatives because they all used an inflation-based rate increase of 4.76% for 2024-2027 and 3% for long-term inflation. Inflation-based rate increases are more than sufficient to cover water O&M expenses and planned capital projects, as well as to support the excess sewer expenses.

The sewer revenues and expenses in **Figure 7-6** shows that the capital projects and debt service results in the sewer expenses consistently exceeding sewer revenue. This is why the excess water revenues shown in **Figure 7-5** are being used to supplement the sewer expenses.

Figure 7-7 presents a series of graphs for each alternative showing the average monthly water and sewer bill for a single-family residence using 3,000 gallons per month.

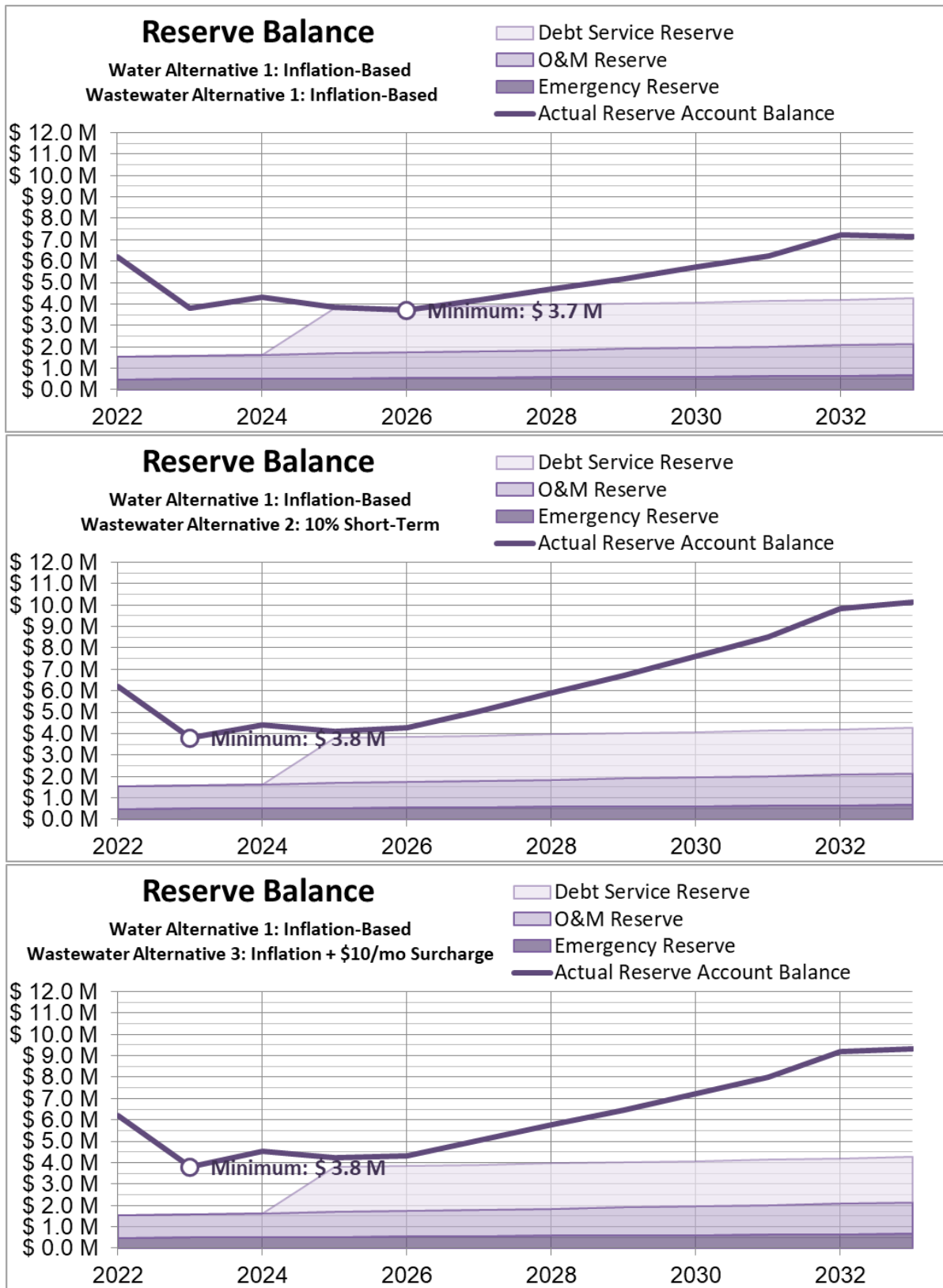


Figure 7-4: Utility Fund Balance under each Proposed Alternative



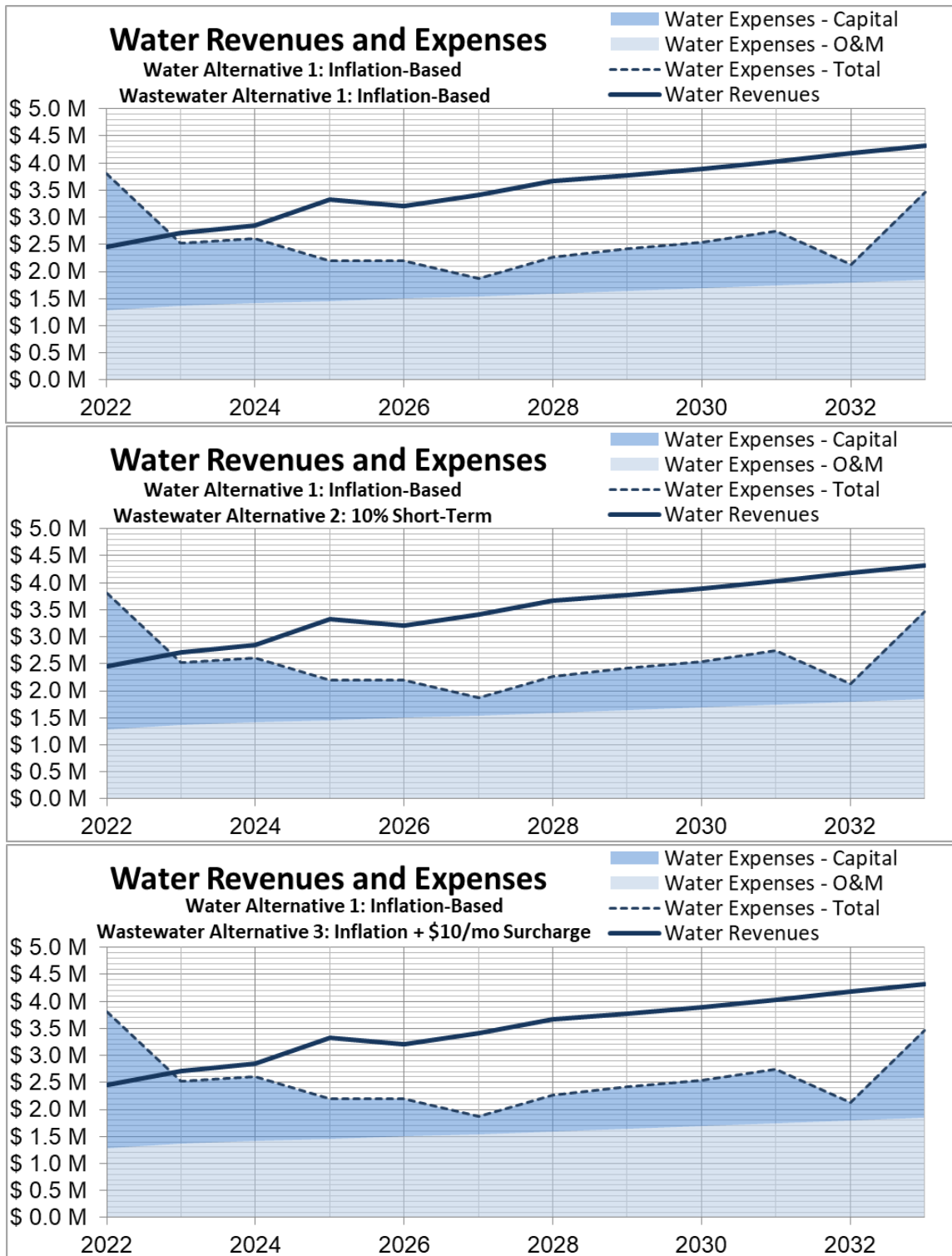


Figure 7-5: Water Revenues and Expenses under each Proposed Alternative

All three alternatives have the same rate increases for water. Therefore, **Figure 7-5** presents the same water revenue and expense projections for each alternative.



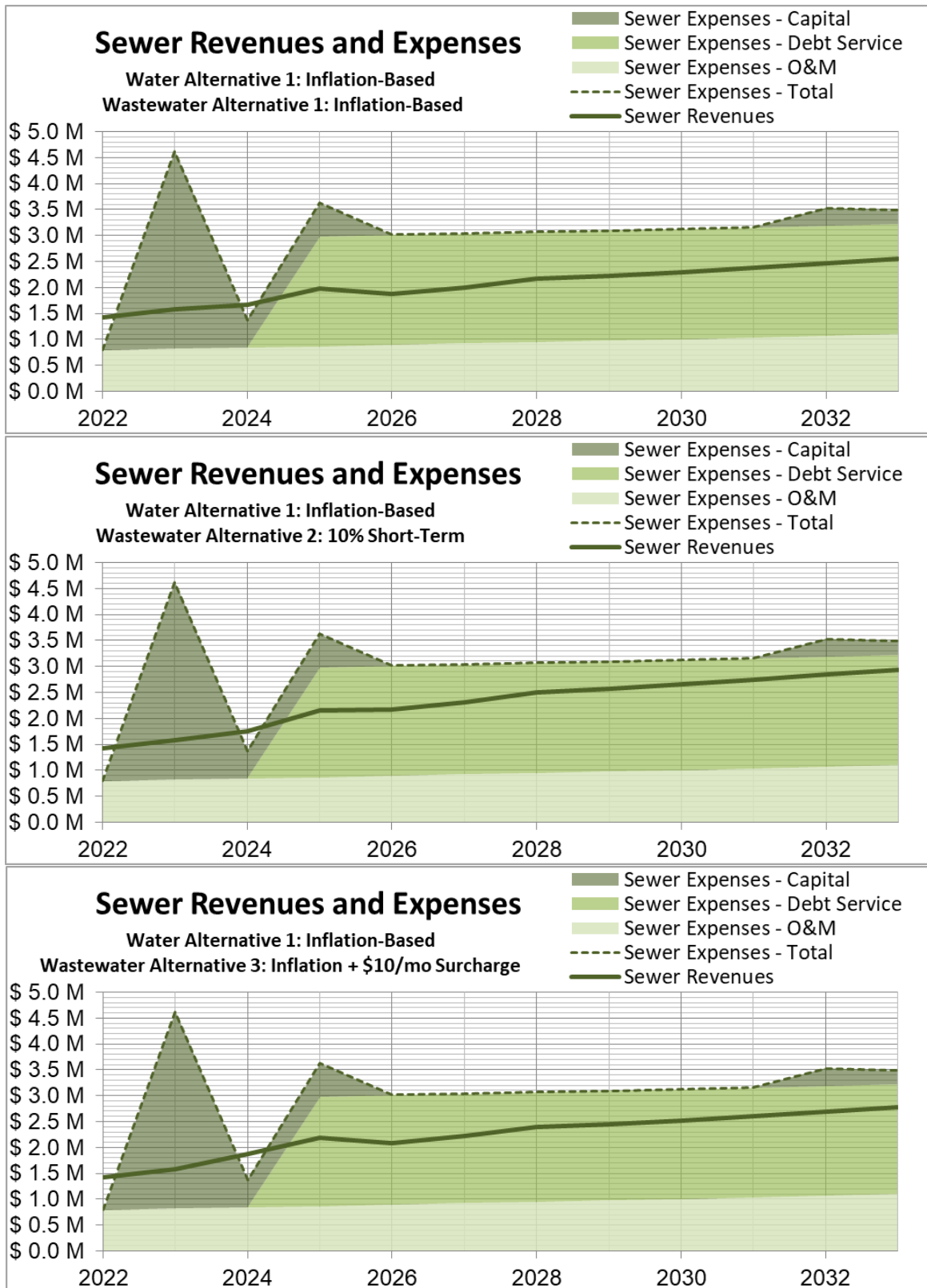


Figure 7-6: Sewer Revenues and Expenses under each Proposed Alternative



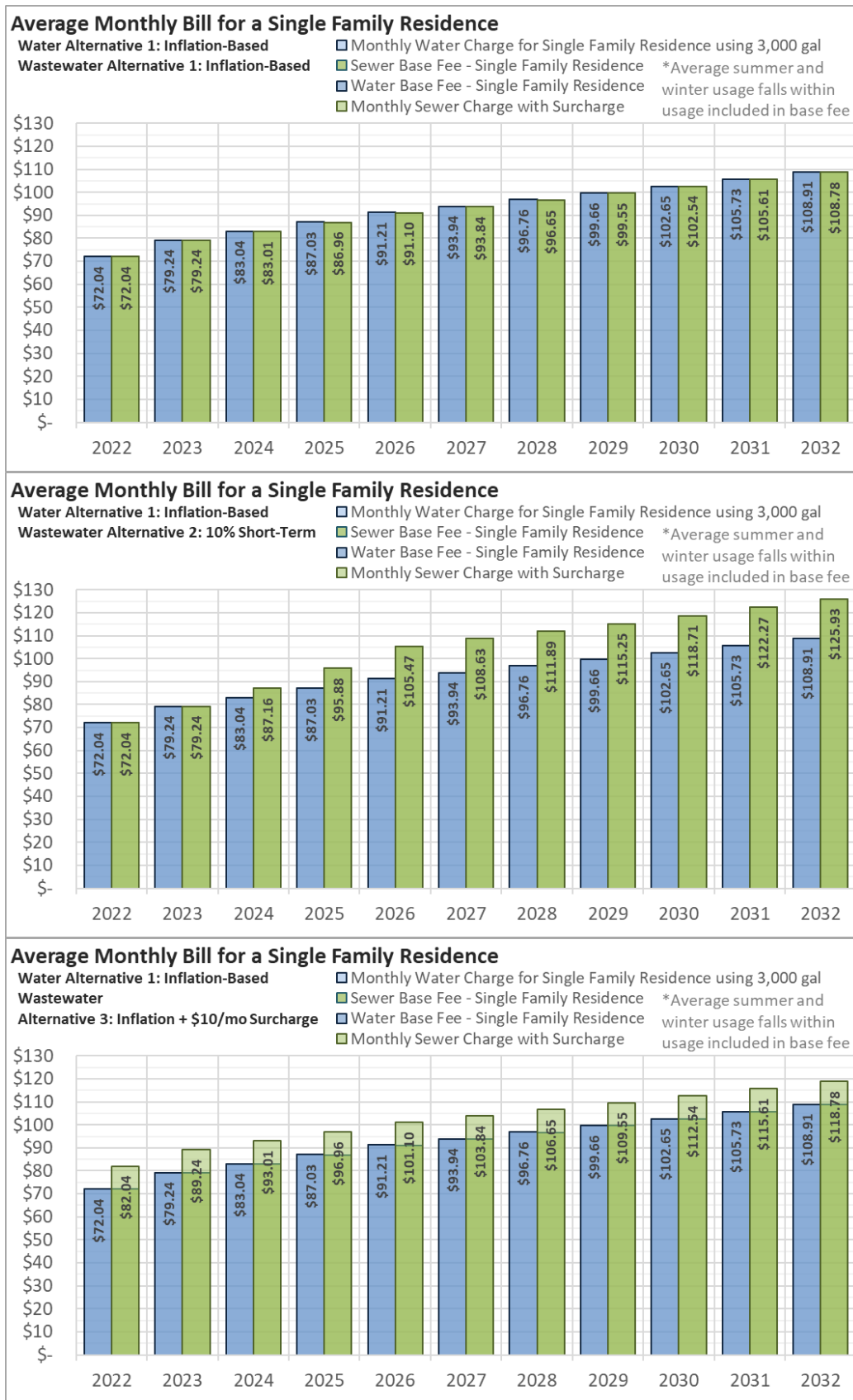


Figure 7-7: Average Monthly Water Bills under Each Proposed Alternative



7.3 Recommendations

All three alternatives met revenue requirements to cover O&M expenses, fund capital projects, fund the anticipated expenses for the new WWTP, and meet the recommended minimum reserve fund balance.

Alternative 3 was chosen as the preferred alternative by SGM for the following reasons:

- The sewer surcharge would be easy to adjust on an as-needed basis to cover the funding for the new WWTP.
- It shows customers that base rates are only being increased on an inflation-basis and that the extra charges are for funding the WWTP.

These recommendations were presented to the Council on June 22, 2023 and the Council approved the methodology and assumptions for each alternative. Alternative 3 was chosen as the Town of Mountain Village's recommendation. The water and sewer rate increases for Alternative 3 are detailed in **Table 7-2**.

Table 7-2: Water and Sewer Rate Structure Summary for Alternative 3 (Selected Alternative)

Water Temporary Rate Increase	Implement a short-term increase of 4.76% per year in 2024 through 2027 to both the base fee and the usage charges
Water Default Long-Term Rate Increase	Implement a long-term increase of 3.0% per year in 2027 and beyond (or as determined by Town staff based on real-time inflation)
Sewer Temporary Rate Increase	Implement a short-term increase of 4.76% per year in 2024 through 2027 to both the base fee and the usage charges
Sewer Default Long-Term Rate Increase	Implement a long-term increase of 3.0% per year in 2027 and beyond (or as determined by Town staff based on real-time inflation)
Sewer Monthly Surcharge	Implement a monthly surcharge of \$10 per EBU per month, adjusting as needed to build reserve balance for funding the WWTP
Sewer Debt Service Amount	\$31.5 Million SRF Loan for new WWTP 2025 through 2040 at an estimated 3% finance rate

It is important to note that unexpected and unplanned water expenses would reduce the amount of excess water revenue that can be attributed to financing the WWTP plant, in which case the sewer rates or surcharge may have to be boosted accordingly.

8.0 Conclusions

8.1 Tap Fee Study

The current combined tap fee for Town of Mountain Village of \$10,000 for a 2,000 SF home is significantly below the average Colorado ski town combined tap fee of about \$29,500. The Town also charges an additional \$2,000 / 500 SF. SGM recommends proceeding with tap fee Option 3, with a tap fee of \$43,300 for up to a 3,000 SF home. The proportionate new extra square footage cost would be \$8,660/500 SF

The recommended Option 3 provides buy-in to 68% of the existing water lines, 50% of the sewer lines, and all tanks, pumps, hydrants, and manholes. The tap fees under Option 3 for a 2,000 SF and 5,000 SF home are comparable to other ski towns (see **Figure 3-3**).

8.2 Rate Study

The Town of Mountain Village must raise rates to meet O&M expenses, maintain a reserve balance, fund the new WWTP, and pay for planned capital projects. The reserve balance is projected to dip below zero by the end of 2030 without rate increases.

SGM recommends the Town maintain a total reserve fund balance of \$3,712,856 in 2023 dollars, which provides for an emergency reserve balance, six months of O&M expenses, and one year of anticipated annual debt service payments to ensure the Town does not default on its WWTP loan. This allows the Town to quickly pay for emergency equipment or infrastructure repairs or replacement, and to ensure financial security even with the uncertainty surrounding the WWTP.

While there is uncertainty around the exact funding mechanism, this rate study allows for the Town to build reserves for Regional WWTP project to the best of its ability based on the information available. Projections are based on a debt service payment for an SRF loan with a principal amount of \$31.5 Million (Town's anticipated 35% share of the \$90 Million cost), a conservative interest rate of 3%, and a 20-year payback period from 2025 through 2040. When more details are solidified with Telluride, SGM recommends reviewing and updating this rate study.

Under all alternatives, the water rates would be increased using an inflation-based rate increase of 4.76% from 2024 through 2027 followed by a long-term default rate increase of 3% annually. This would be sufficient to cover planned water expenses for O&M and CIP projects as well as to help fund sewer expenses.

Rate increases for sewer will be higher than water because there are more planned sewer capital project costs plus the anticipated cost of the new WWTP. Under Alternative 3, the Town would follow the same inflation-based rate increases as the water rates as well as implement a surcharge of \$10 per EBU per month to increase the reserve balance to fund the WWTP. While some water revenue will still be needed to help fund sewer expenses, the surcharge option allows for easy changes on an as-needed basis to help fund necessary projects.

The purpose of the default long-term rate increase is to adjust revenues to keep pace with long-term inflation trends (an average of 3% over the last ten years). The Town may

choose to evaluate these rate increases each year based on recent inflation and Cash Flow Model projections.

SGM also recommends the Town make periodic updates to its Cash Flow Model based on new information gathered from annual audits, recent inflation rates, and adjustments to the CIP schedule to update the projections of expenses, revenues, and reserve balance.

LIST OF APPENDICES

- Appendix A: Town's Full Schedule of Rates and Charges
- Appendix B: Water and Sewer Rate Comparison Summary
- Appendix C: Water and Sewer Tap Fee Comparison Summary
- Appendix D: TMV Wholesale Infrastructure Inventory
- Appendix E: TMV Usage Summary
- Appendix F: Capital Improvement Projects List

MOUNTAIN VILLAGE

Classification (Per LUO or other)	Tap Fee per tap	Square Footage	Extra Square footage	EBU Factor (1)	Water/Sewer Regs Classification	Rate Structure	Rate Table	Rate Water	Rate Sewer	Notes
Single Family	\$ 10,000	3,000	\$2,000 / 500 sf	100.00%	Residential	Seasonal	SF	\$ 79.24	\$ 79.24	
Guesthouse			\$2,000 / 500 sf	50.00%	Residential	Seasonal	SG	39.62	39.62	
Combined Rate Table (Main + Guest)				150.00%	Residential	Seasonal	CRT	118.87	118.87	Each tap has separate meter - base fees 1 1/2
Subdividable Duplex - 2 taps	\$ 10,000	3,000	\$2,000 / 500 sf	100.00%	Residential	Seasonal	SF	79.24	79.24	Each tap has separate meter - base fees are per meter
Non Subdividable Duplex - 2 taps	\$ 10,000	3,000	\$2,000 / 500 sf	100.00%	Residential	Seasonal	SF	79.24	79.24	Each tap has separate meter - base fees are per meter
Condo	\$ 10,000	3,000	\$2,000 / 500 sf	100.00%	Residential	Seasonal	CD	79.24	79.24	
Hotel	\$ 2,000	500	\$250 / 50 sf	20.00%	Commercial	Seasonal	HO	15.85	15.85	5 hotel units equals 1 EBU Commercial
Hotel Eff	\$ 3,000	750	\$250 / 50 sf	30.00%	Commercial	Seasonal	HE	23.77	23.77	3 hotel efficiency units equals 1 EBU Commercial
Lodge Efficiency (Kitchen)	\$ 2,500	750	\$250 / 50 sf	25.00%	Commercial and	Seasonal	EE	19.81	19.81	4 lodge units equals 1 EBU Commercial
Emp Condo/Apartment	\$ 5,000	3,000	\$2,000 / 500 sf	50.00%	Deed Restricted	Seasonal	DR	39.62	39.62	
Emp Dorm	\$ 2,500	3,000	\$2,000 / 500 sf	25.00%	Deed Restricted	Seasonal	EA	19.81	19.81	
Commercial (per 2,000sf)	\$ 10,000	2,000	n/a	100.00%	Commercial	Seasonal	CM	79.24	79.24	
Construction	n/a	n/a	n/a	n/a	Construction	n/a	CT	-	n/a	structure
Fireman	\$ 10,000	3,000	\$2,000 / 500 sf	100%	Residential	Seasonal	F1	-	n/a	Base water free then escalating rate structure
Snowmaking	n/a	n/a	n/a	n/a	Snow Commercial	n/a	Snow	-	n/a	Approximately \$3.22/1,000 gallons (pond) and \$3.50/1,000 gallons on hydrants
Common Irrigation (May thru Oct)	n/a	n/a	n/a/	n/a	Irrigation	Seasonal	I1	79.24	n/a	Individual meters
Irrigation Added to House Usage	n/a	n/a	n/a	n/a	Irrigation	n/a	I2	-	n/a	Usage added to house meter
Common Irrigation - year round	n/a	n/a	n/a	n/a	Irrigation	Year Round	I3	79.24	n/a	Year round, for outdoor hot tubs or equivalent

Water/Sewer Classification Rates

Residential - Commercial - per EBU (1)

Deed Restricted - per EBU (1)

Irrigation

Winter - October thru May	\$/1,000 Gal
1 to 8,000 gallons	Base
8,001 to 16,000 gallons	\$6.00
16,001 to 24,000 gallons	\$8.00
24,001 to 32,000 gallons	\$10.00
32,001 to 40,000 gallons	\$12.00
40,001 plus	\$20.00

Winter - October thru May	\$/1,000 Gal
1 to 4,000 gallons	Base
4,001 to 8,000 gallons	\$6.00
8,001 to 16,000 gallons	\$8.00
16,001 to 24,000 gallons	\$10.00
24,001 to 32,000 gallons	\$12.00
32,001 plus	\$20.00

Seasonal Rate Structure-Summer	\$/1,000 Gal
May thru October	
1 to 12,000 gallons	Base
12,001 to 16,000 gallons	\$6.00
16,001 to 24,000 gallons	\$8.00
24,001 to 32,000 gallons	\$10.00
32,001 to 40,000 gallons	\$12.00
40,001 plus	\$20.00

Summer - June thru September	\$/1,000 Gal
1 to 14,000 gallons	Base
14,001 to 16,000 gallons	\$6.00
16,001 to 24,000 gallons	\$8.00
24,001 to 32,000 gallons	\$10.00
32,001 to 40,000 gallons	\$12.00
40,001 plus	\$20.00

Summer - June thru September	\$/1,000 Gal
1 to 7,000 gallons	Base
7,001 to 8,000 gallons	\$6.00
8,001 to 16,000 gallons	\$8.00
16,001 to 24,000 gallons	\$10.00
24,001 to 32,000 gallons	\$12.00
32,001 plus	\$20.00

Year Round Rate Structure	\$/1,000 Gal
1 to 10,000 gallons	Base
10,001 to 16,000 gallons	\$6.00
16,001 to 24,000 gallons	\$8.00
24,001 to 32,000 gallons	\$10.00
32,001 to 40,000 gallons	\$12.00
40,001 plus	\$20.00

Construction	\$/1,000 Gal
Year Round Rate Structure	
1 to 10,000 gallons usage @	\$3.50
10,000 to 16,000 gallons	\$6.00
16,001 to 24,000 gallons	\$8.00
24,001 to 32,000 gallons	\$10.00
32,001 to 40,000 gallons	\$12.00
40,001 plus	\$20.00

Notes -

1. EBU = equivalent billing unit or 1 single family equivalent

SKI RANCHES

Classification (Per LUO or other)	Tap Fee per tap	Square Footage	Extra Square footage	EBU Factor (1)	Water/Sewer Regs Classification	H2O Rate Table	Base Rate Water	Notes
Single Family	\$5,000	3,000	\$1,000 / 500 sf	100%	Residential	W1	\$ 183.68	
Guesthouse			\$1,000 / 500 sf	50%	Residential	WJ	91.84	
Construction	n/a	n/a	n/a	n/a	Construction	WT	n/a	Usage billed \$5.25 / 1,000 gallons up to 10,000 gal then escalating rate structure
Fireman	\$5,000	3,000	\$1,000 / 500 sf	100%	Residential	F2	n/a	Base water free then escalating rate structure
Vacant Lot	n/a	n/a	n/a	n/a	Residential	ZZ	n/a	Proposed no charge after 12/31/03
Common Irrigation (May thru Oct)		n/a	n/a/	n/a	Irrigation	I5	183.68	Individual meters
Irrigation Added to House Usage	n/a	n/a	n/a	n/a	Irrigation	SRI	n/a	Usage added to house meter

SKYFIELD

Classification (Per LUO or other)	Tap Fee per tap	Square Footage	Extra Square footage	EBU Factor	Water/Sewer Regs Classification	H2O Rate Table	Base Rate Water	Notes
Single Family	\$7,500	3,000	\$1,500 / 500 sf	100%	Residential	SK	\$ 183.68	
Guesthouse			\$1,500 / 500 sf	50%	Residential	SL	91.84	
Fireman	\$7,500	3,000	\$1,500 / 500 sf	100%	Residential	F3	n/a	Base water free then escalating rate structure
Vacant Lot	n/a	n/a	n/a	n/a	Residential	YY	n/a	\$52.50 monthly until meter is installed
Common Irrigation (May thru Oct)	n/a	n/a	n/a/	n/a	Irrigation	I6	183.68	Individual meters
Irrigation Added to House Usage	n/a	n/a	n/a	n/a	Irrigation	I7	n/a	Usage added to house meter

Water Classification Rates

Residential - Per EBU (1)

Rate Structure-Winter October thru May	\$/1,000 Gal
1 to 8,000 gallons	BASE
8,001 to 16,000 gallons	\$9.00
16,001 to 24,000 gallons	\$12.00
24,001 to 32,000 gallons	\$15.00
32,001 to 40,000 gallons	\$18.00
40,001 plus	\$30.00

Rate Structure-Summer June thru September	\$/1,000 Gal
1 to 14,000 gallons	BASE
14,001 to 16,000 gallons	\$9.00
16,001 to 24,000 gallons	\$12.00
24,001 to 32,000 gallons	\$15.00
32,001 to 40,000 gallons	\$18.00
40,001 plus	\$30.00

Irrigation

Rate Structure-Summer May thru October	\$/1,000 Gal
1 to 12,000 gallons	BASE
12,001 to 16,000 gallons	\$9.00
16,001 to 24,000 gallons	\$12.00
24,001 to 32,000 gallons	\$15.00
32,001 to 40,000 gallons	\$18.00
40,001 plus	\$30.00

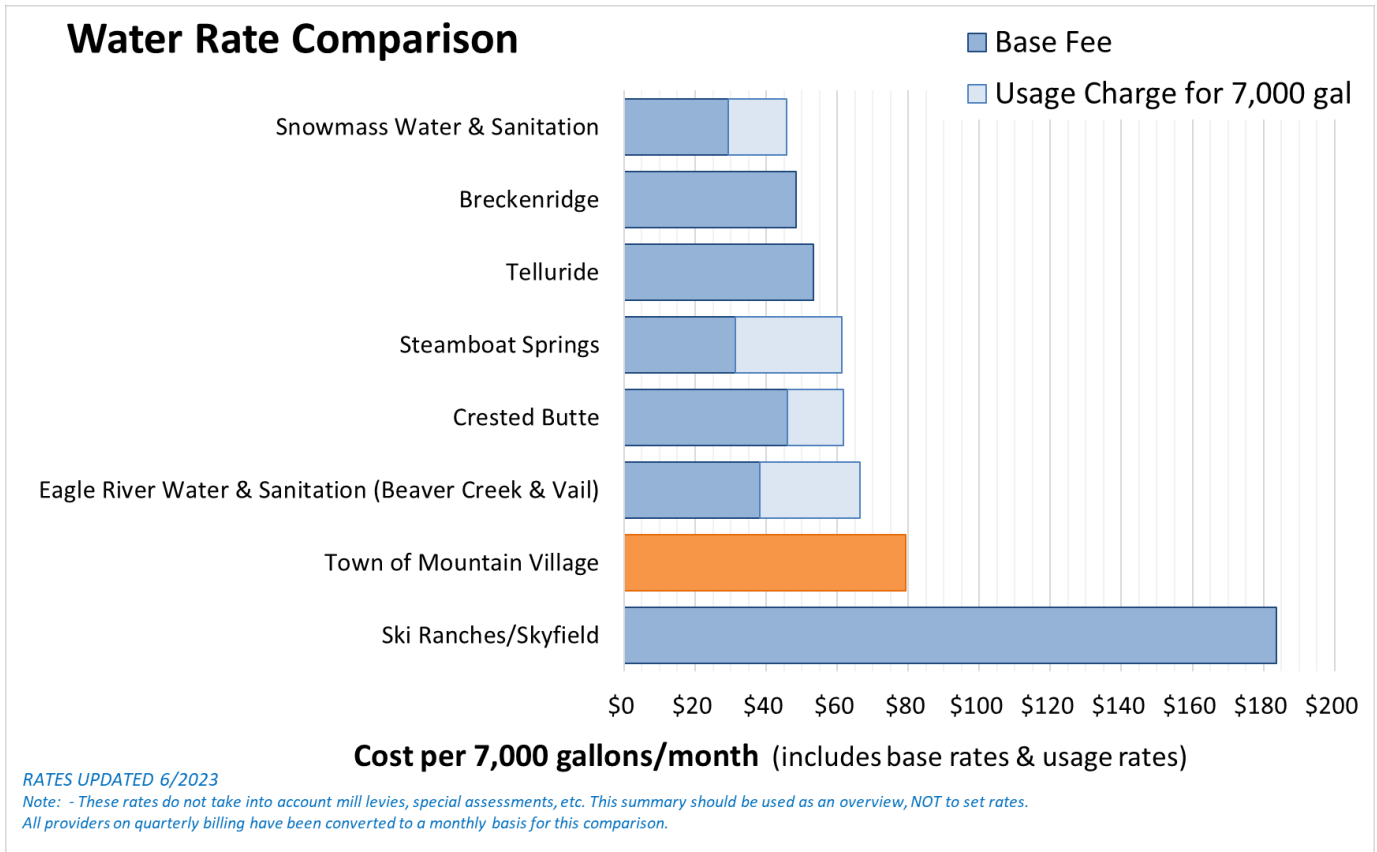
Construction

Year Round Rate Structure	\$/1,000 Gal
1 to 10,000 gallons	usage @ \$5.25
10,001 to 16,000 gallons	\$9.00
16,001 to 24,000 gallons	\$12.00
24,001 to 32,000 gallons	\$15.00
32,001 to 40,000 gallons	\$18.00
40,001 plus	\$30.00

Notes -

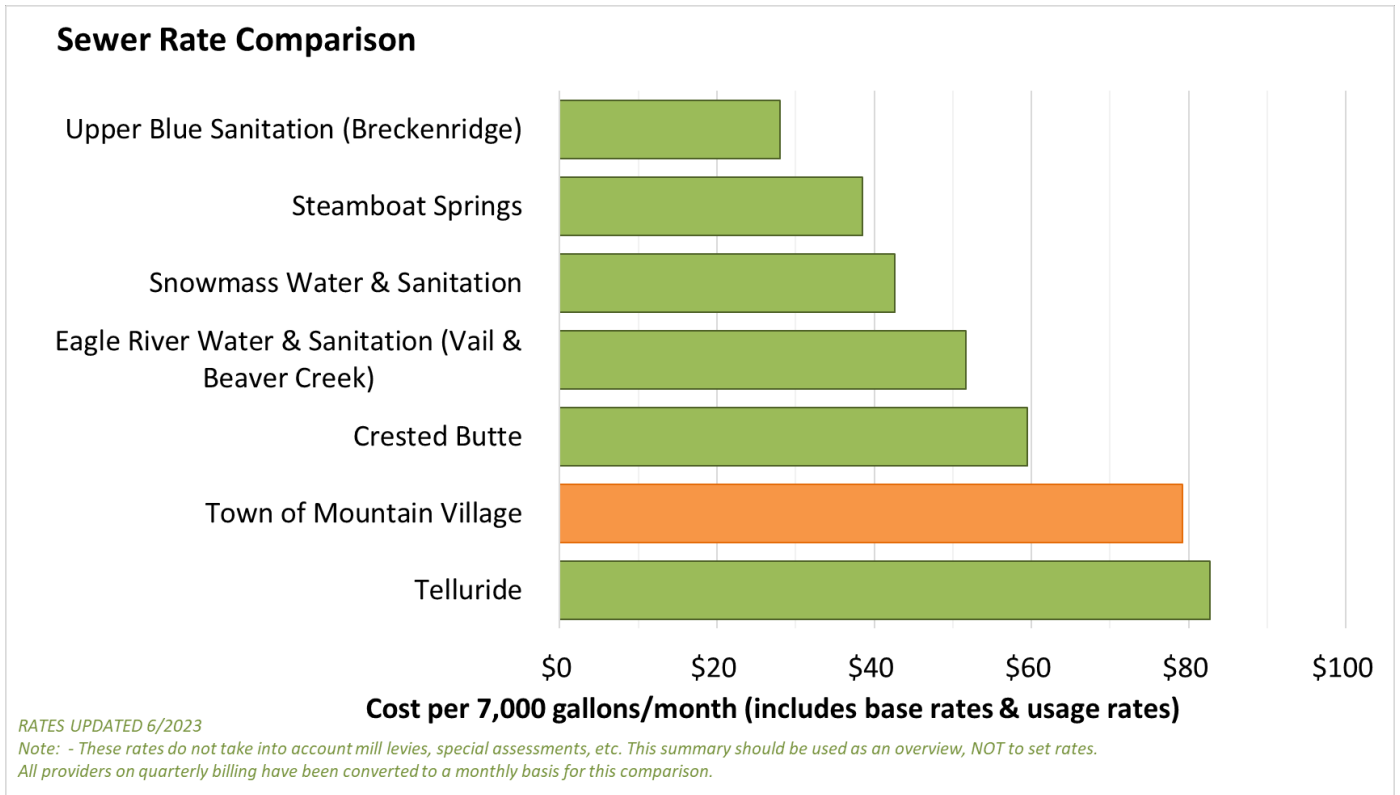
1. EBU = equivalent billing unit or 1 single family equivalent

Water Rate Comparison Summary					
Municipality/District	Rates per month per 1,000 gallons		Gallons per Month		Cost/7,000 Gallons
<u>Mountain Village</u>	\$79.24	Base Rate			\$79
	\$6.00		8,001	- 16,000	
	\$8.00		16,001	- 24,000	
	\$10.00		24,001	- 32,000	
	\$12.00		32,001	- 40,000	
	\$20.00		40,001	>	
<u>Ski Ranches/Skyfield</u>	\$183.68	Base Rate			\$184
	\$9.00		14,001	- 16,000	
	\$12.00		16,001	- 24,000	
	\$15.00		24,001	- 32,000	
	\$18.00		32,001	- 40,000	
	\$30.00		40,001	>	
<u>Snowmass</u>	\$29.34	Base Rate			\$45.86
	\$1.98		0	- 5,000	
	\$3.31		5,001	- 10,000	
	\$5.62		10,001	- 20,000	
	\$7.14		20,001	- 30,000	
	\$10.77		30,001	>	
<u>Eagle River Water & Sanitation (Beaver Creek & Vail)</u>	\$38.30	Base Rate			\$66.36
	\$3.59		0	- 6,000	
	\$6.52		6,001	- 12,000	
	\$12.89		12,001	- 18,000	
	\$26.86		18,001	- 24,000	
	\$40.30		24,001	>	
<u>Telluride</u>	\$53.32	Base Rate			\$53.32
	\$0.00		0	- 8,000	
	\$10.29		8,001	- 12,000	
	\$11.68		12,001	- 15,000	
	\$13.06		15,001	- 100,000	
	\$35.46		100,000	>	
<u>Steamboat</u>	\$31.28	Base Rate			\$61.37
	\$3.54		0	- 4,000	
	\$5.31		4,001	- 12,000	
	\$8.12		12,001	- 20,000	
	\$10.60		20,001	- 28,000	
	\$15.90		28,000	>	
<u>Aspen</u>	\$12.60	Base Rate			\$40.07
	\$3.50		0	- 4,000	
	\$4.49		4,001	- 12,000	
	\$6.43		12,001	- 16,000	
	\$9.65		16,001	>	
<u>Crested Butte</u>	\$46.00	Base Rate			\$61.8
	\$5.25		4,001	- 9,000	
	\$5.85		9,001	- 14,000	
	\$6.48		14,001	- 19,000	
	\$7.14		19,001	- 24,000	
	\$8.55		24,001	- 29,000	
\$10.56		29,001	>		
<u>Breckenridge</u>	\$48.48	Base Rate			\$48
	\$7.39		10,001	>	
<i>Note: These rates do not account for mill levies, special assessments, etc.</i>				Average	\$71.13
<i>This summary should not be used to establish rates but a quick overview.</i>				<i>Rates Updated 6/2023</i>	

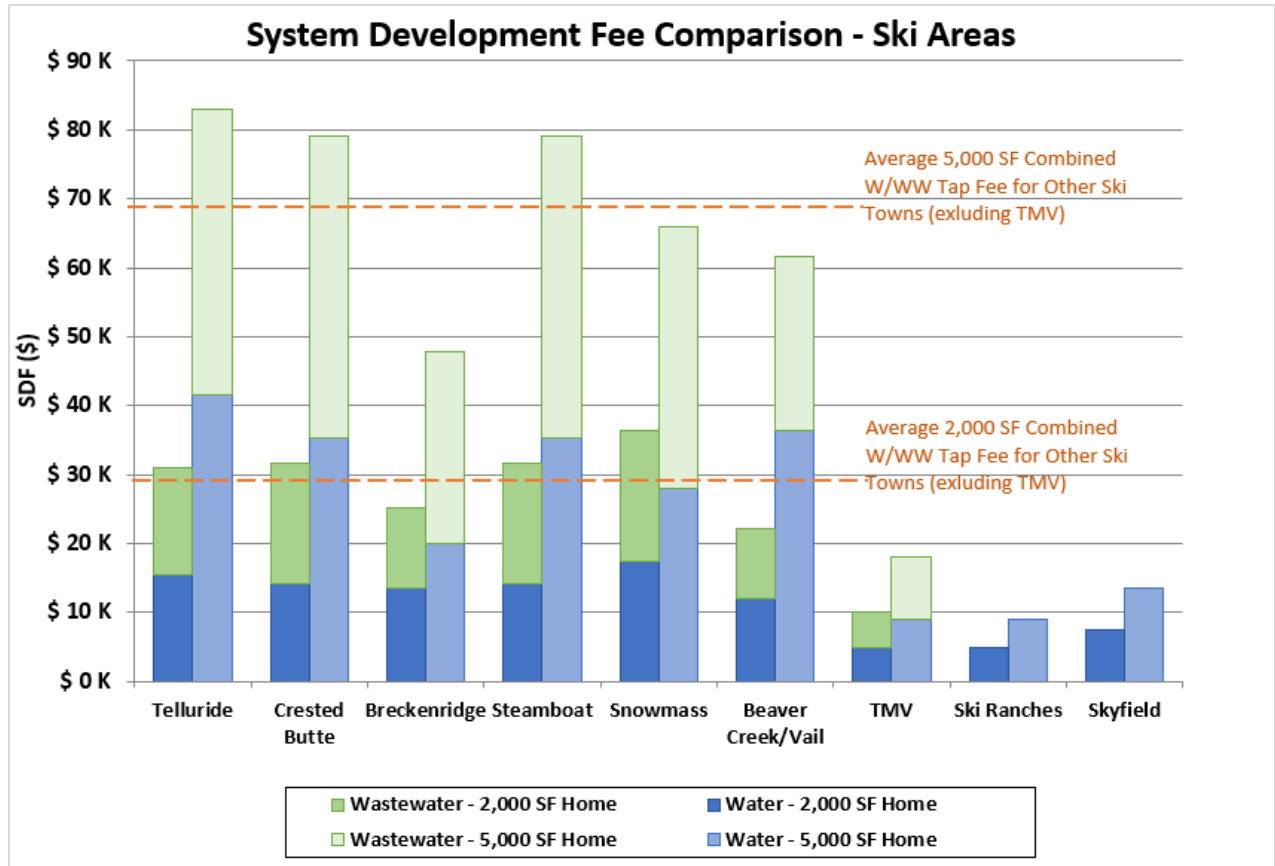


Municipality/District	Total Fee	Base Fee	Usage Fee
Ski Ranches/Skyfield	\$183.68	\$183.68	-
Town of Mountain Village	\$79.24	\$79.24	-
Eagle River Water & Sanitation (Beaver Creek & Vail)	\$66.36	\$38.30	\$28.06
Crested Butte	\$61.75	\$46.00	\$15.75
Steamboat Springs	\$61.37	\$31.28	\$30.09
Telluride	\$53.32	\$53.32	-
Breckenridge	\$48.48	\$48.48	-
Snowmass Water & Sanitation	\$45.86	\$29.34	\$16.52

Colorado Ski Towns - Sewer Rate Summary			
Municipality	Rates per month per 1,000 gallons	Gallons per Month	Cost/Month for 7,000 gal
Snowmass Water & Sanitation District	\$42.60	Flat Fee	\$42.60
Steamboat Springs	\$38.48	Flat Fee	\$38.48
Crested Butte	\$59.50	Flat Fee	\$59.50
Town of Mountain Village	\$79.24	Flat Fee	\$79.24
Upper Blue Sanitation (Breckenridge)	\$28.00	Flat Fee	\$28.00
Eagle River Water & Sanitation District (Vail & Beaver Creek)	\$51.62	Flat Fee	\$51.62
Telluride	\$82.75	Flat Fee	\$82.75
<i>Rates Updated 06/2023</i>		Average	\$54.60
<p><i>Note: These rates do not account for mill levies, special assessments, etc.</i></p> <p><i>This summary should be used as an overview, NOT to set rates.</i></p> <p><i>All providers on quarterly billing have been converted to a monthly basis for this comparison.</i></p>			



	Total Fee	Base Rate	Usage Charge
Telluride	\$82.75	\$82.75	-
Town of Mountain Village	\$79.24	\$79.24	-
Crested Butte	\$59.50	\$59.50	-
Eagle River Water & Sanitation (Vail & Beaver Creek)	\$51.62	\$51.62	-
Snowmass Water & Sanitation	\$42.60	\$42.60	-
Steamboat Springs	\$38.48	\$38.48	-
Upper Blue Sanitation (Breckenridge)	\$28.00	\$28.00	-



	Water Tap Fee		Wastewater Tap Fee		Combined Water & Wastewater Tap Fees	
	2,000 SF Home	5,000 SF Home	2,000 SF Home	5,000 SF Home	2,000 SF Home Total	5,000 SF Home Total
Telluride	\$15,508	\$41,494	\$15,508	\$41,494	\$31,015	\$82,987
Crested Butte	\$14,144	\$35,360	\$17,472	\$43,680	\$31,616	\$79,040
Breckenridge	\$13,534	\$20,031	\$11,584	\$27,802	\$25,118	\$47,832
Steamboat	\$14,144	\$35,360	\$17,472	\$43,680	\$31,616	\$79,040
Snowmass	\$17,452	\$27,923	\$18,961	\$37,922	\$36,413	\$65,845
Beaver Creek/Vail	\$11,920	\$36,325	\$10,160	\$25,400	\$22,080	\$61,725
TMV	\$5,000	\$9,000	\$5,000	\$9,000	\$10,000	\$18,000
Ski Ranches	\$5,000	\$9,000			\$5,000	\$9,000
Skyfield	\$7,500	\$13,500			\$7,500	\$13,500
Average	\$14,450	\$32,749	\$15,193	\$36,663	\$29,643	\$69,412

Town of Mountain Village Water Distribution Line Inventory

Line Size (in)	Year Built	Linear Feet (LF)	% of Total System	Material Cost	Cost per LF	Total Cost
3	1970's	5,971.3	3.3%	\$41.07	\$610	\$3,642,474
4	1970's	5,876.7	3.2%	\$41.07	\$610	\$3,584,777
6	1986-1996	15,005.3	8.2%	\$29.11	\$610	\$9,153,239
8	1986-1996	125,573.8	69.0%	\$41.07	\$622	\$78,101,883
10	1986-1996	16,537.2	9.1%	\$53.83	\$635	\$10,496,477
12	1986-1996	12,937.0	7.1%	\$67.79	\$649	\$8,391,974
Total		181,901.2				\$113,370,824

Town of Mountain Village Sewer Distribution Line Inventory

Line Size (in)	Sewer Line Category	Linear Feet (LF)	% of Total System	Cost per LF	Total Cost
8	Primary Lines	54,606.5	35%	\$390	\$21,296,551
	Secondary Lines	22,597.5	15%	\$390	\$8,813,025
	All Other Lines	78,354.9	50%	\$390	\$30,558,414
Total		155,558.9			\$60,667,989

Town of Mountain Village Pump & Tank Inventory

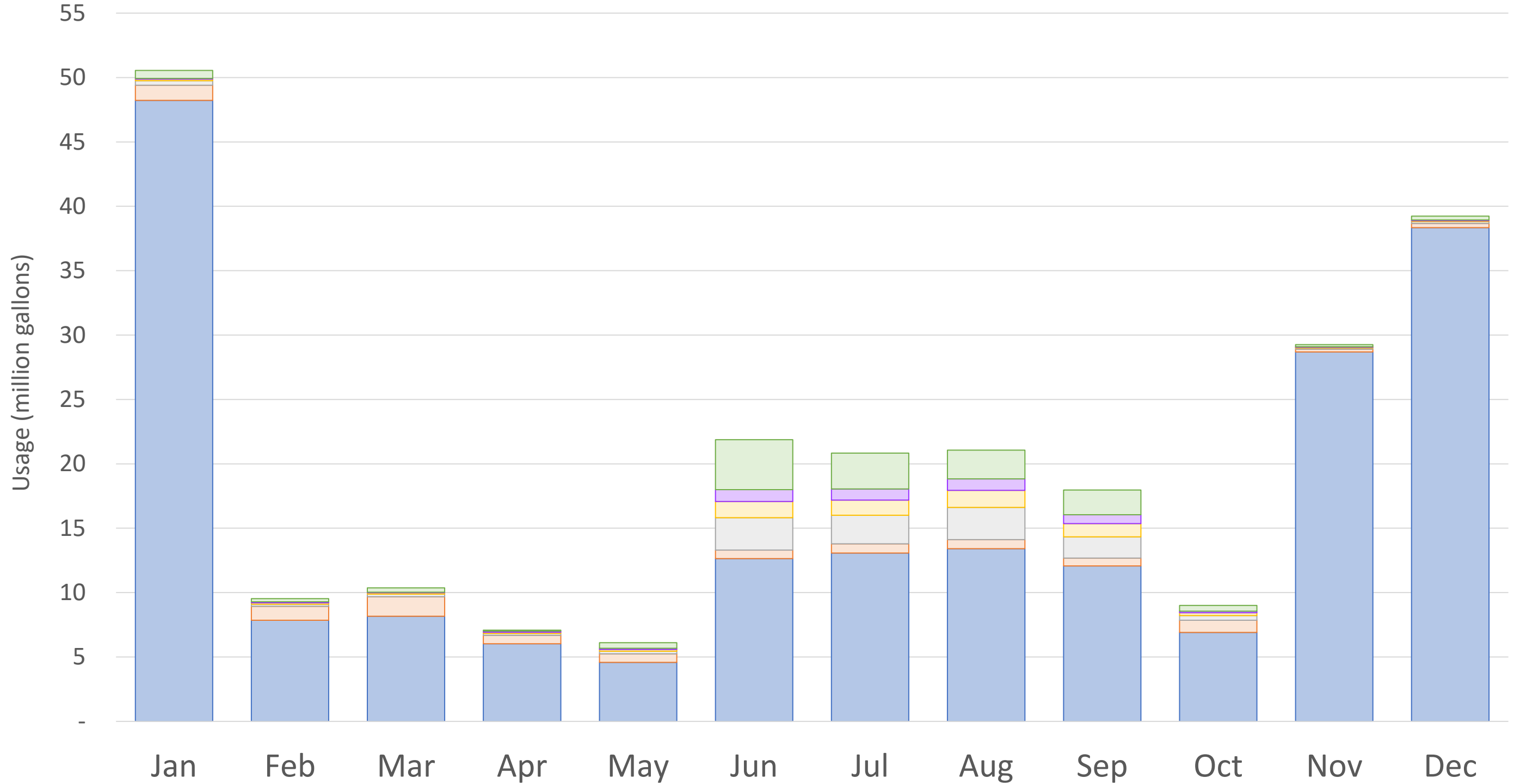
Name	Size (gal)	Age	Total Cost
San Joaquin Tank	500,000	1986	\$2,725,000
Double Cabins Tank	200,000	1986	\$1,090,000
Wapiti Tank	2,000,000	1986	\$10,900,000
Wapiti Tank	200,000	1991	\$1,090,000
Coonskin Tank	100,000	1970s	\$545,000
Ski Ranches Tank	100,000	1970's	\$545,000
BPS Telluride Pump	-	1986-1996	\$500,000
Total			\$16,895,000

Town of Mountain Village Manhole and Hydrant Inventory

Item	Area	Inventoried Amount	Total Cost
Manhole	TMV	706	\$5,835,090
Hydrant	TMV	283	\$3,396,000
	Ski Ranches	42	\$504,000
	Skyfield	5	\$60,000
Total			\$9,795,090

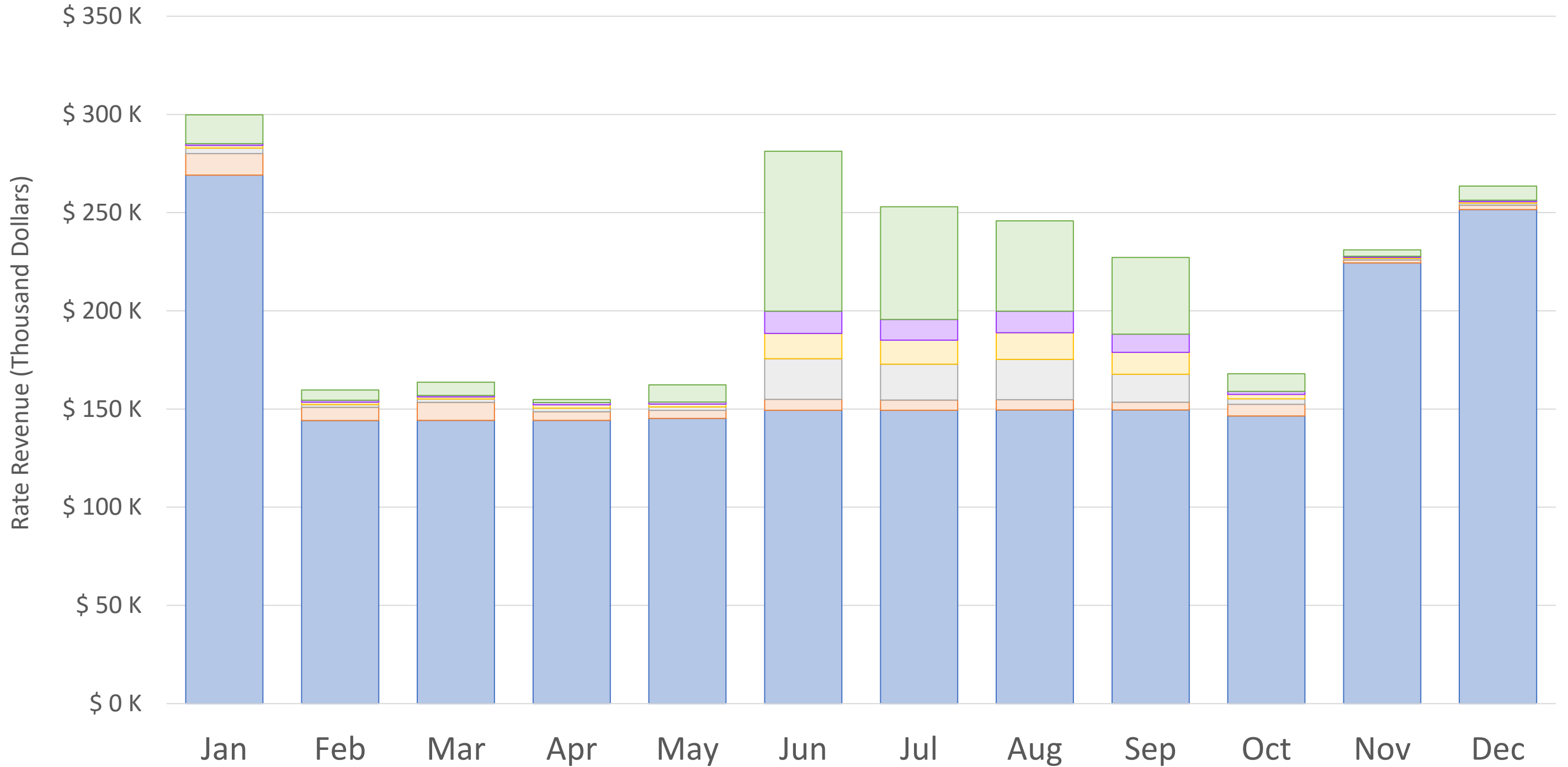
Water Usage - All Customers

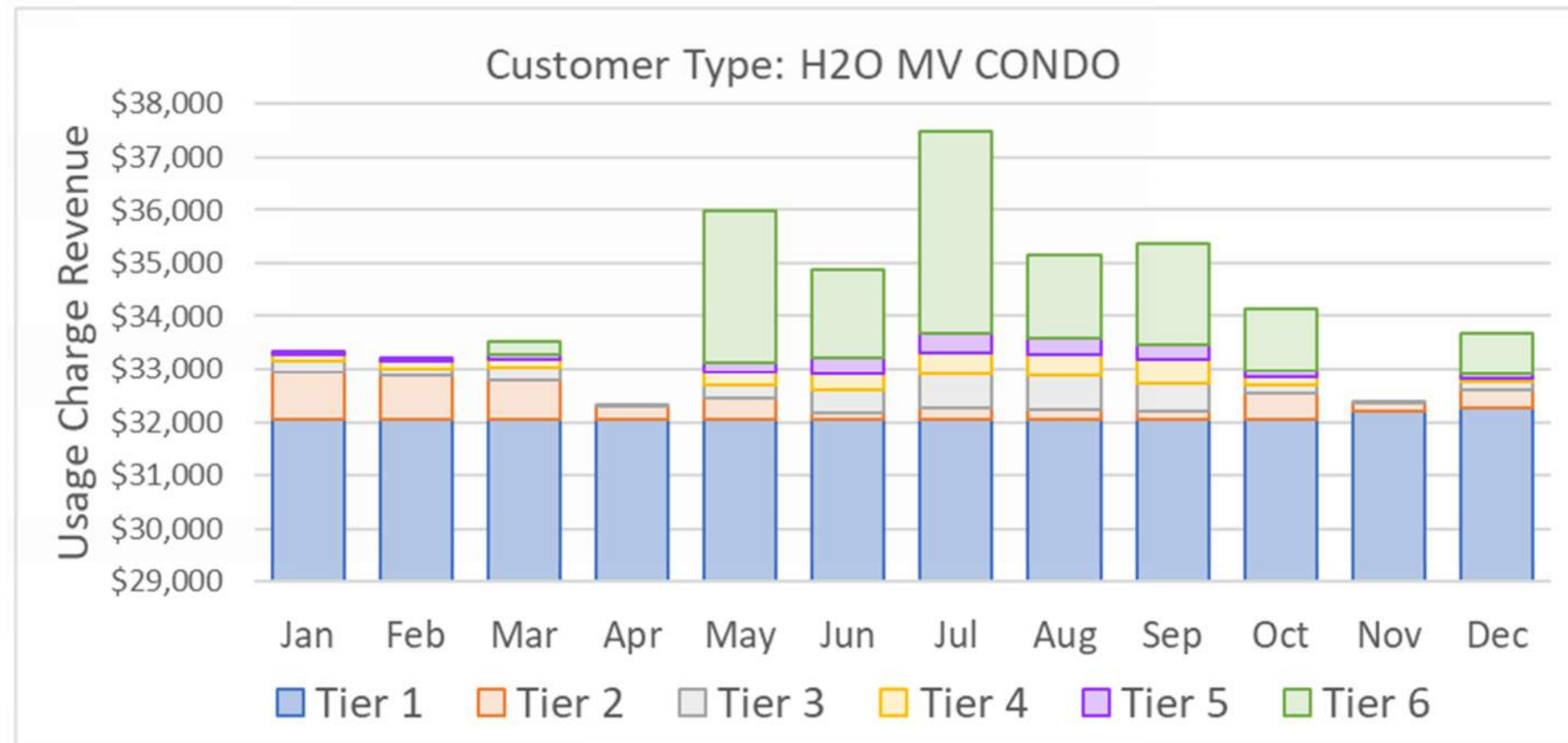
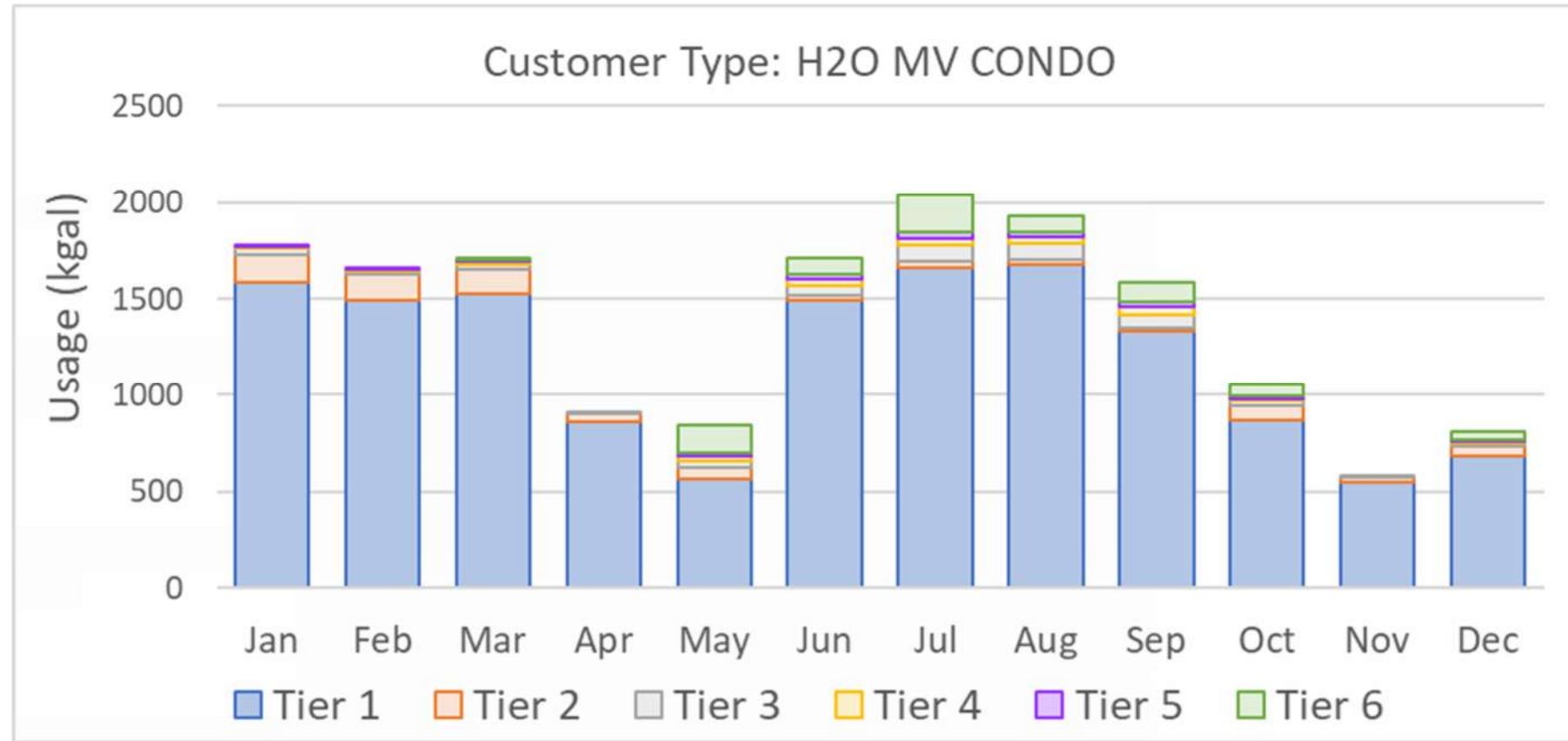
Tier 1 Tier 2 Tier 3 Tier 4 Tier 5 Tier 6

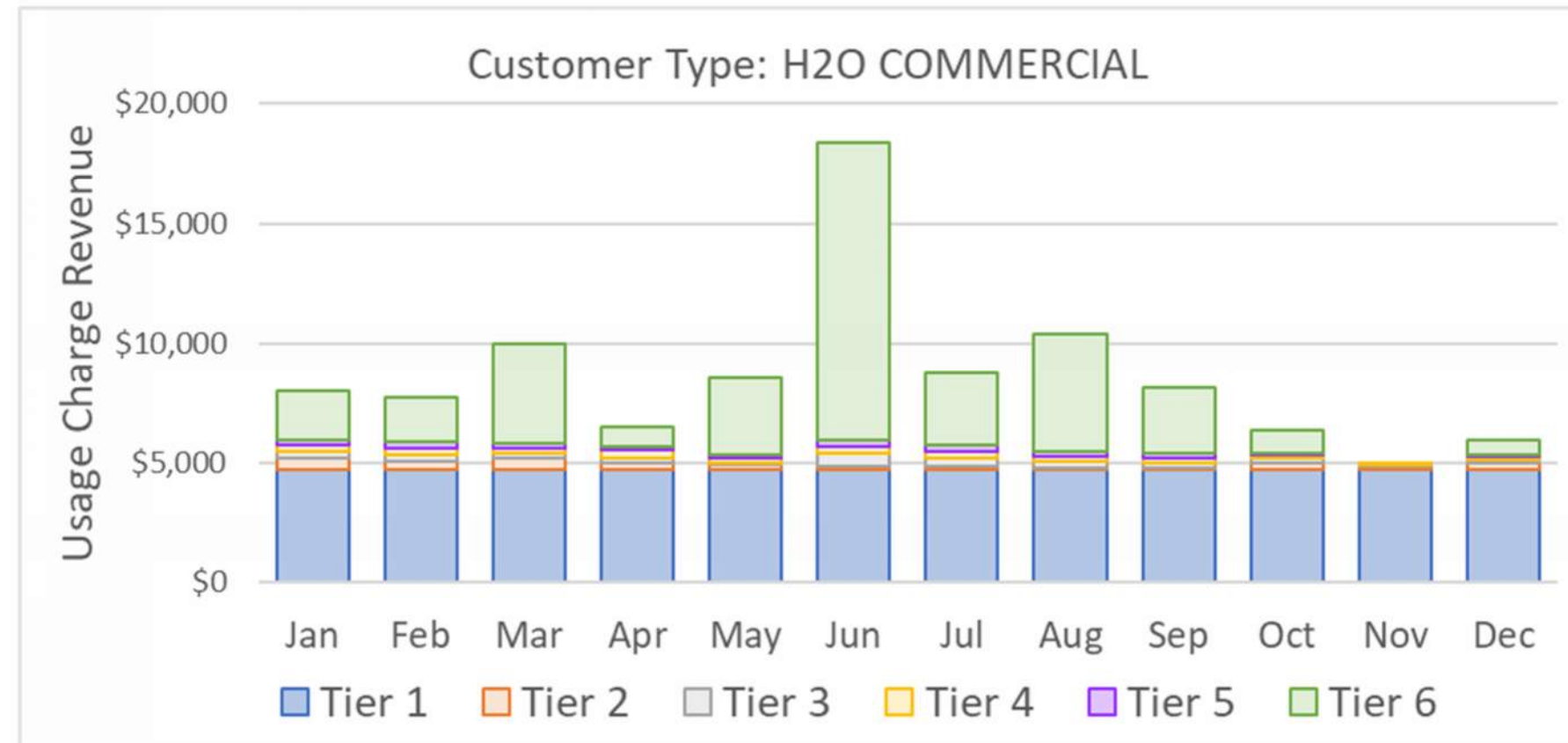
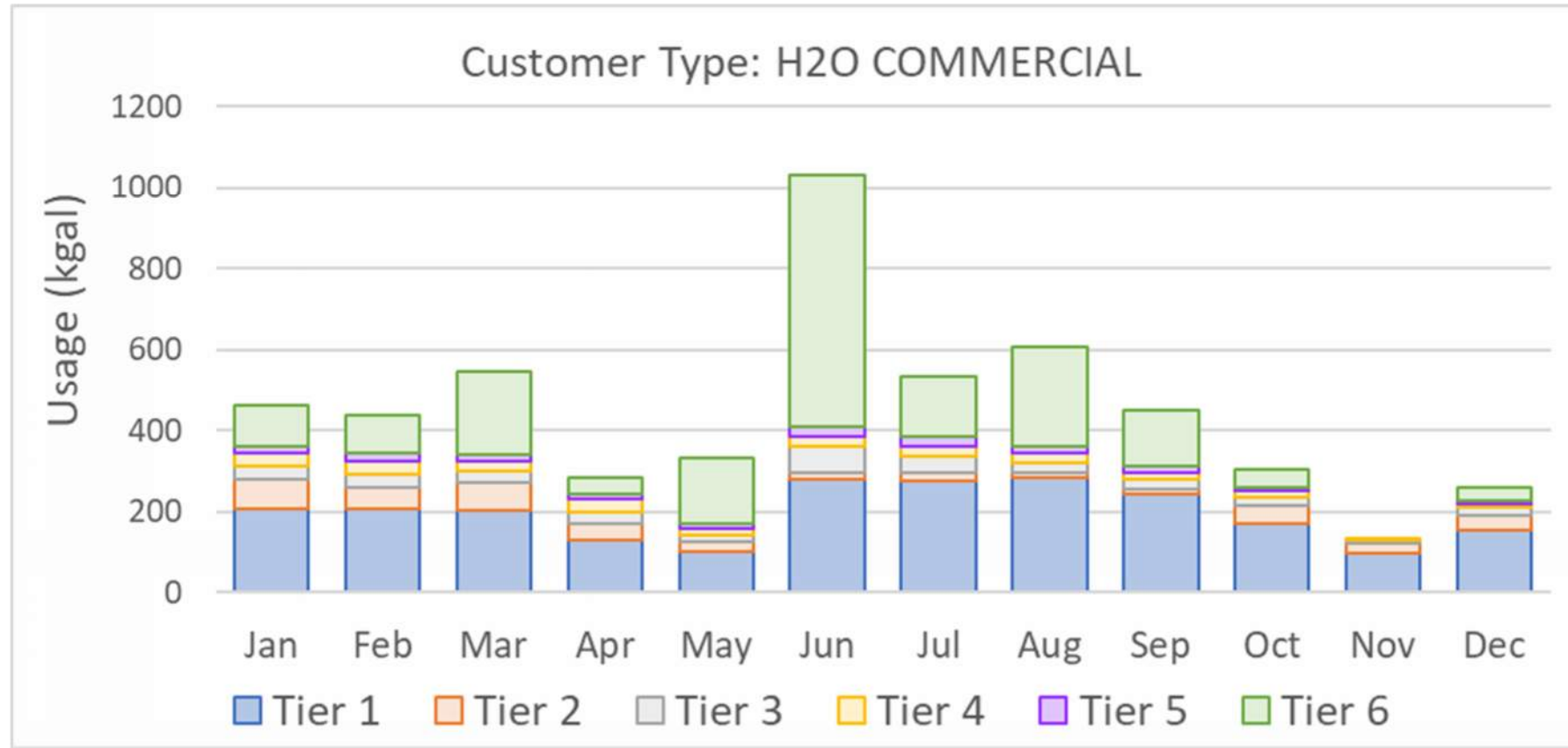


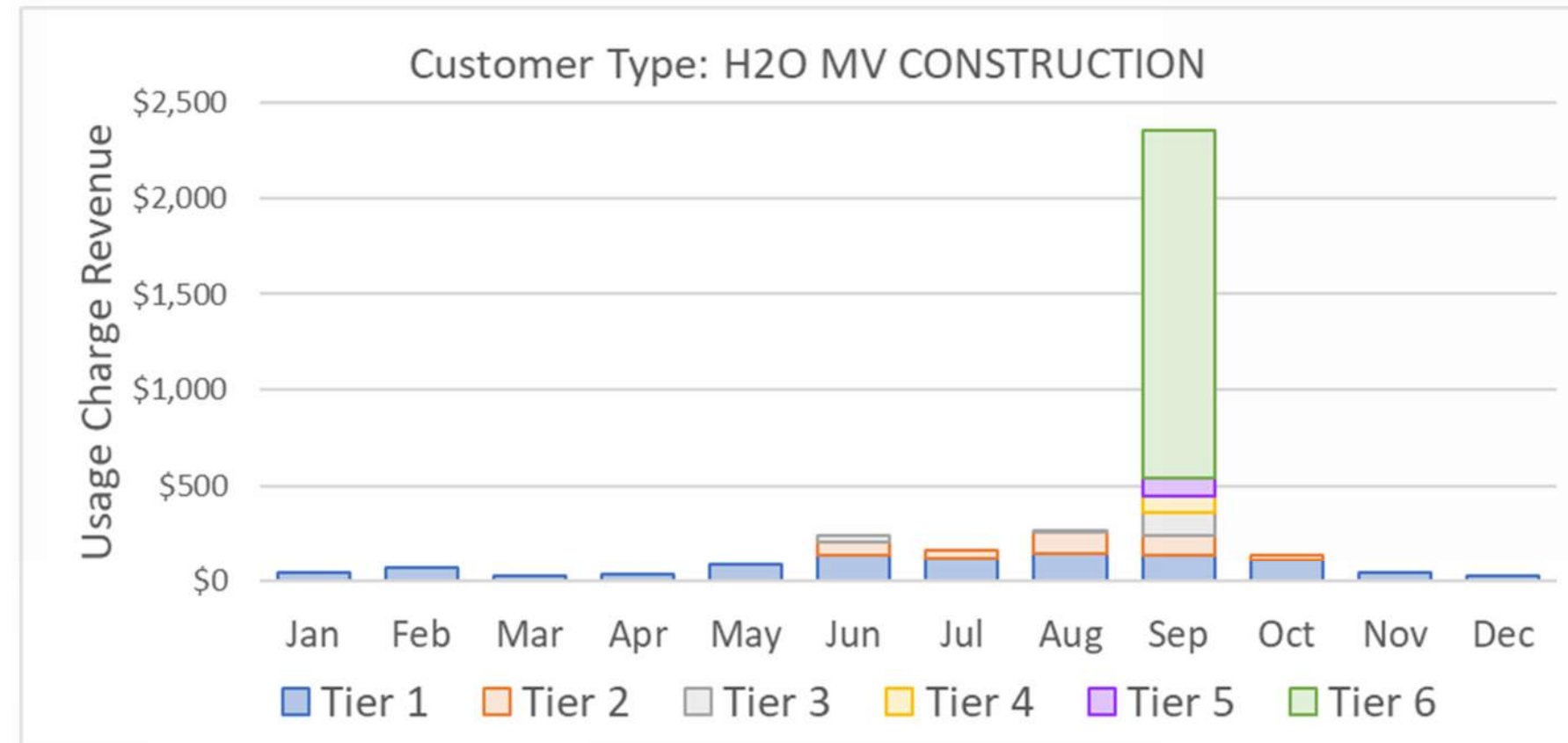
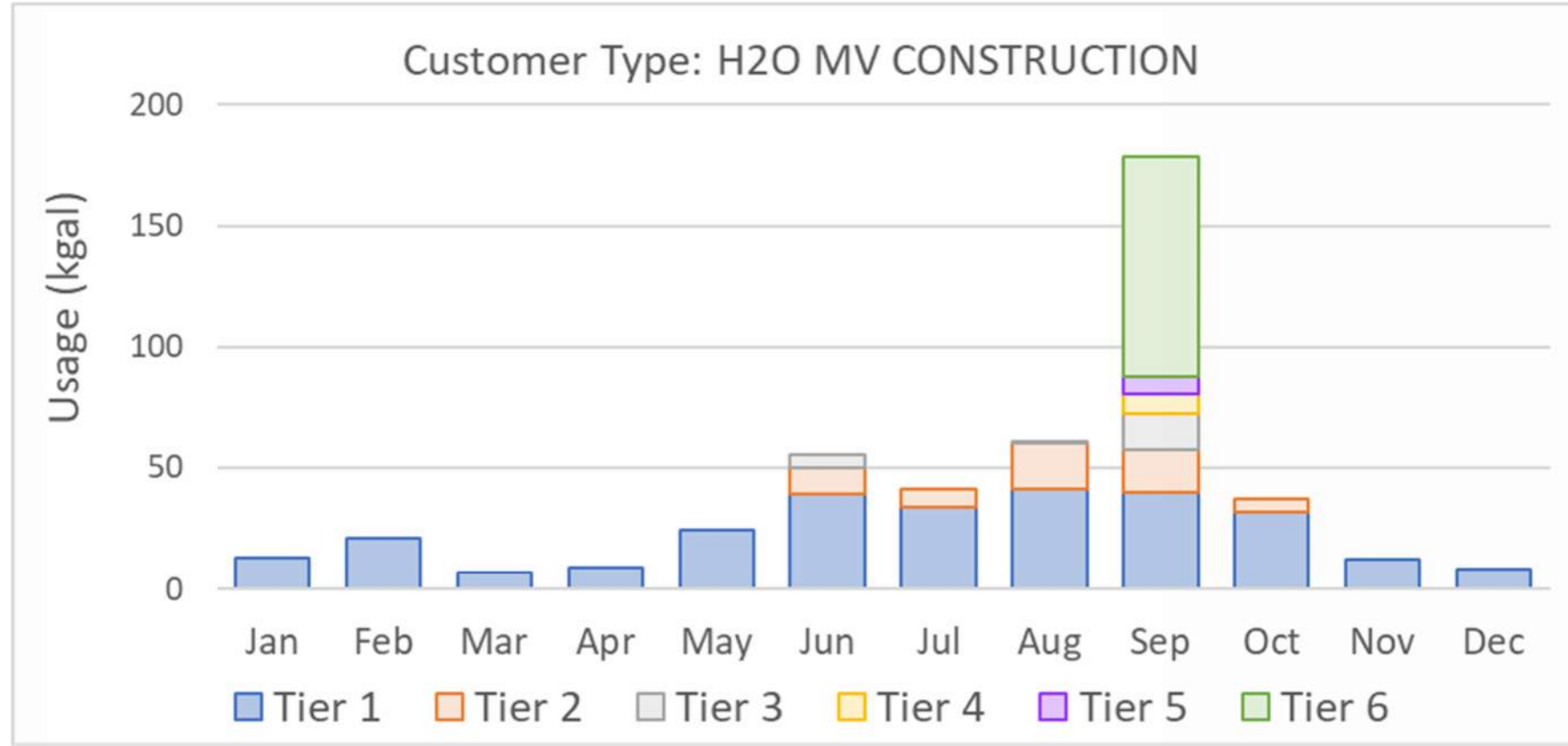
Water Tiered Rate Revenue - All Customers

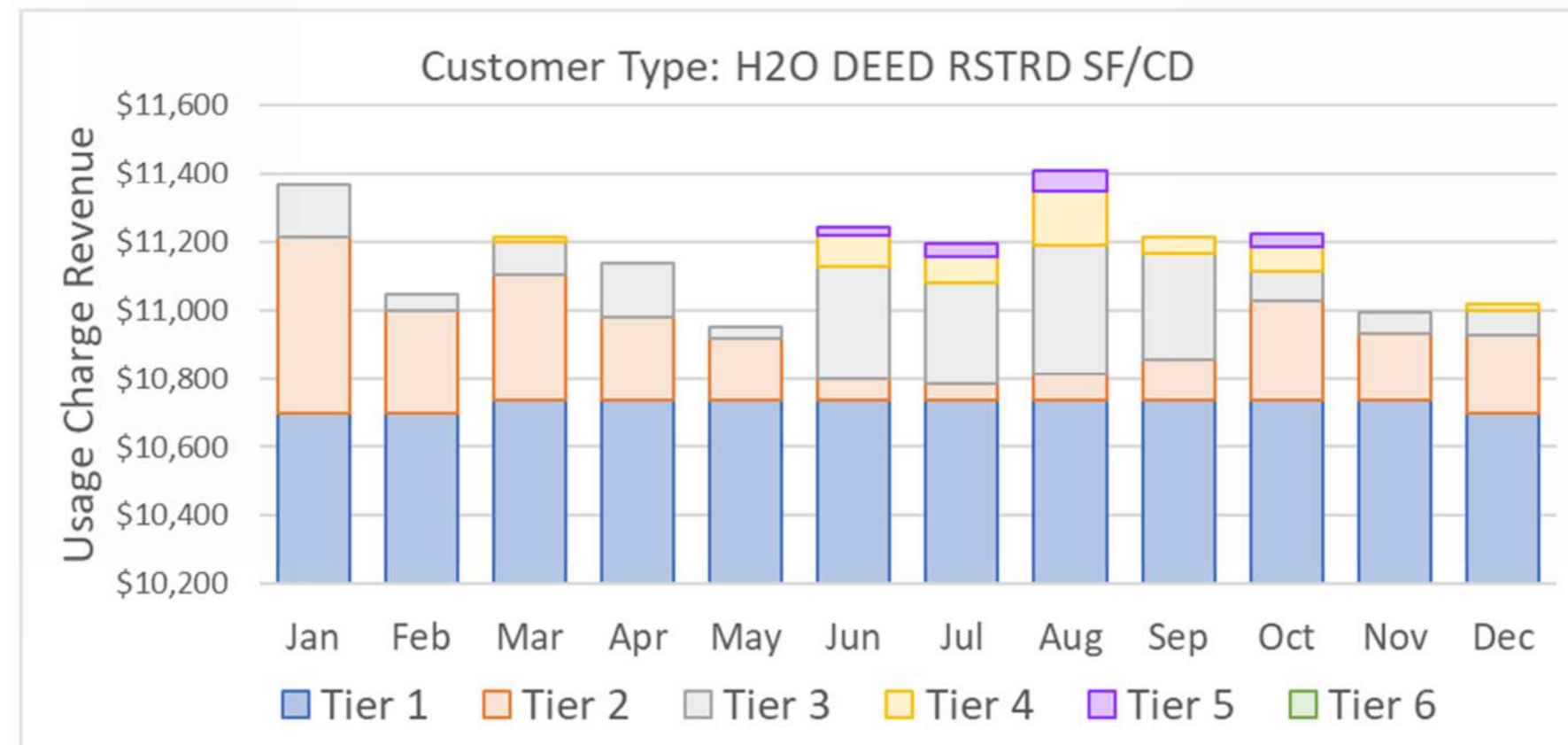
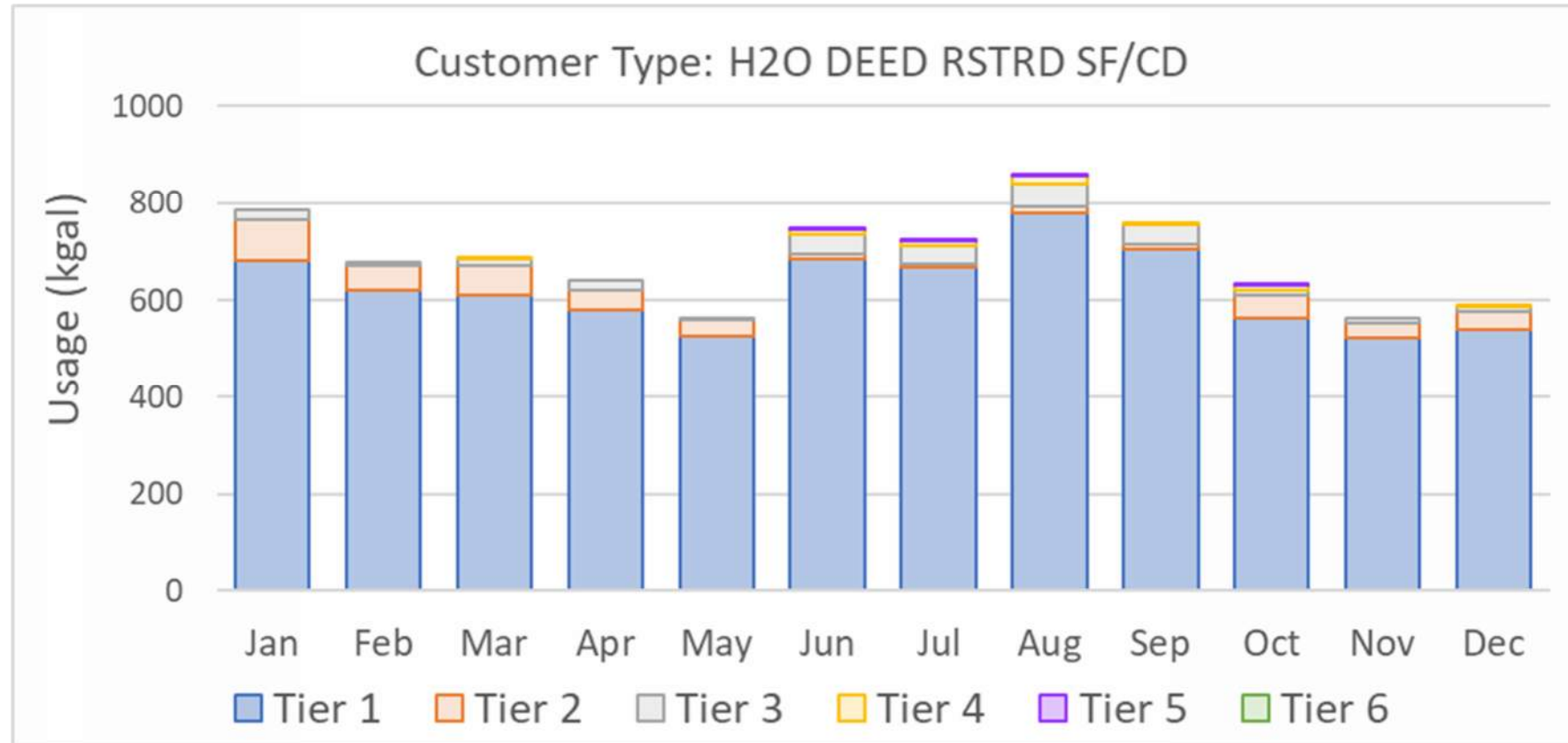
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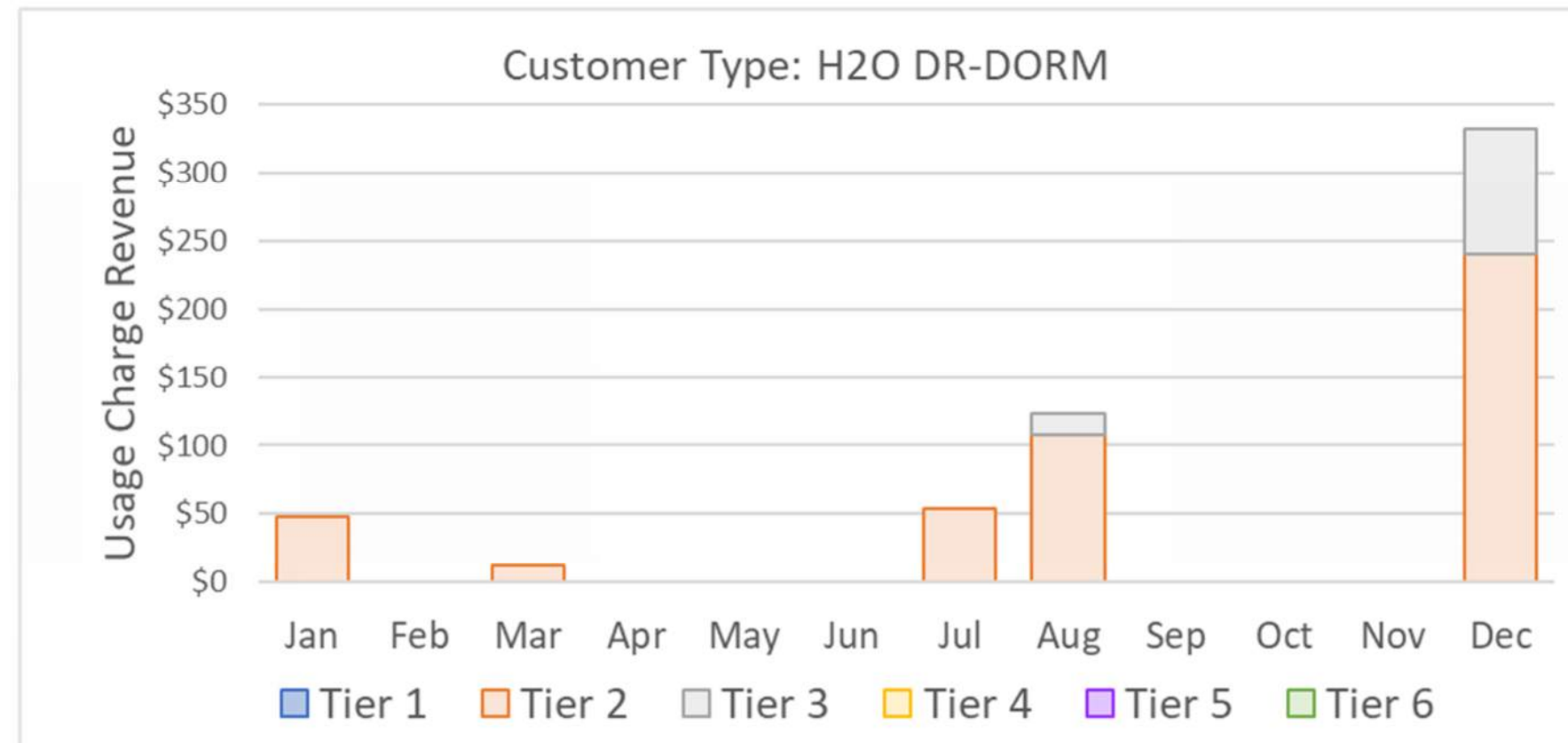
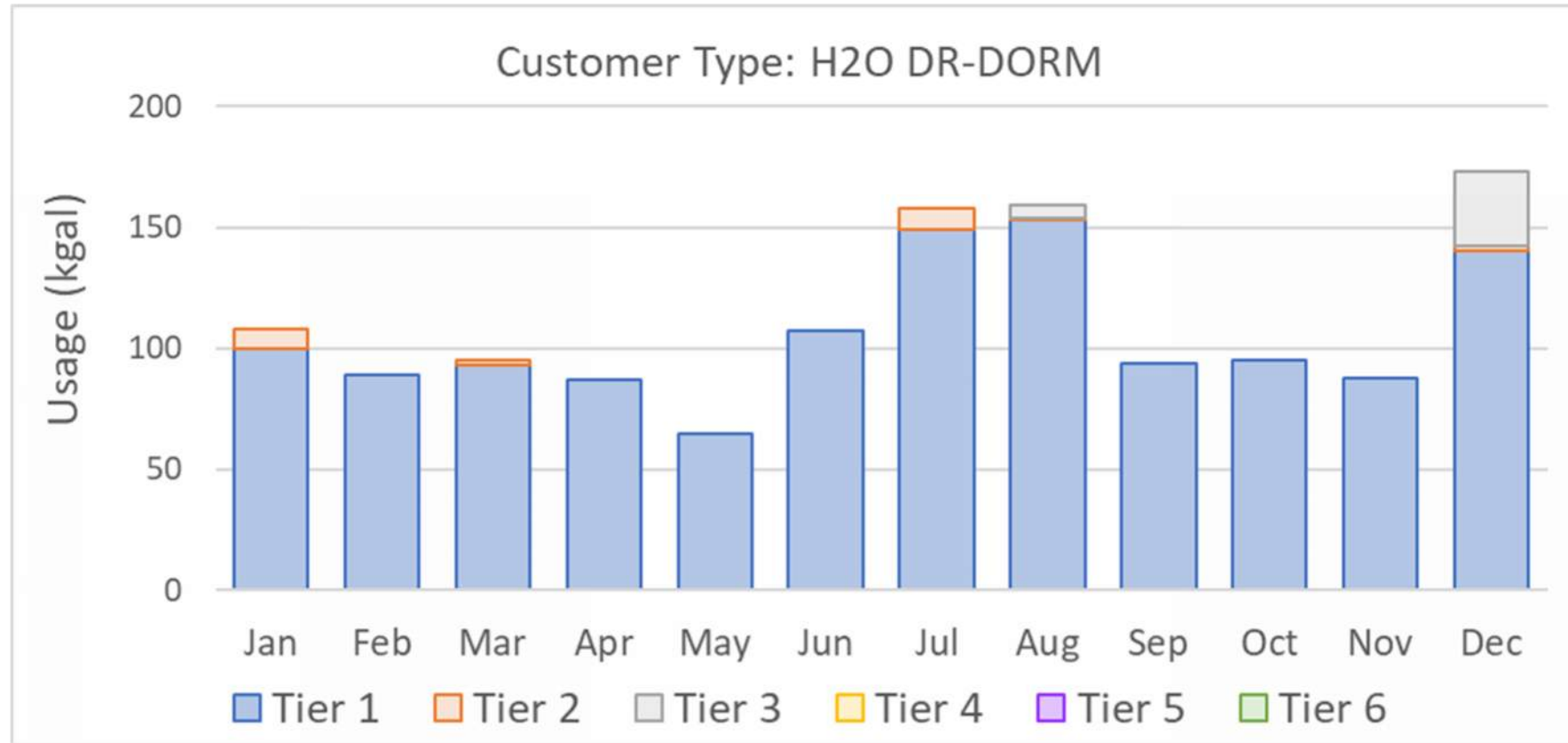


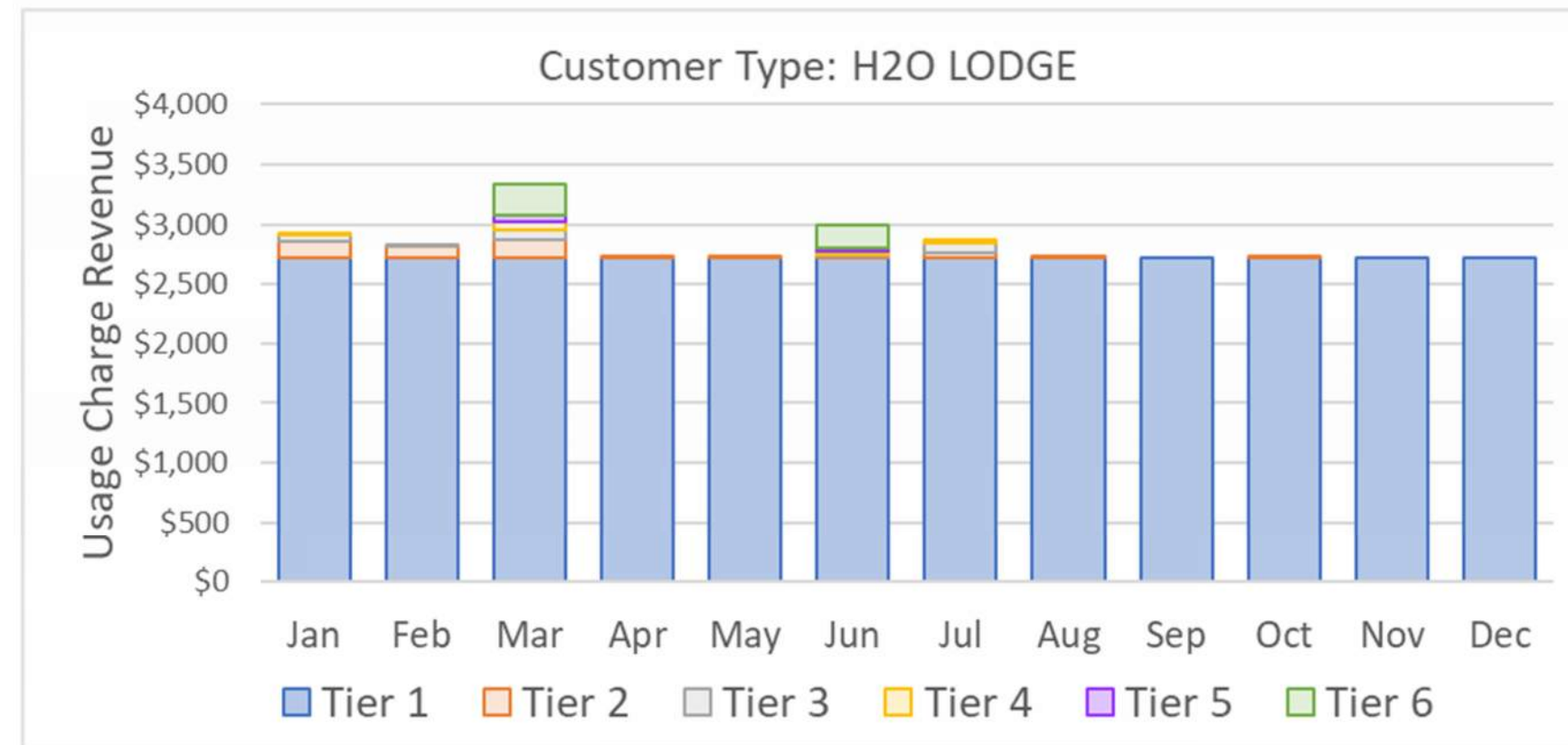
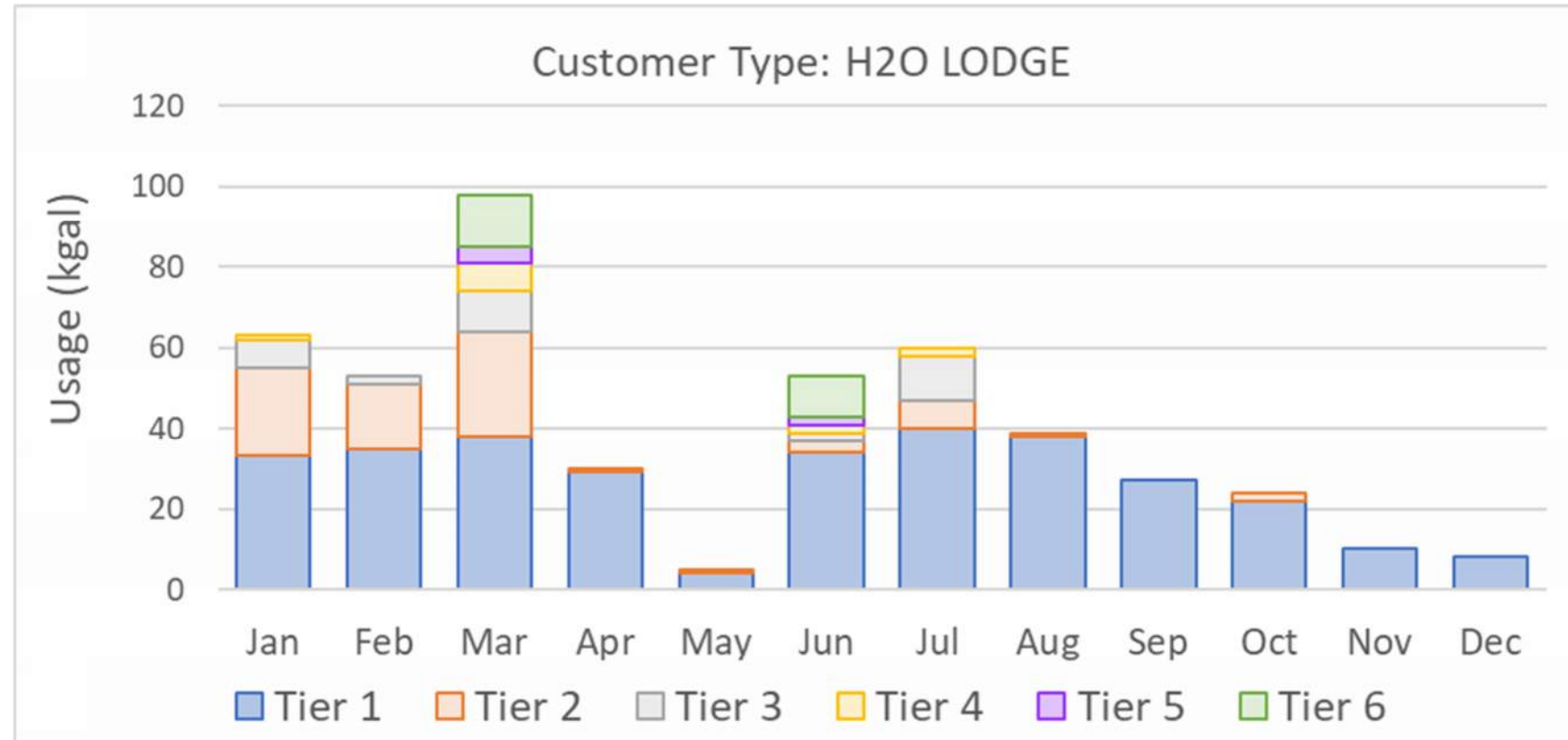


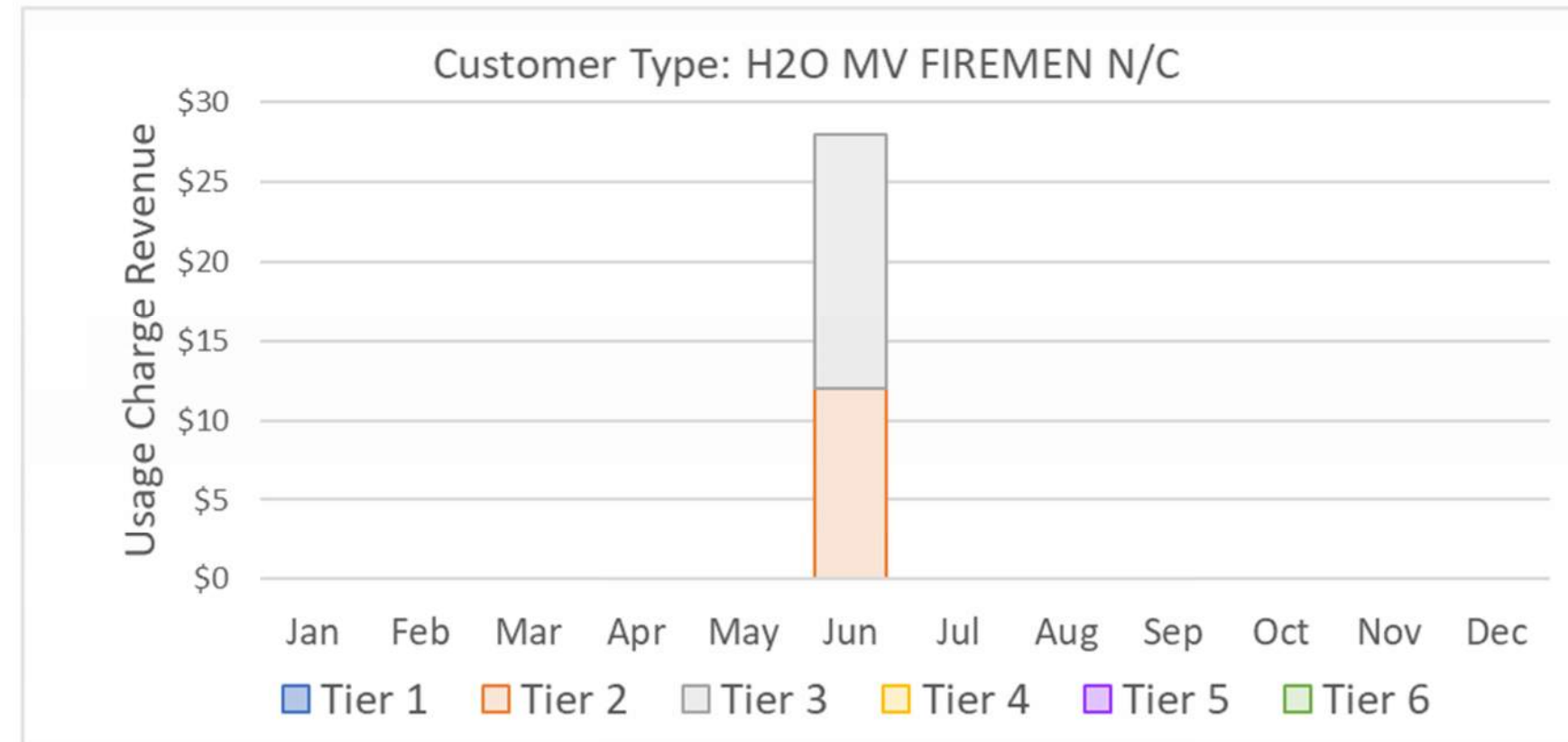
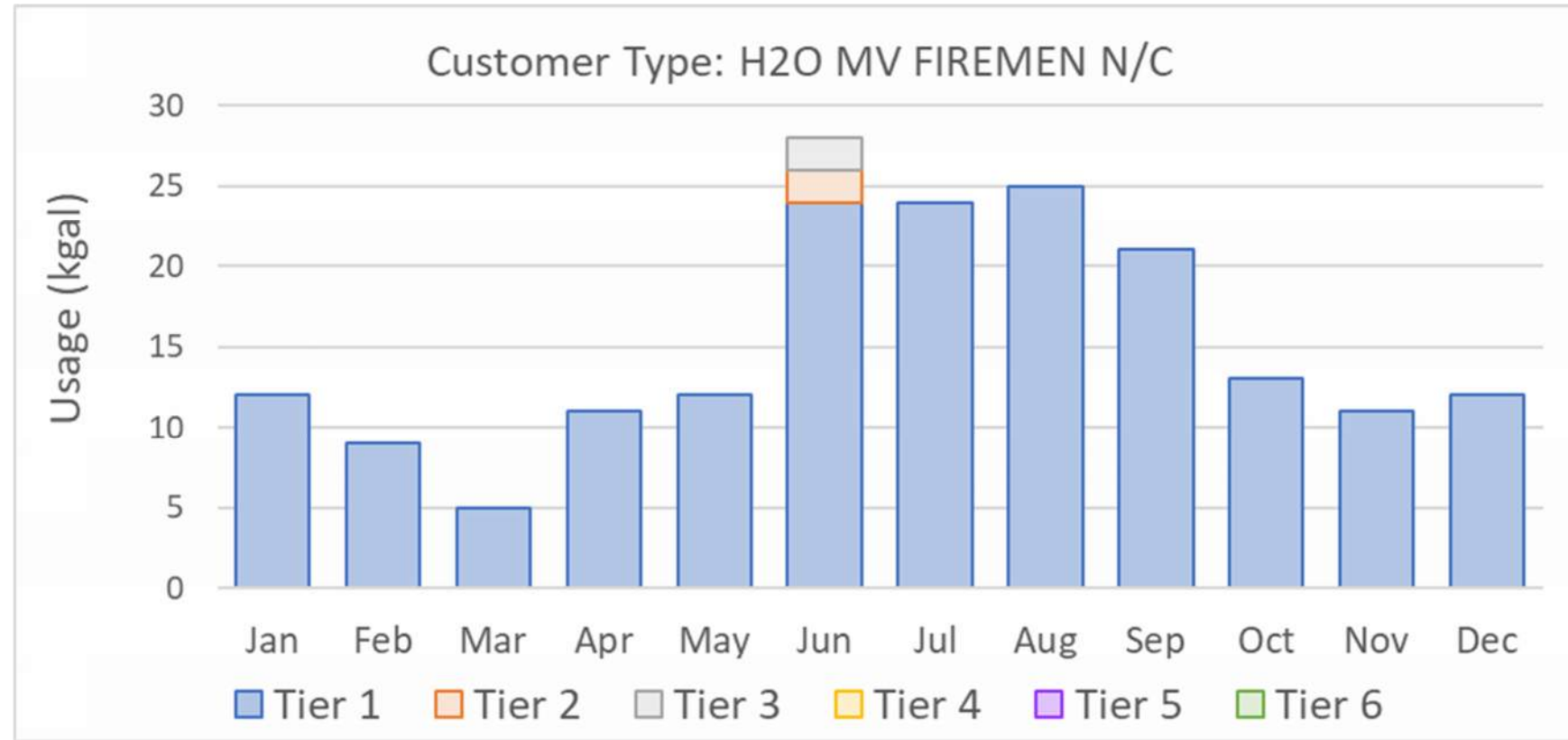


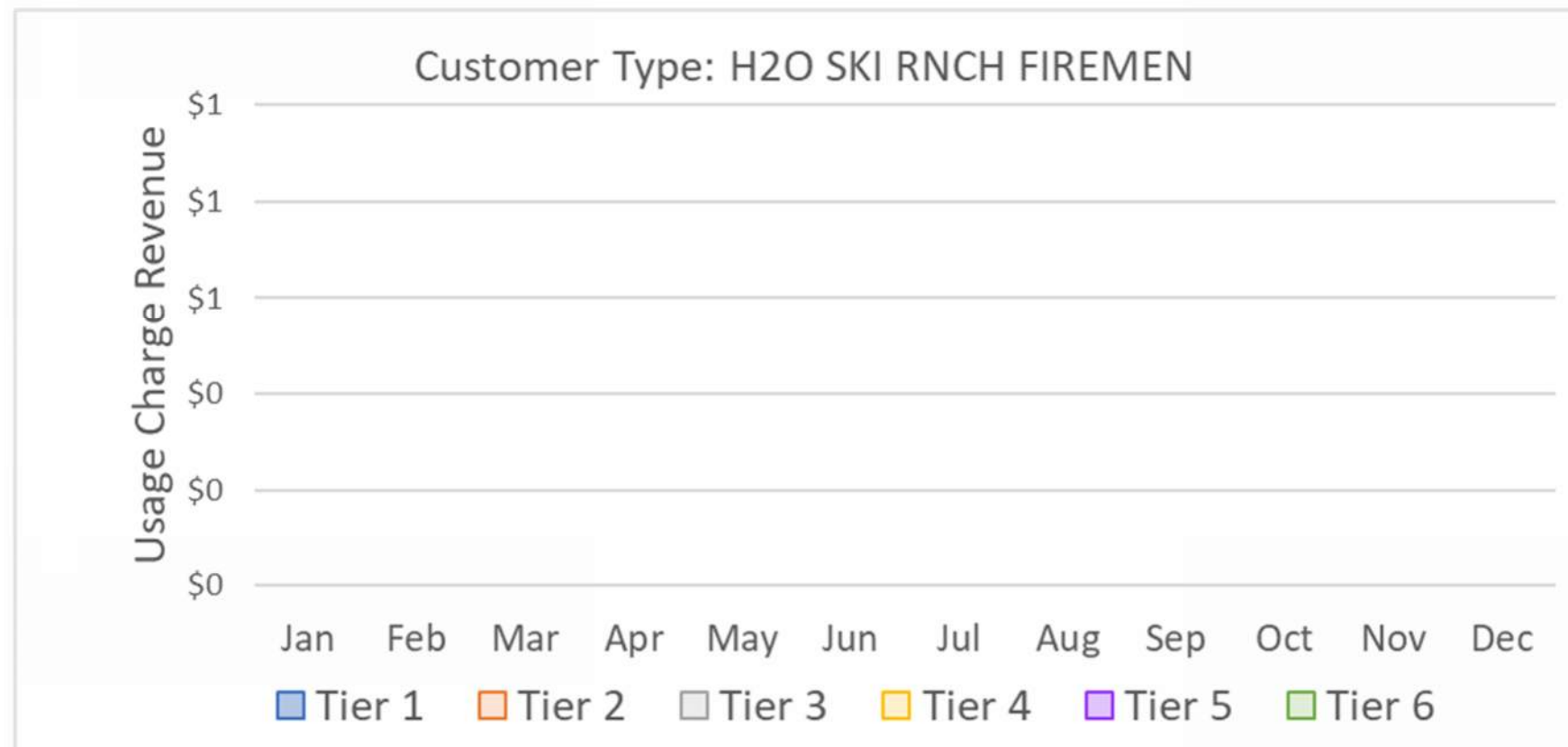
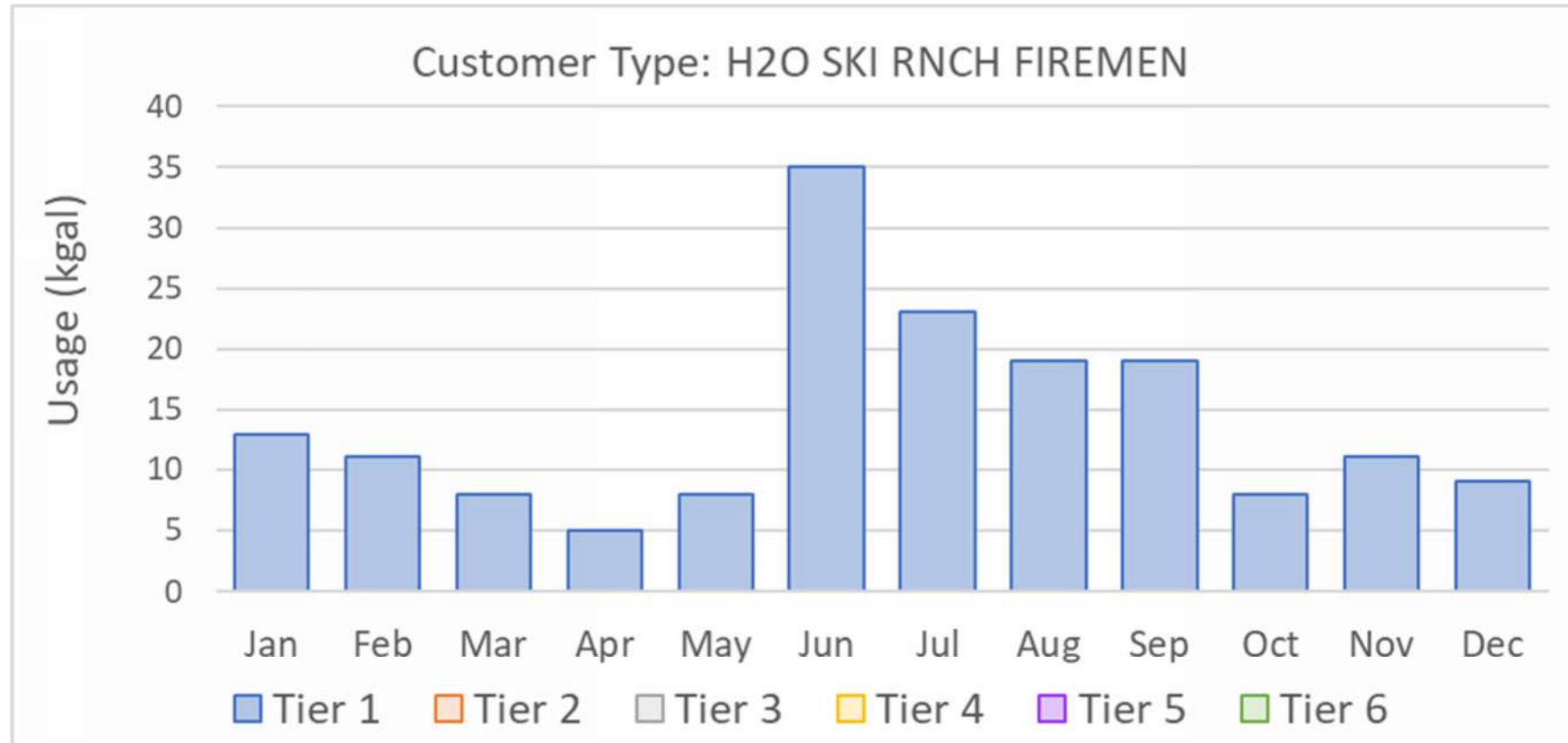


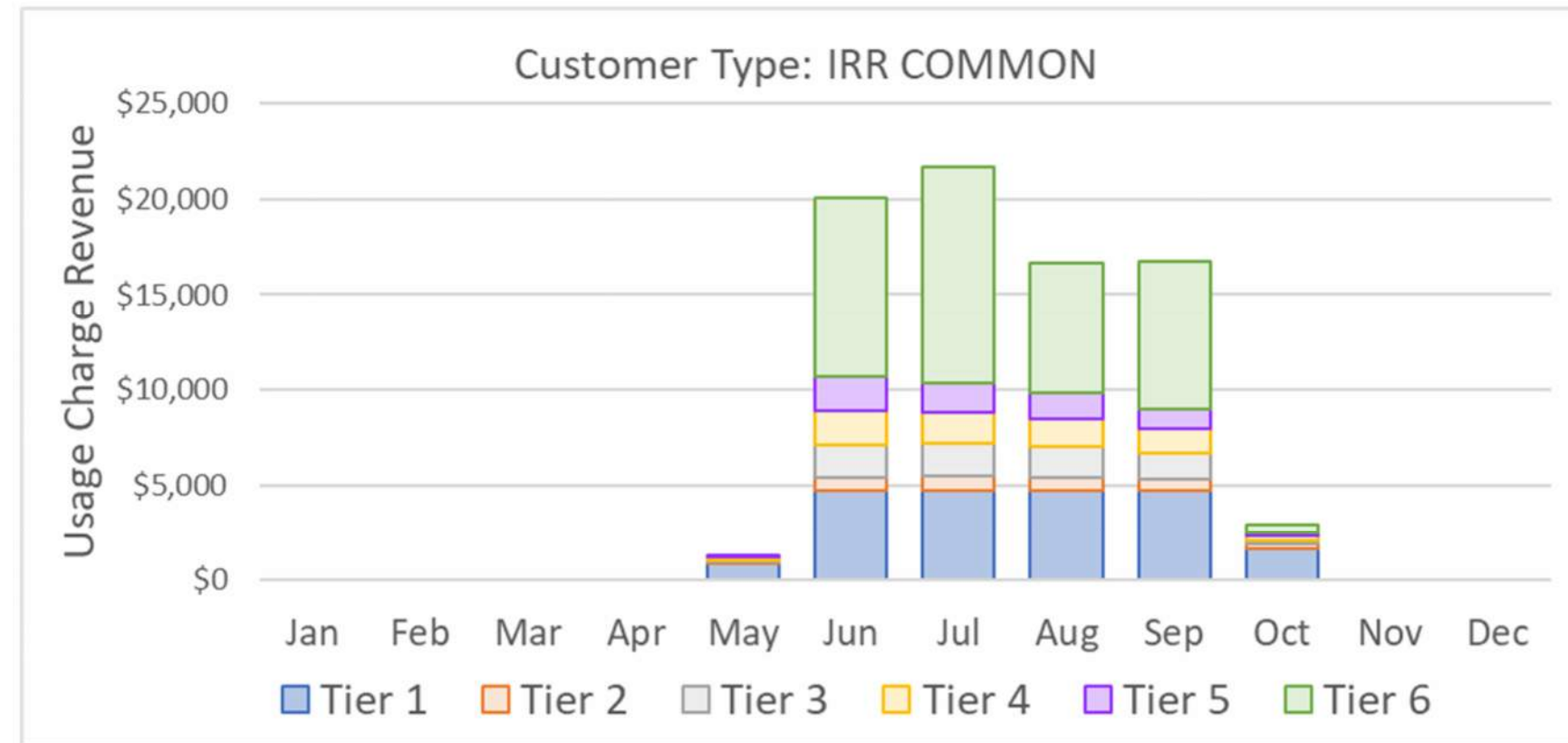
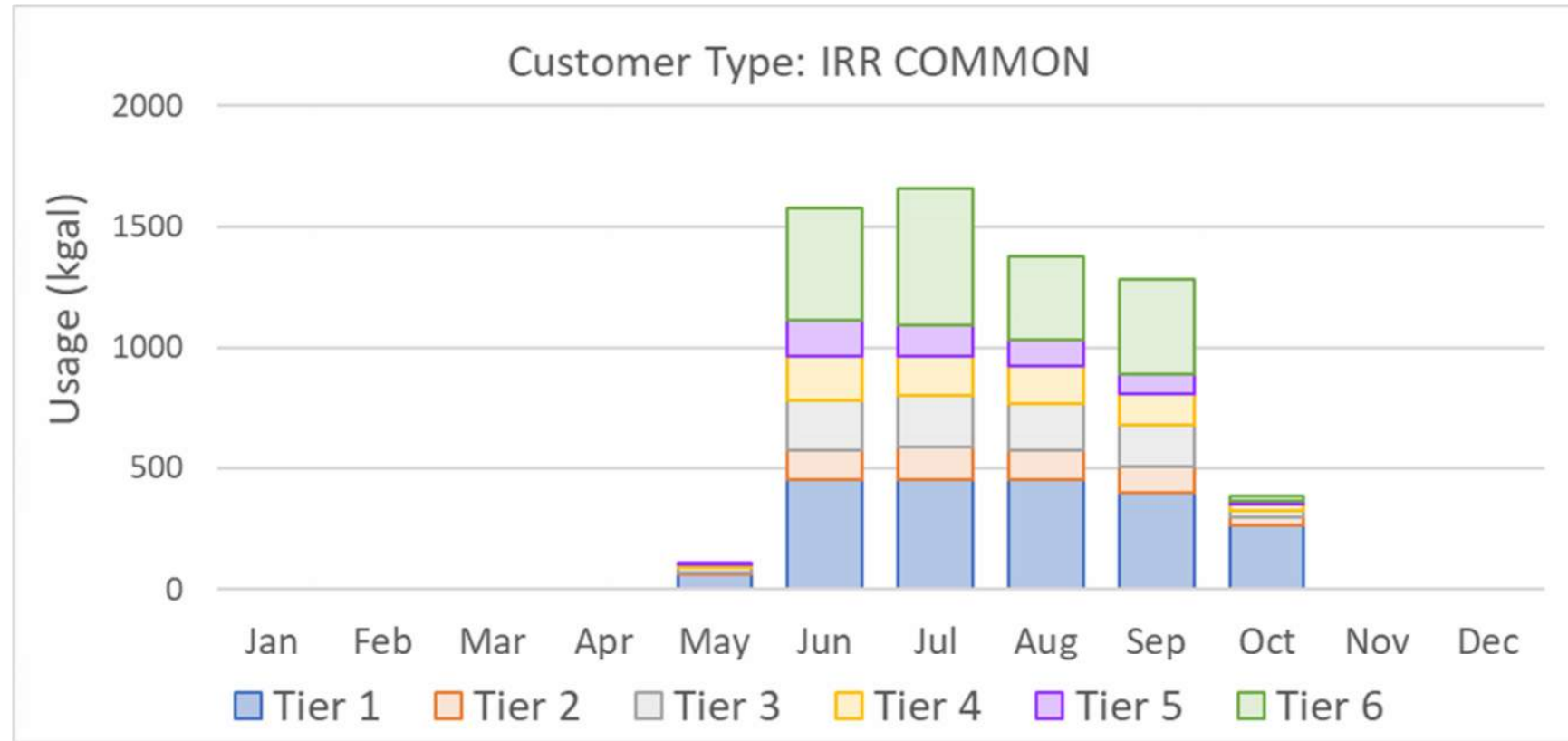


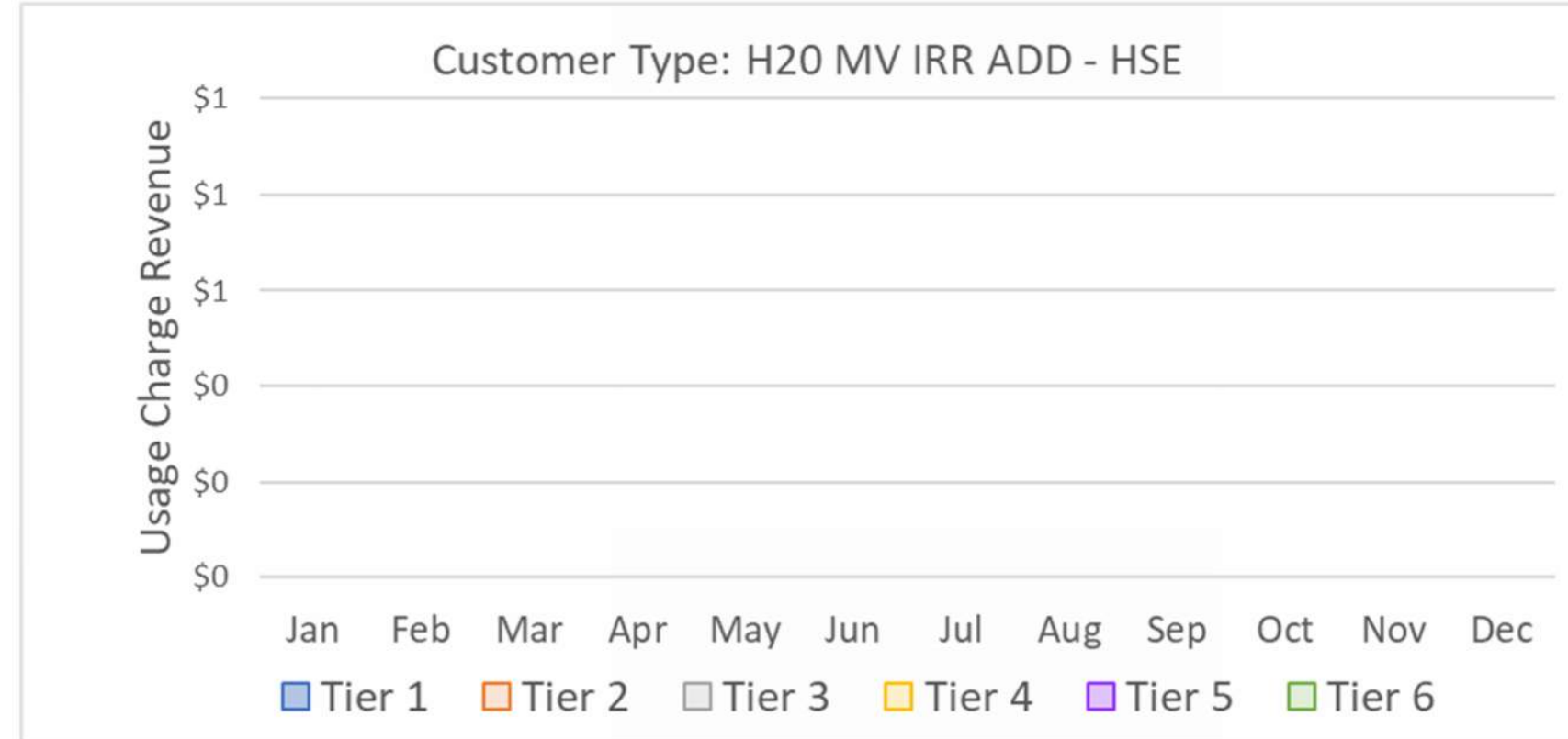
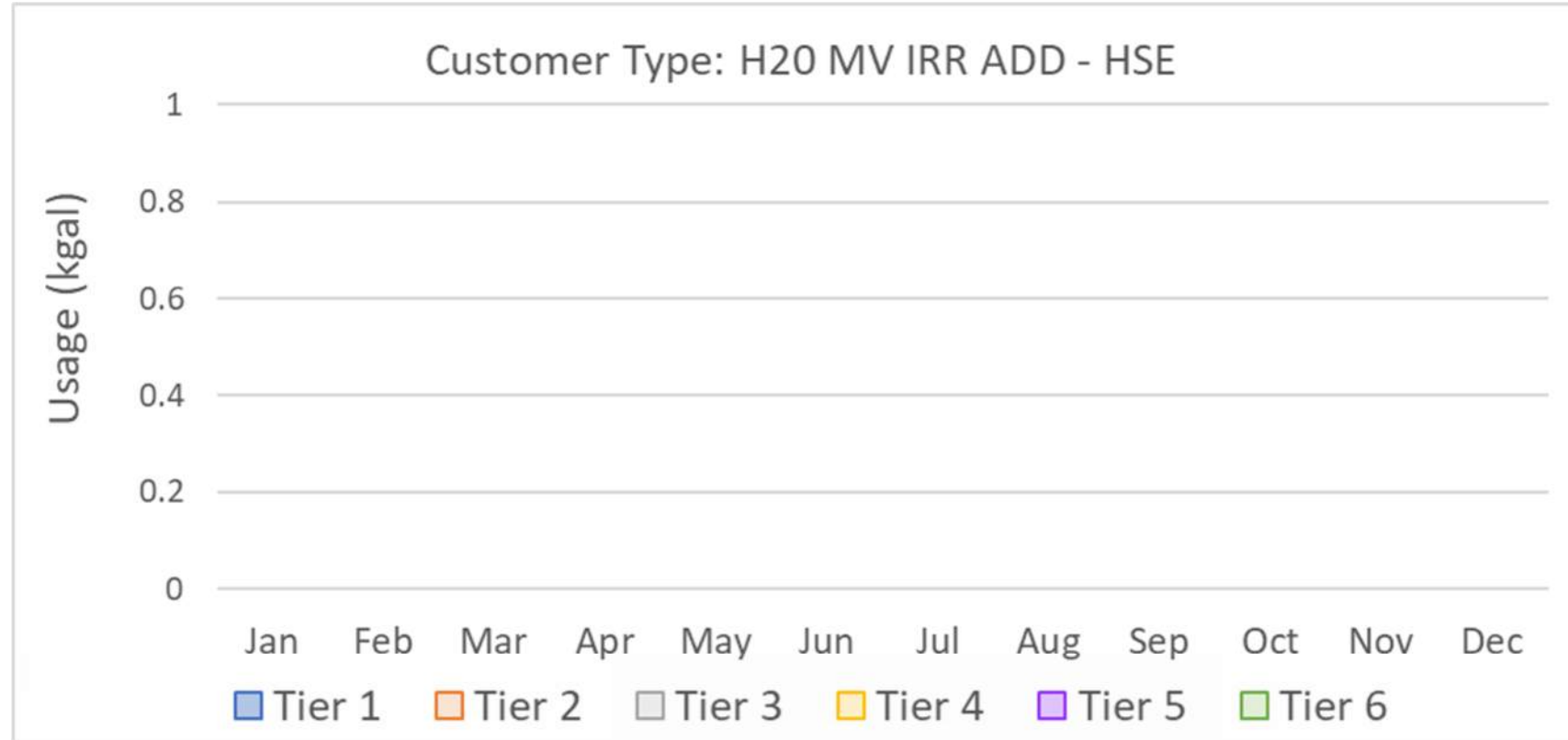


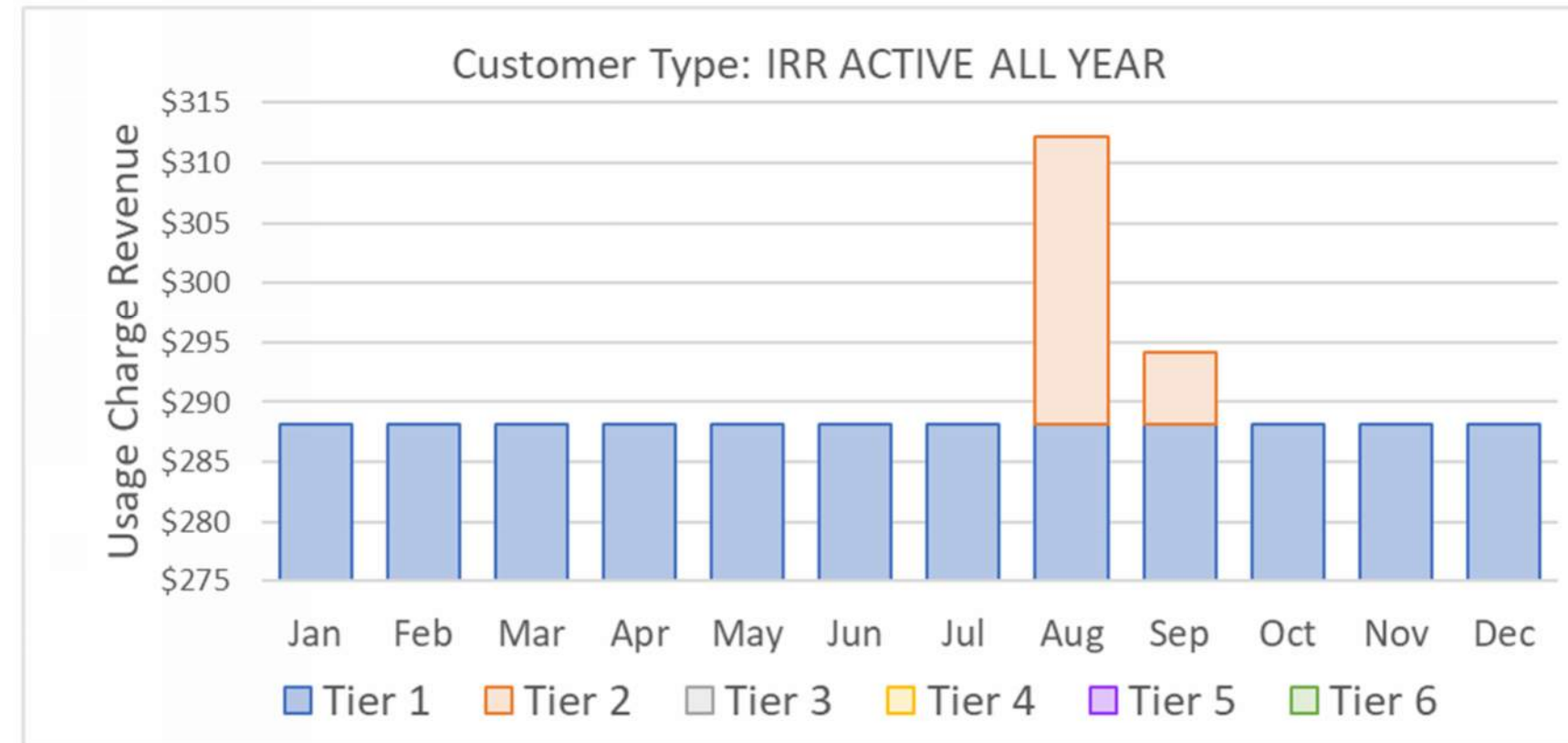
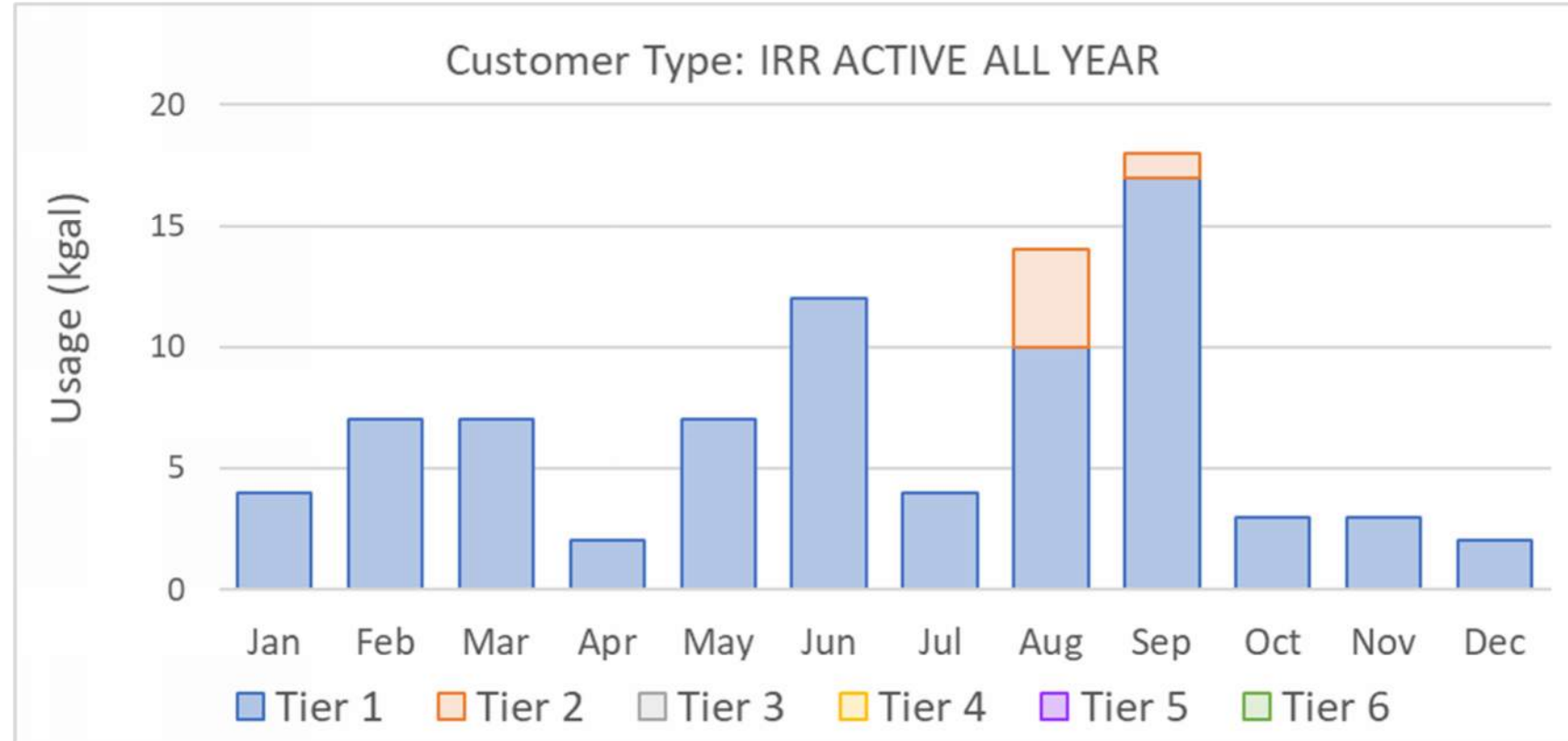


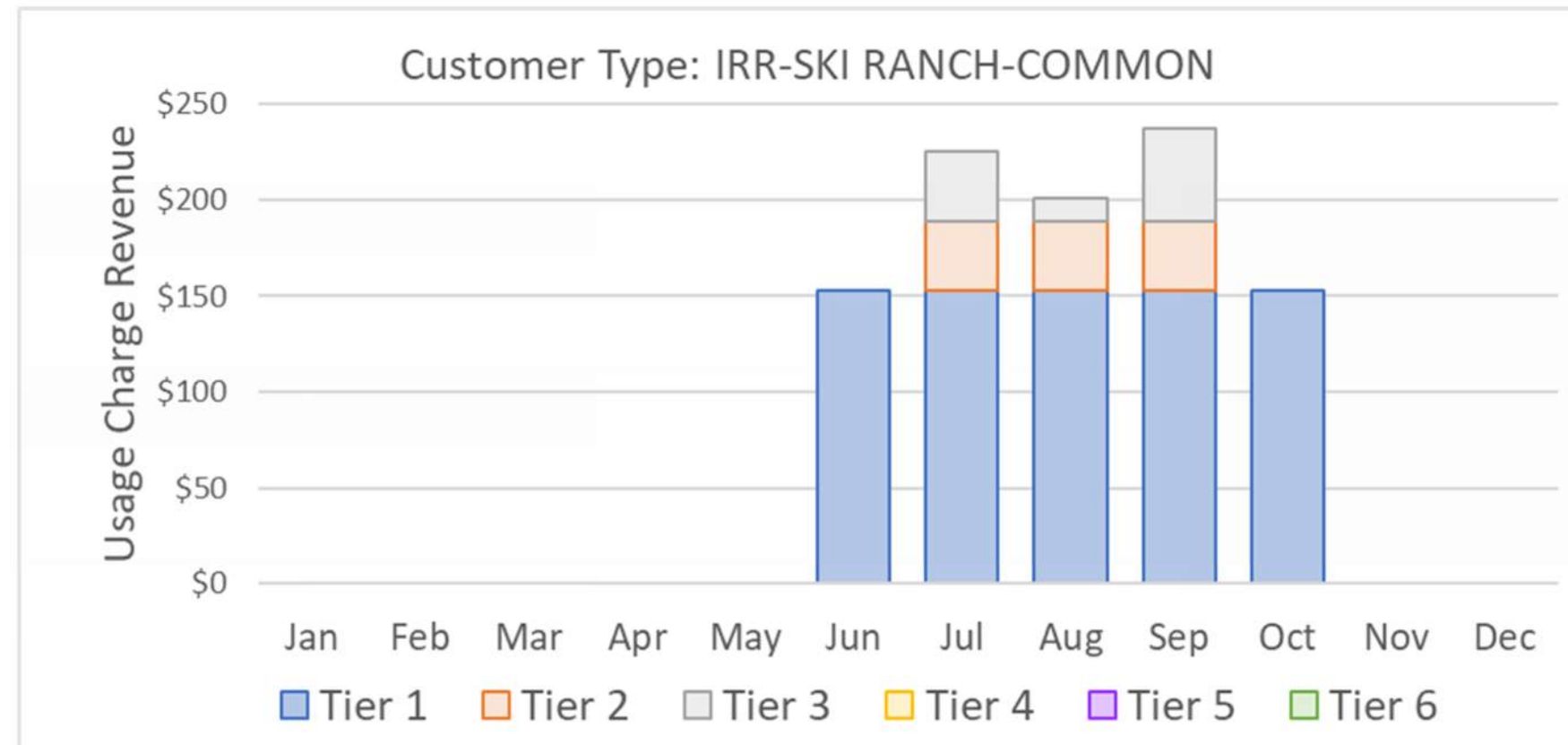
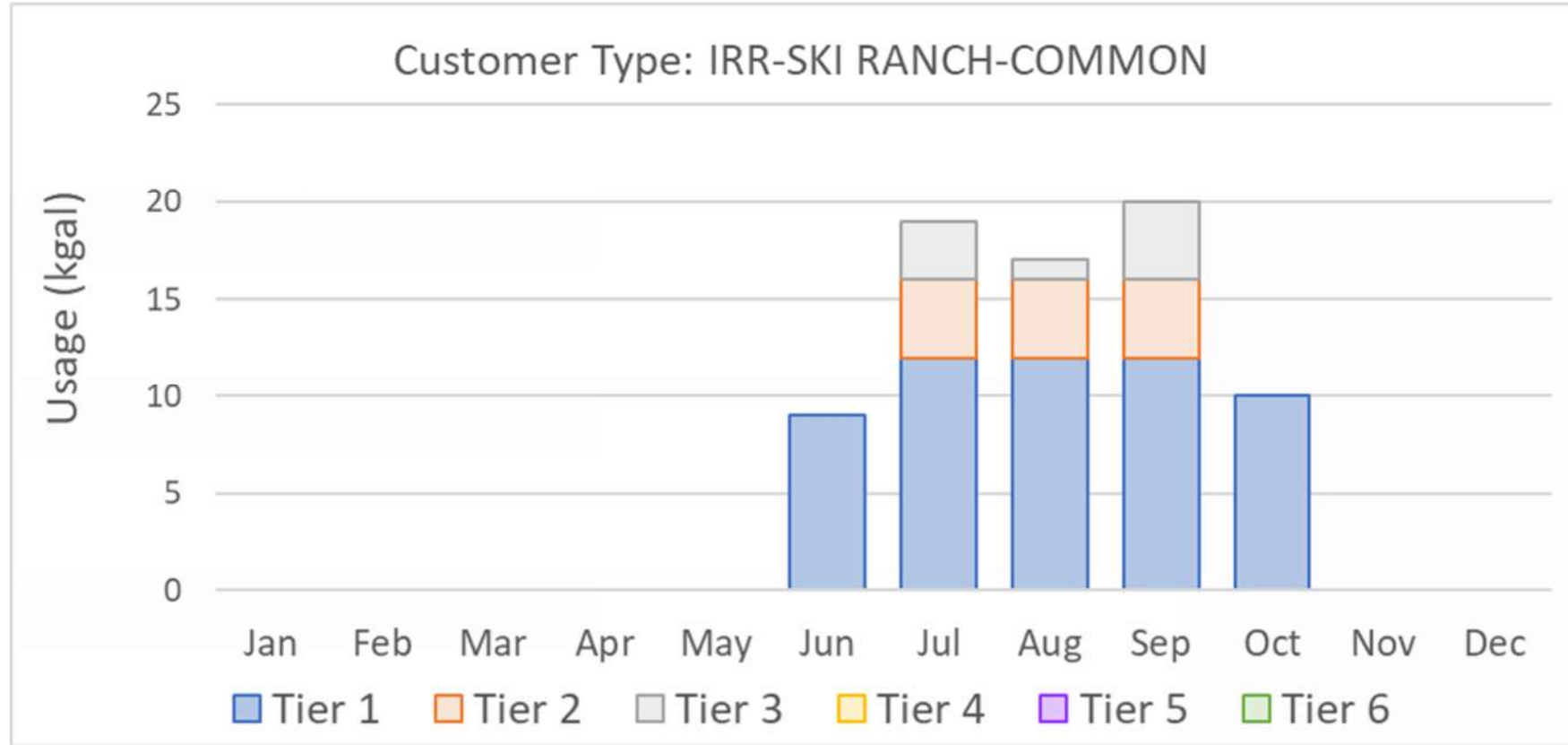


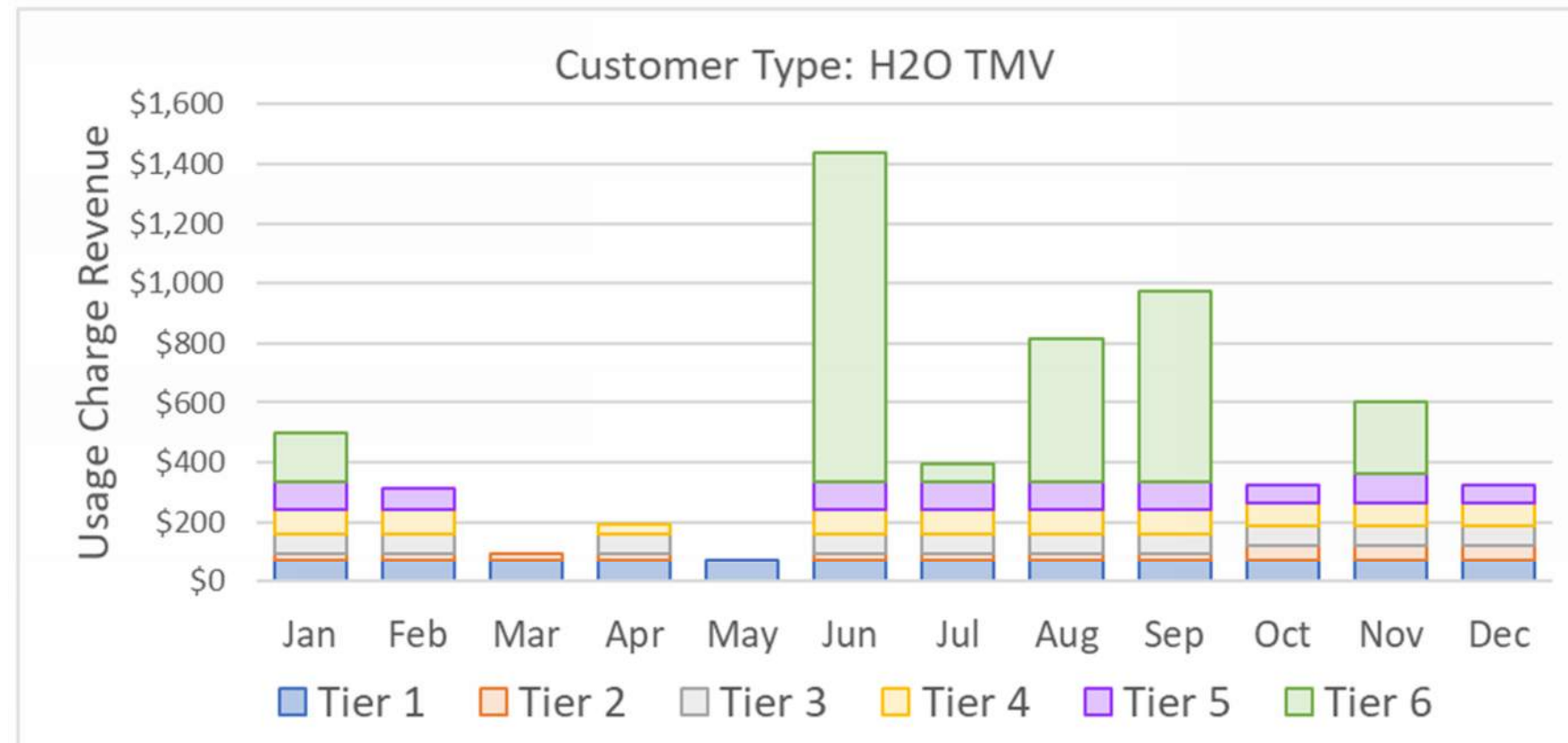
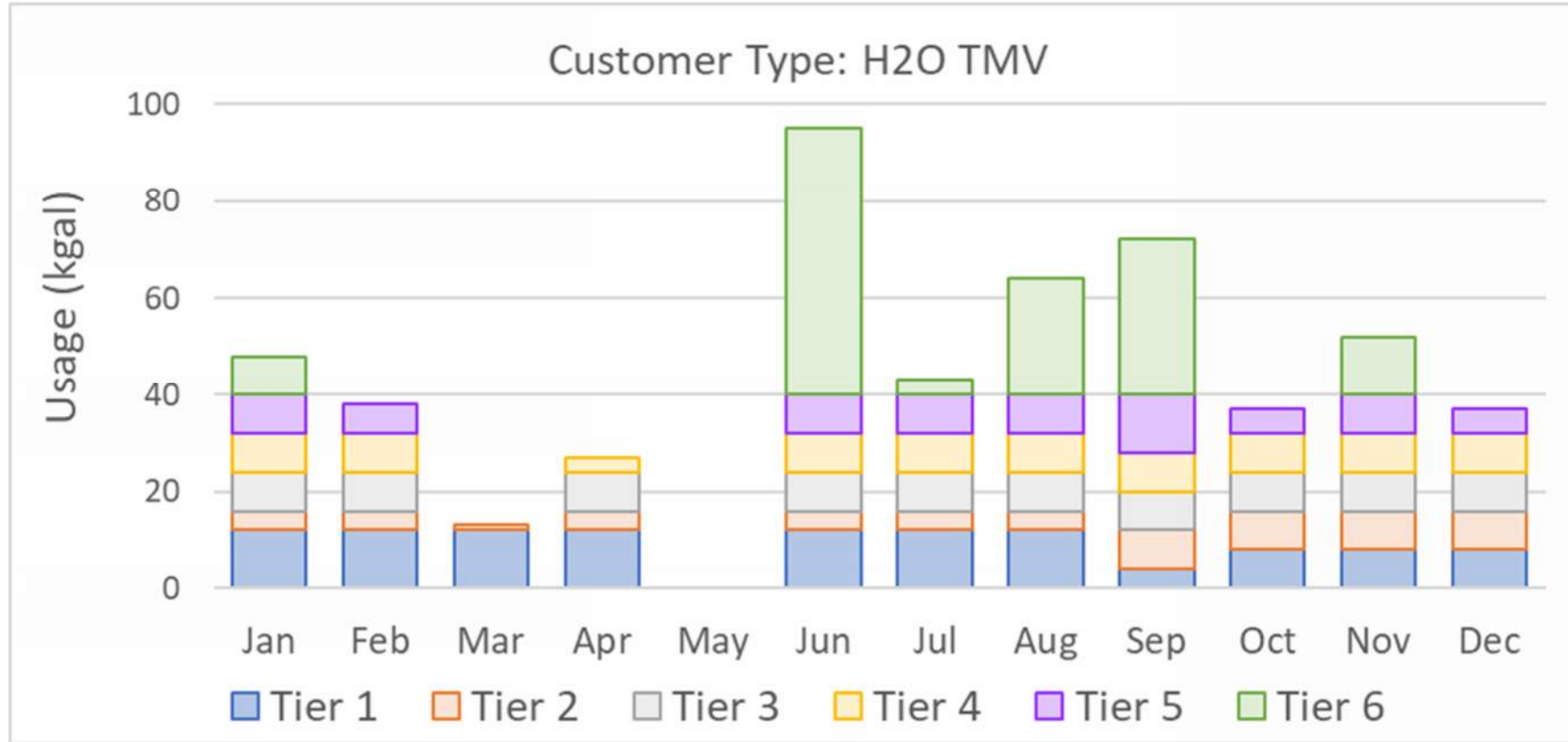


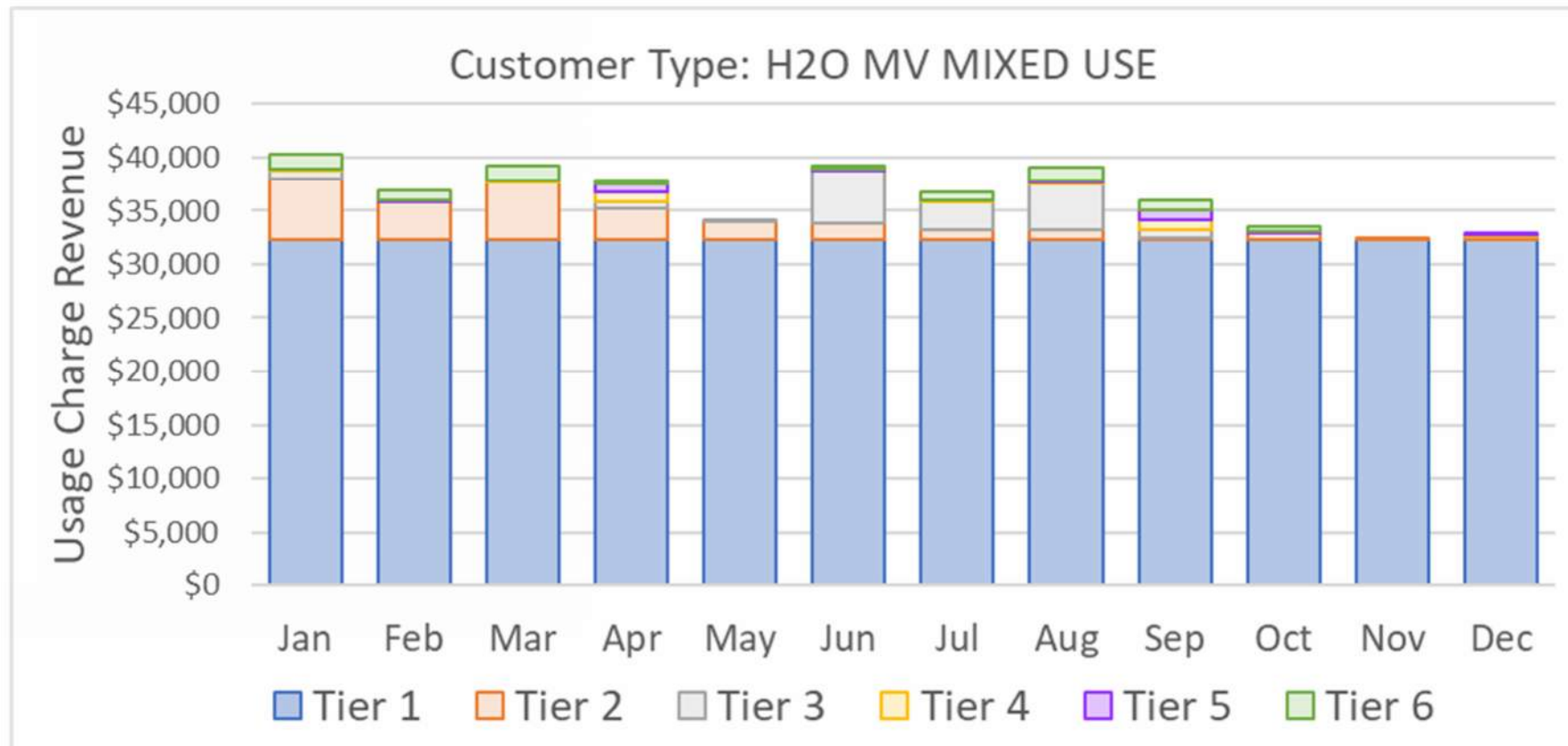
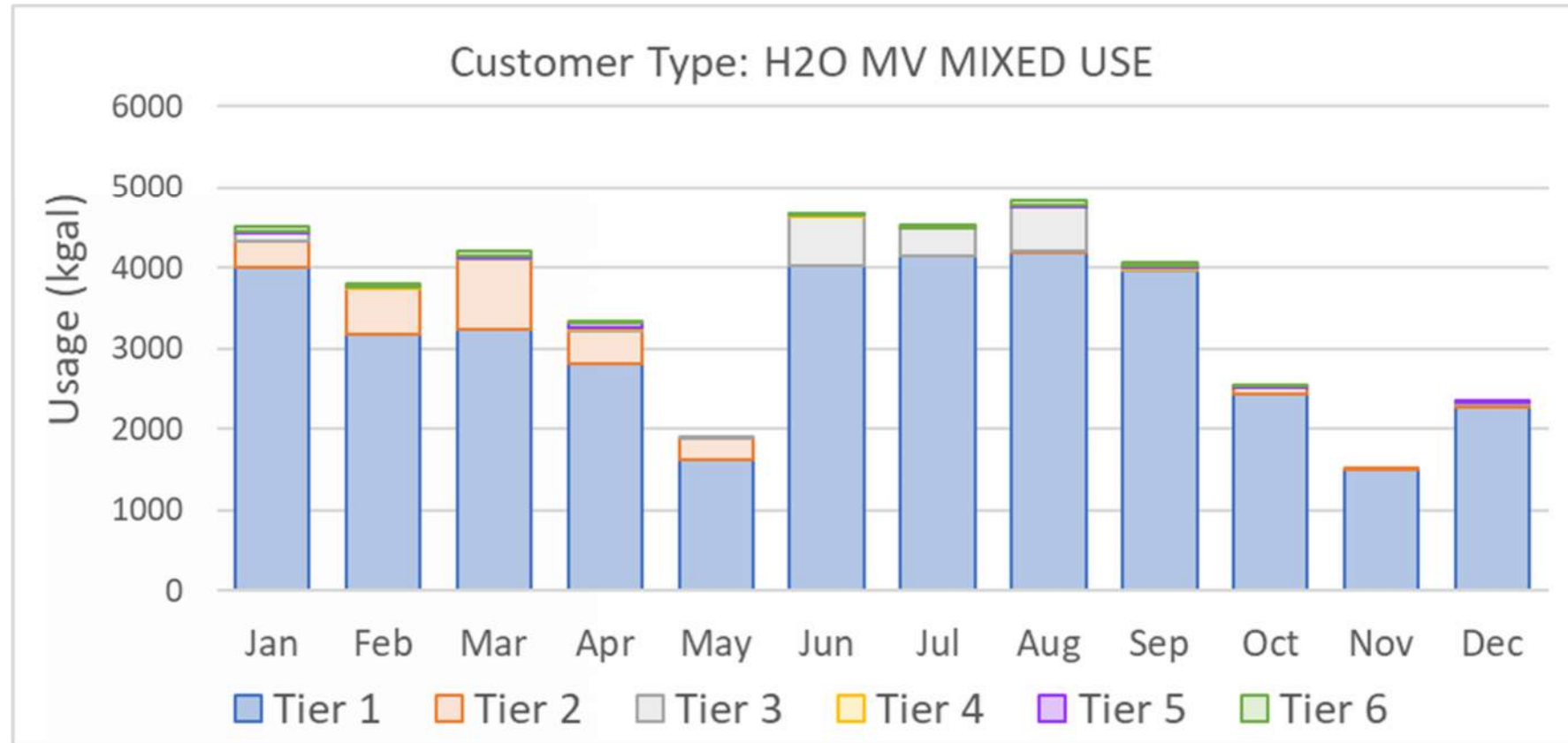


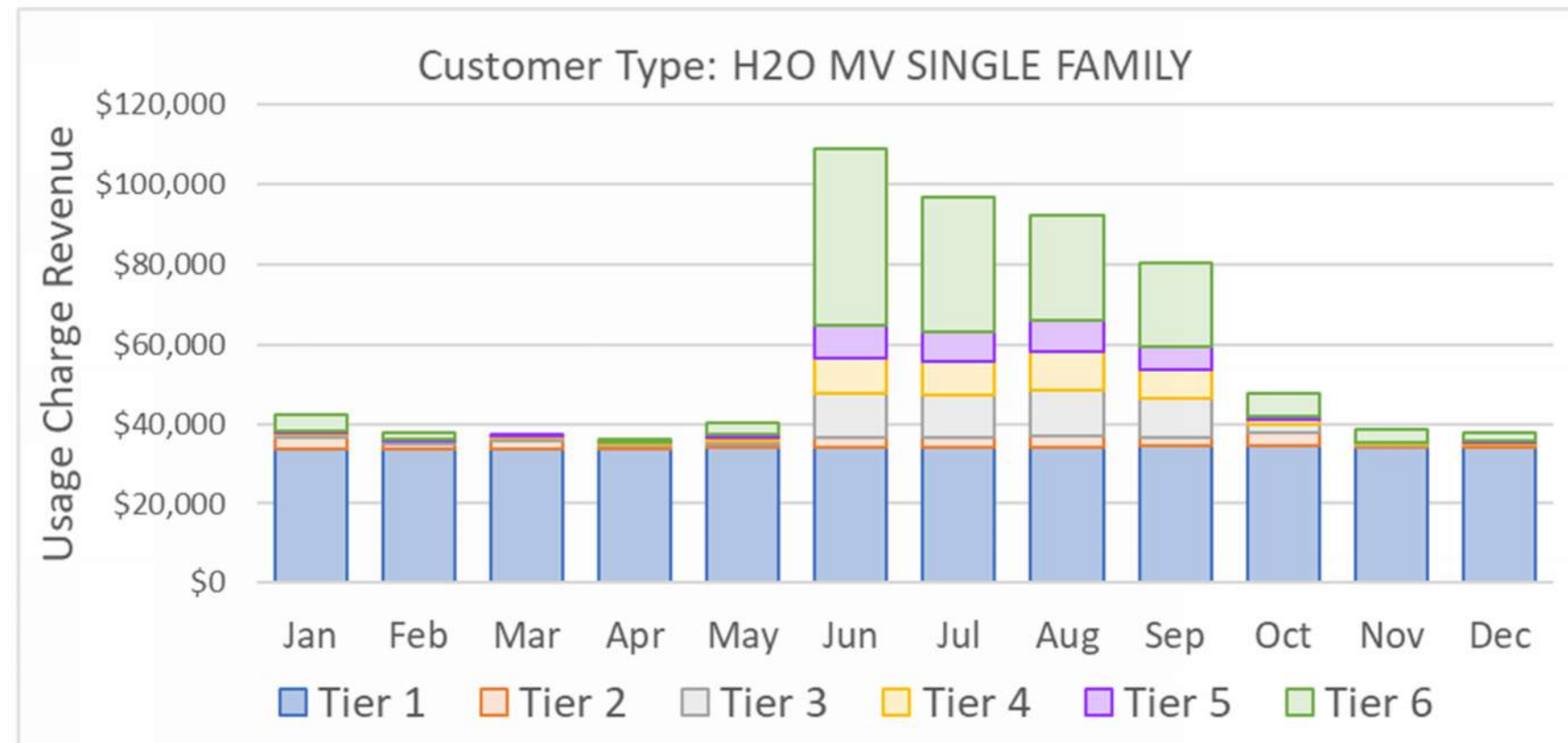
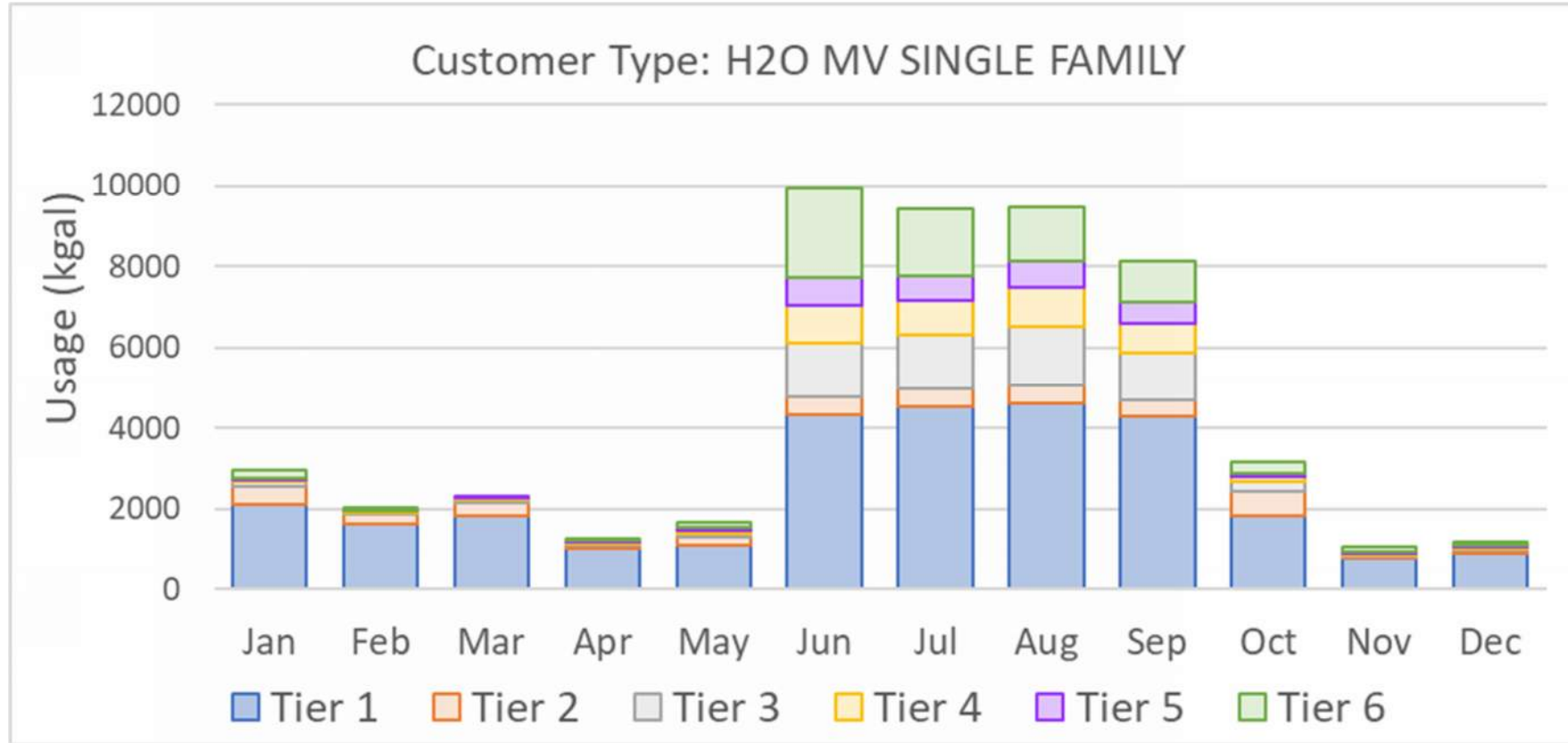


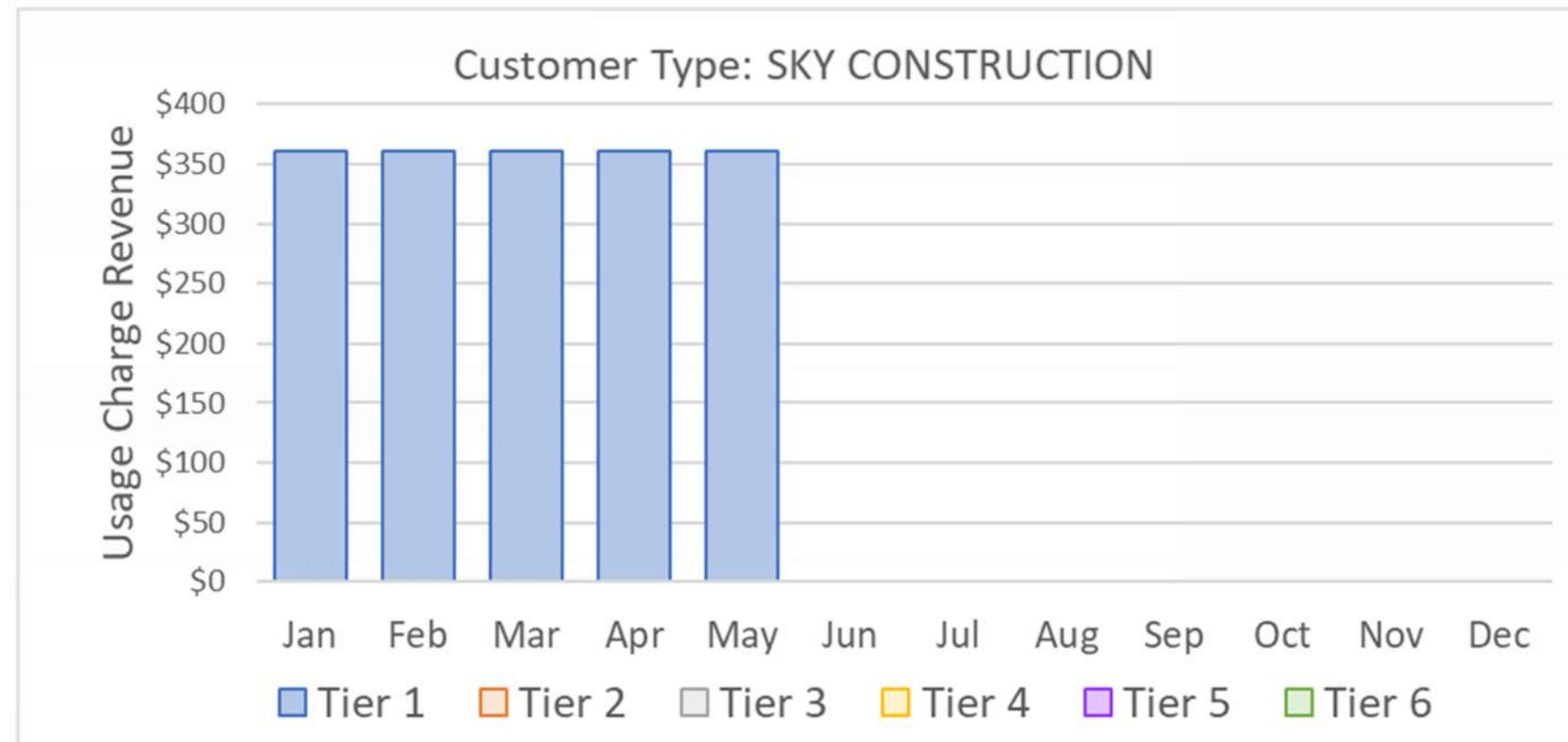
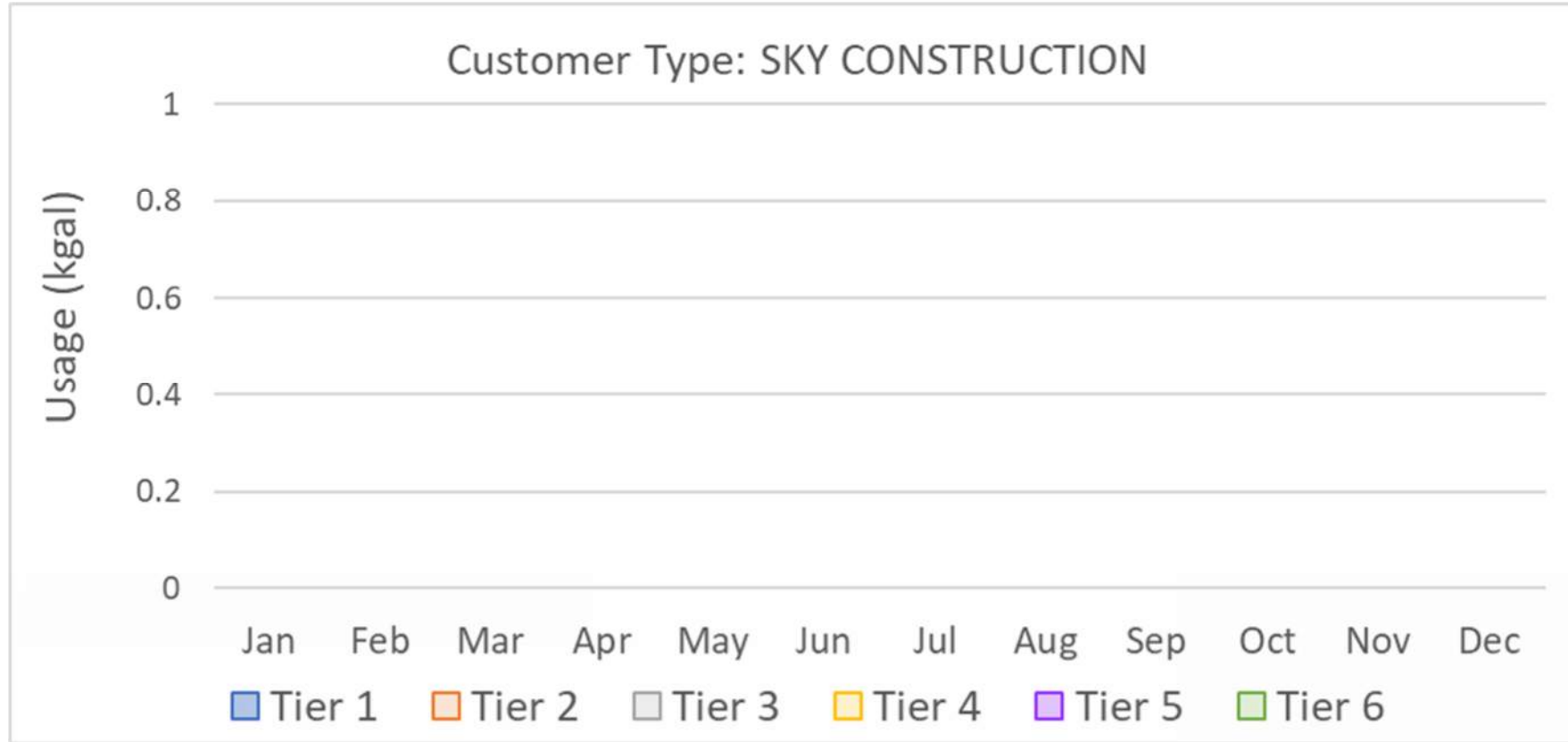


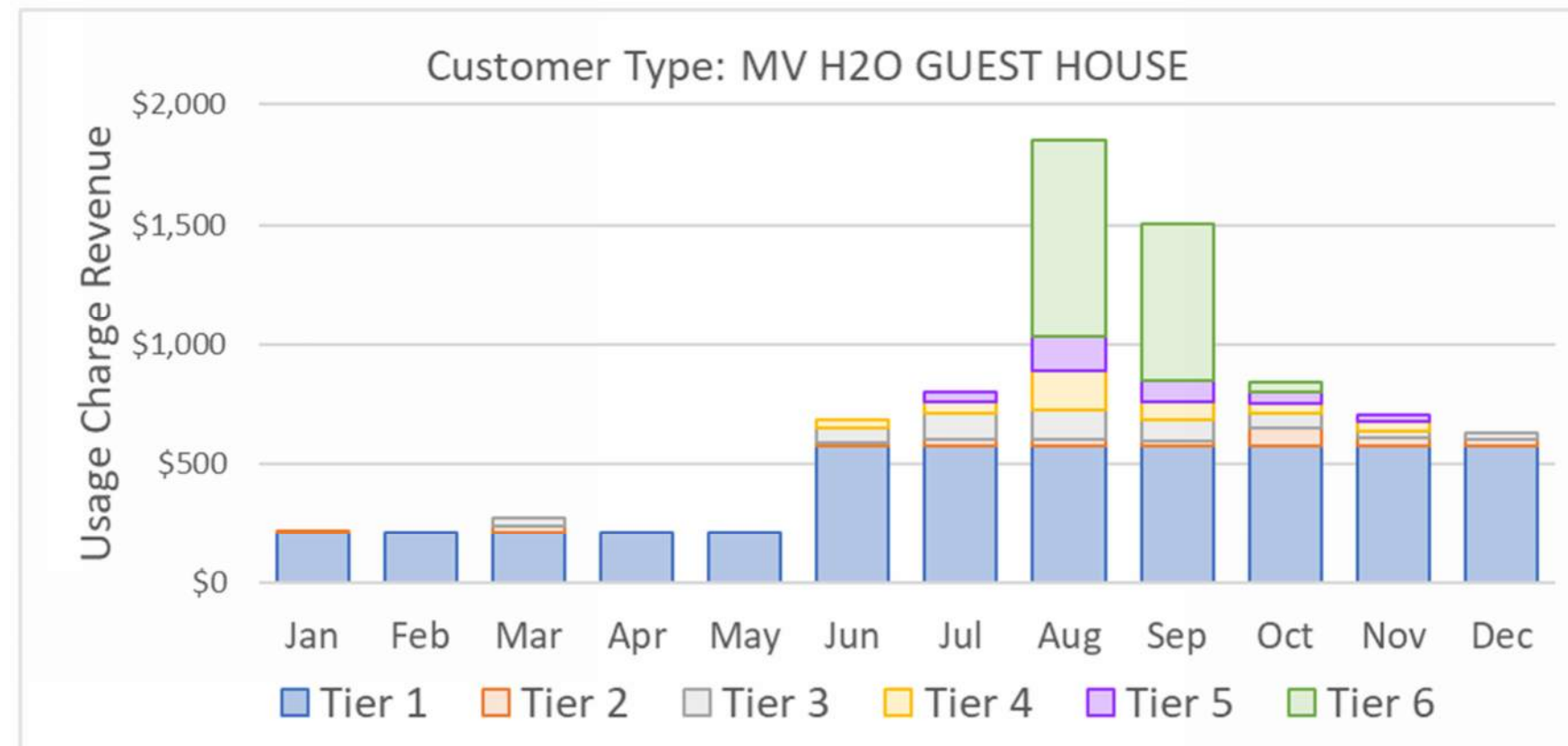
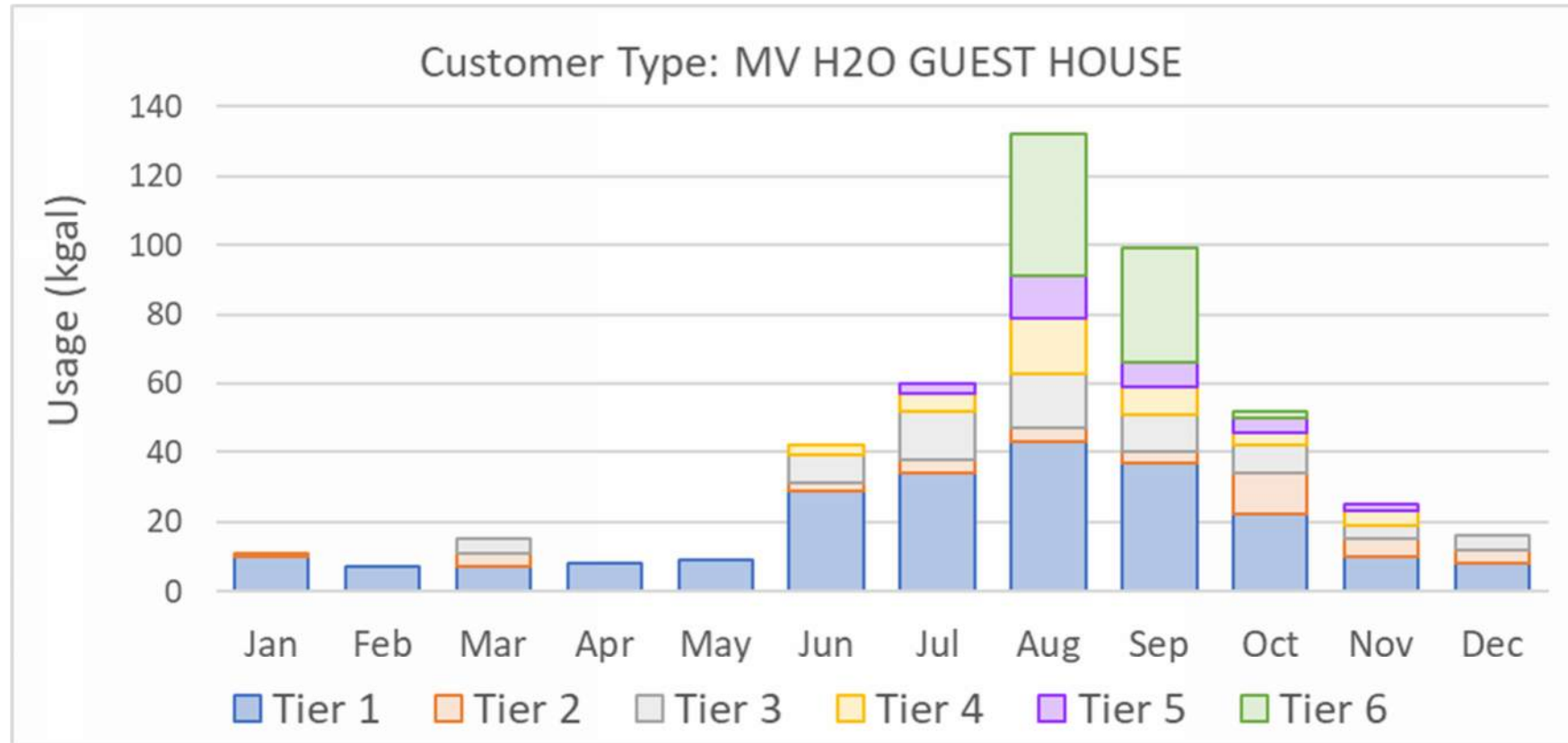


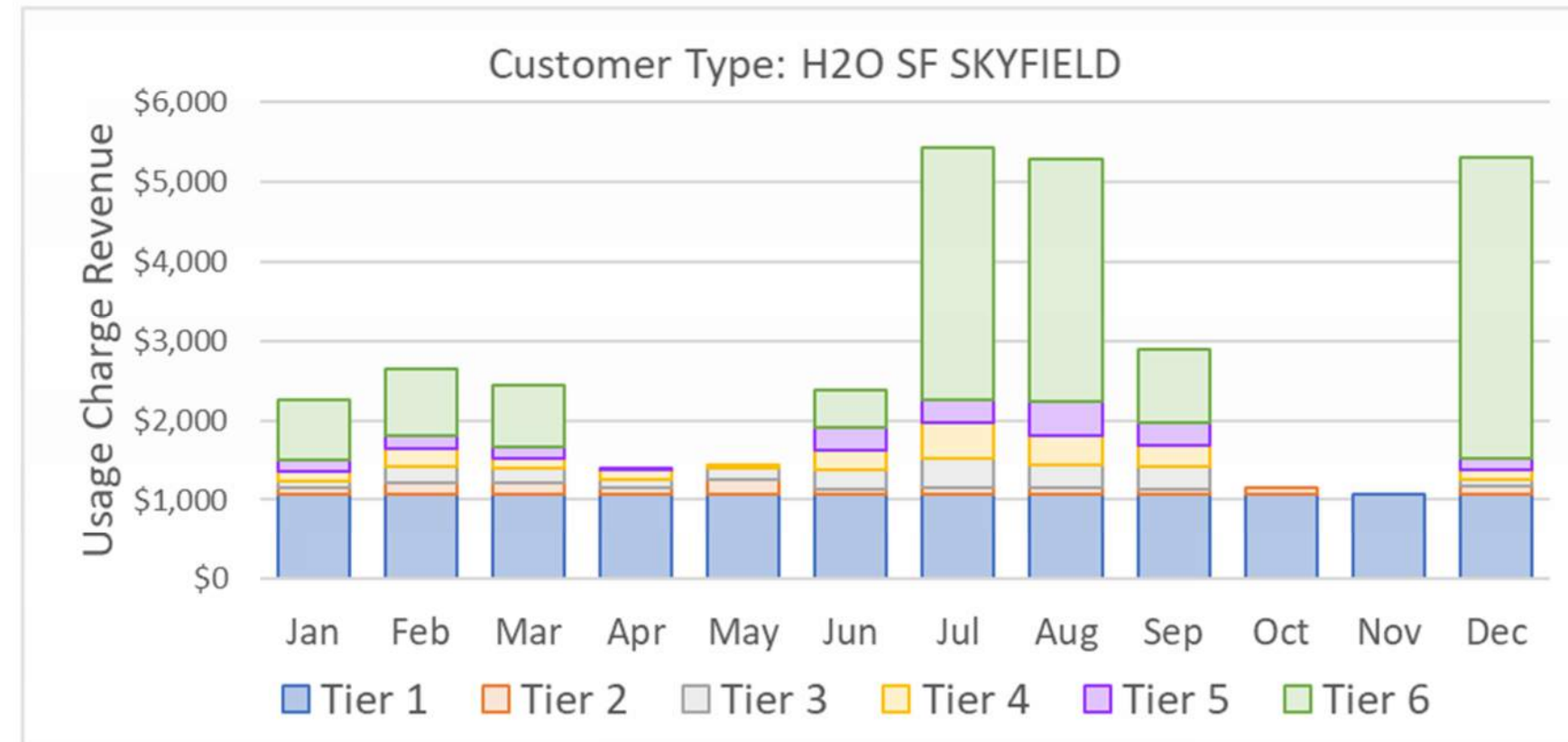
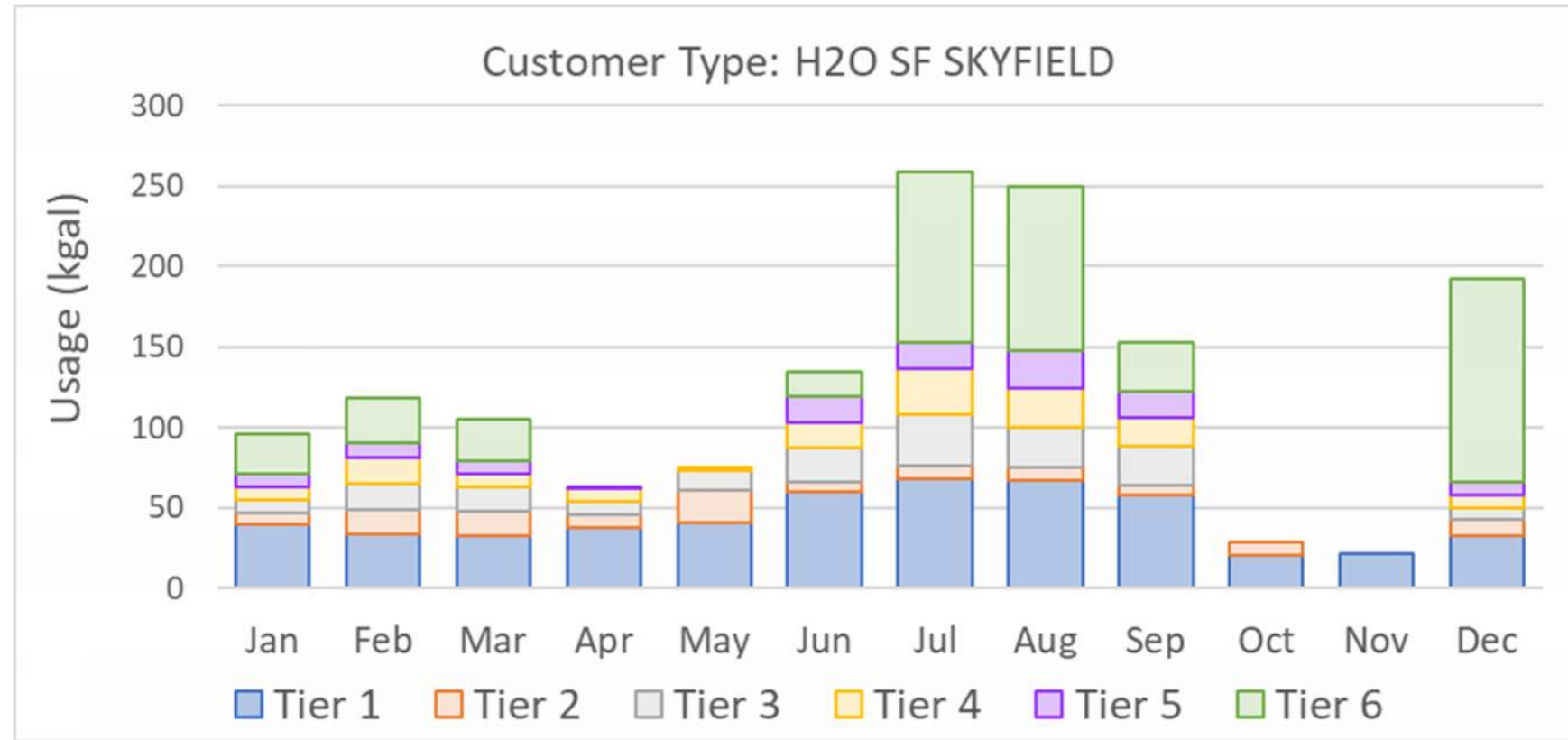


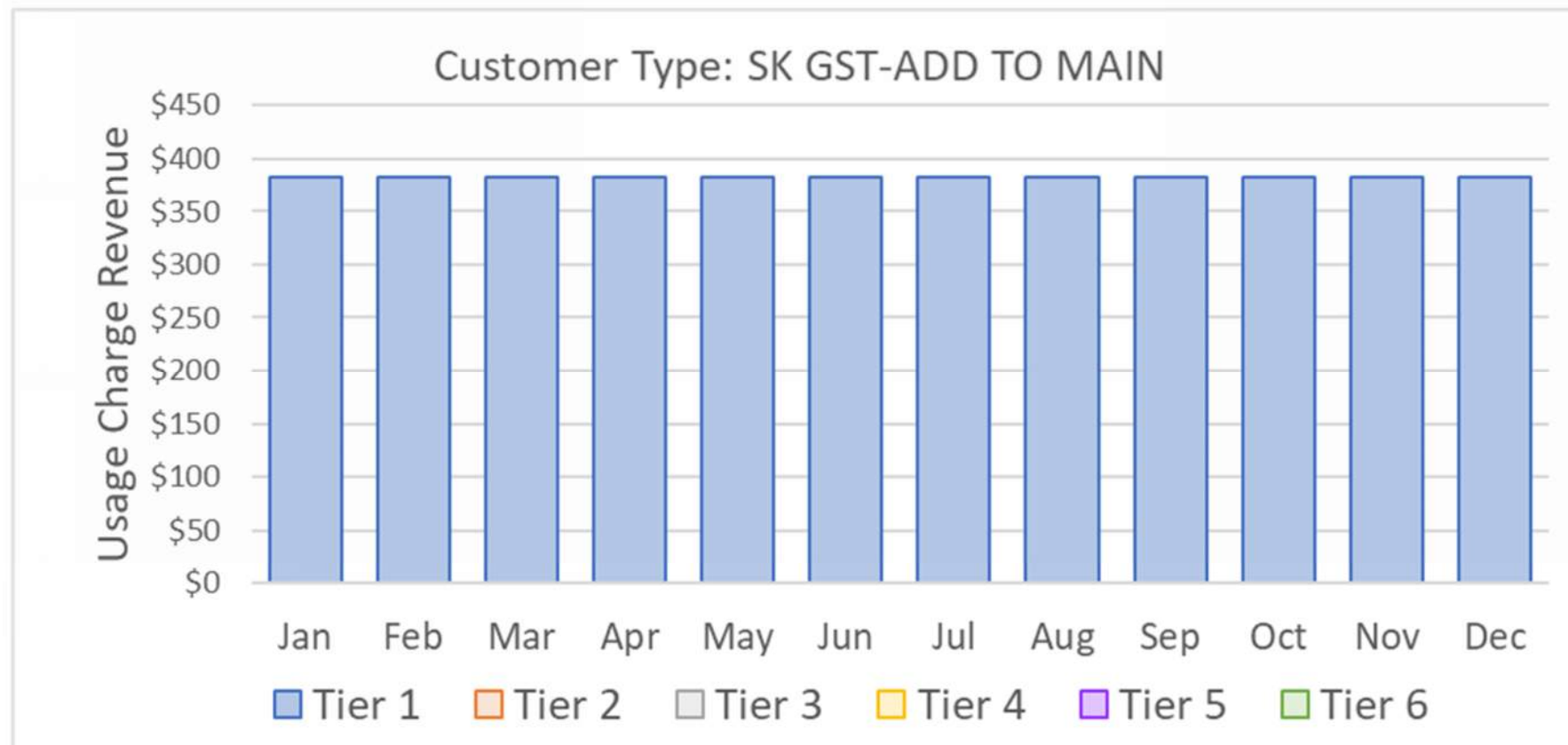
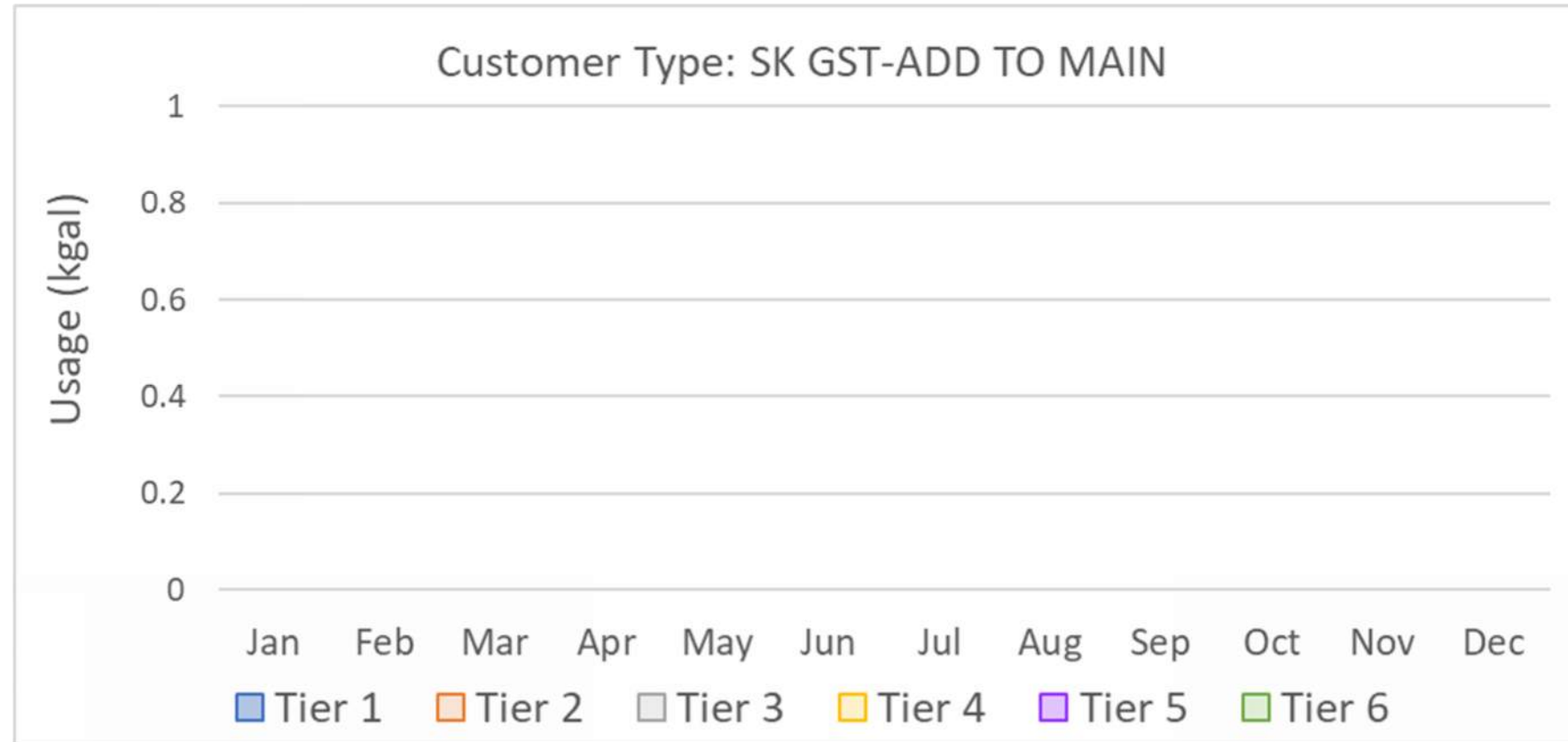


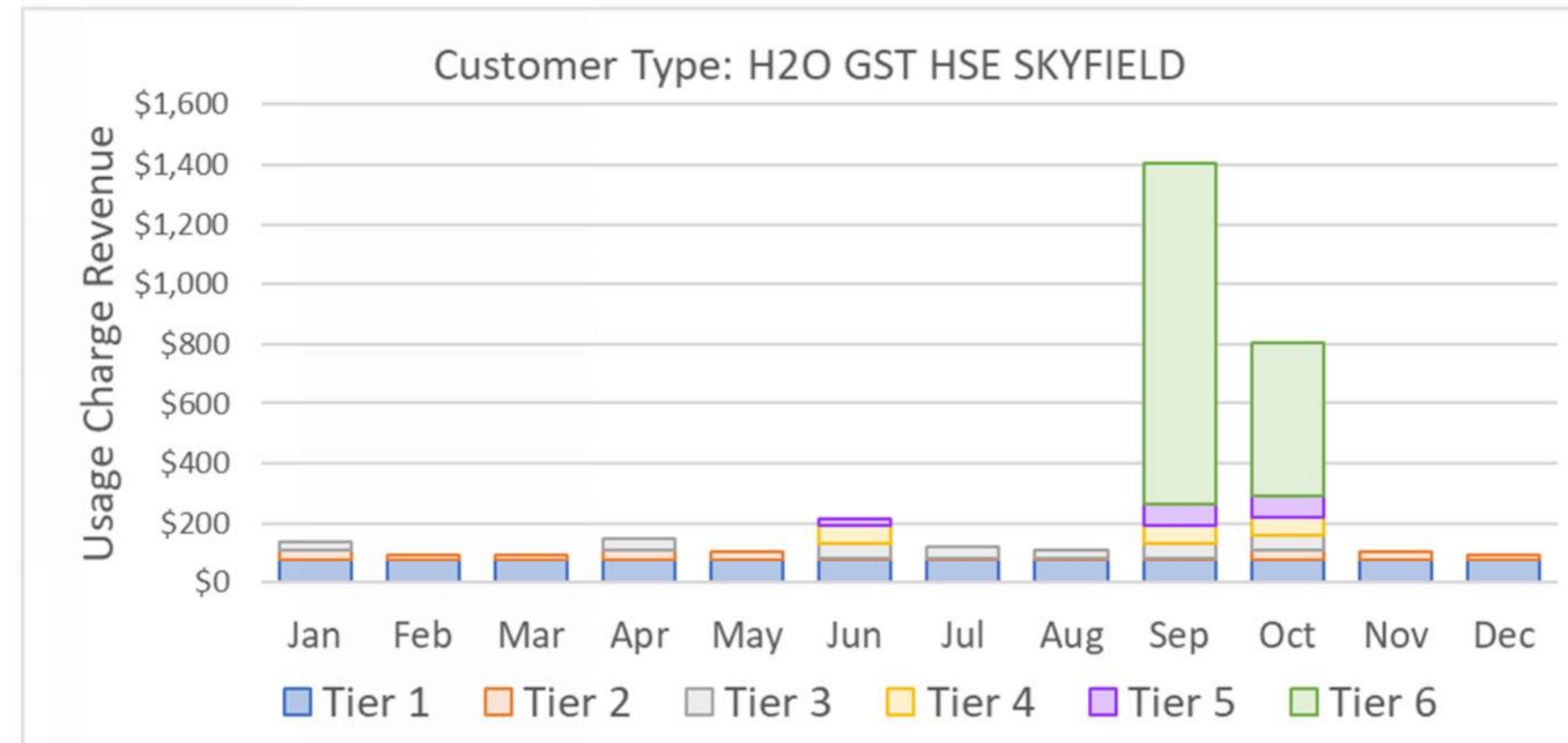
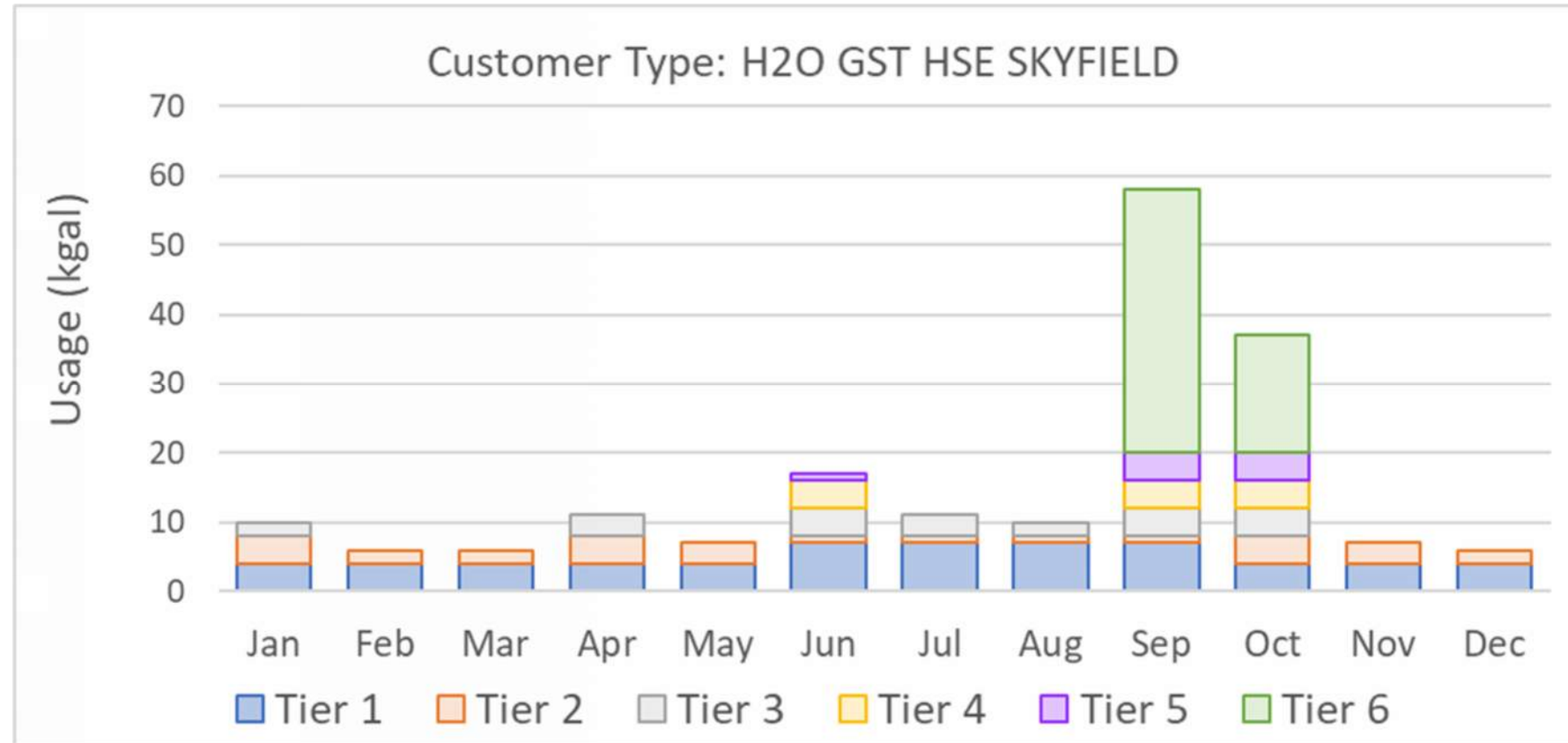


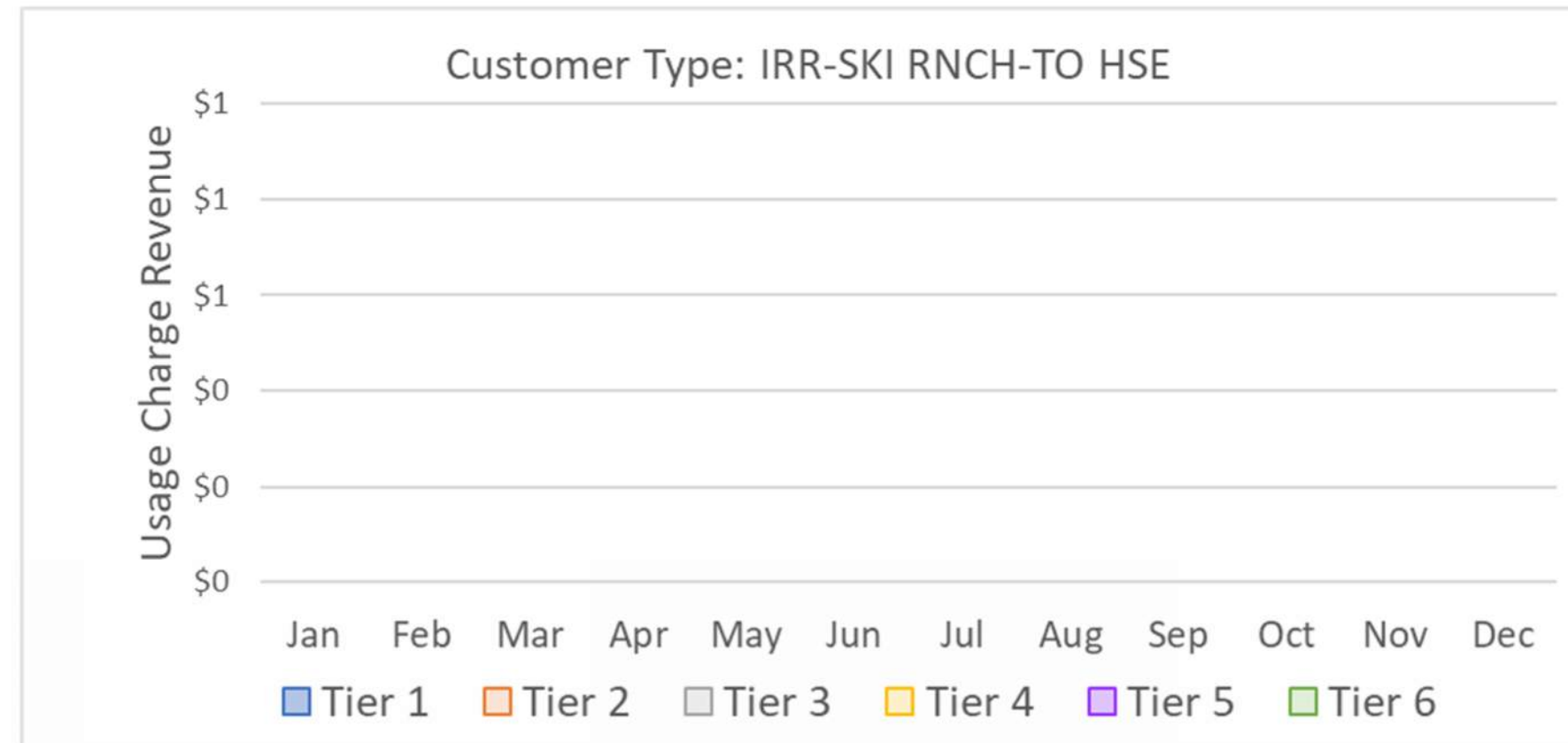
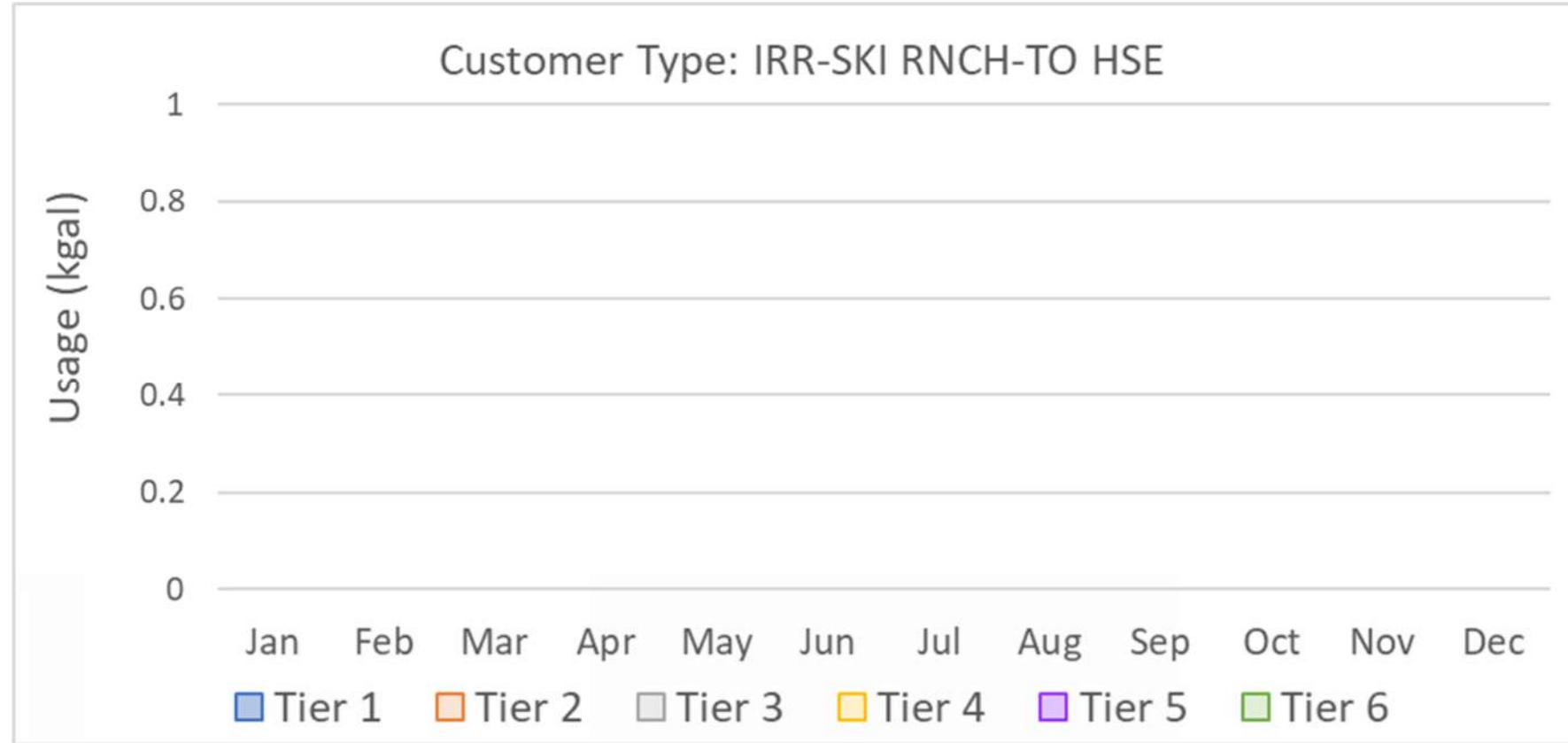


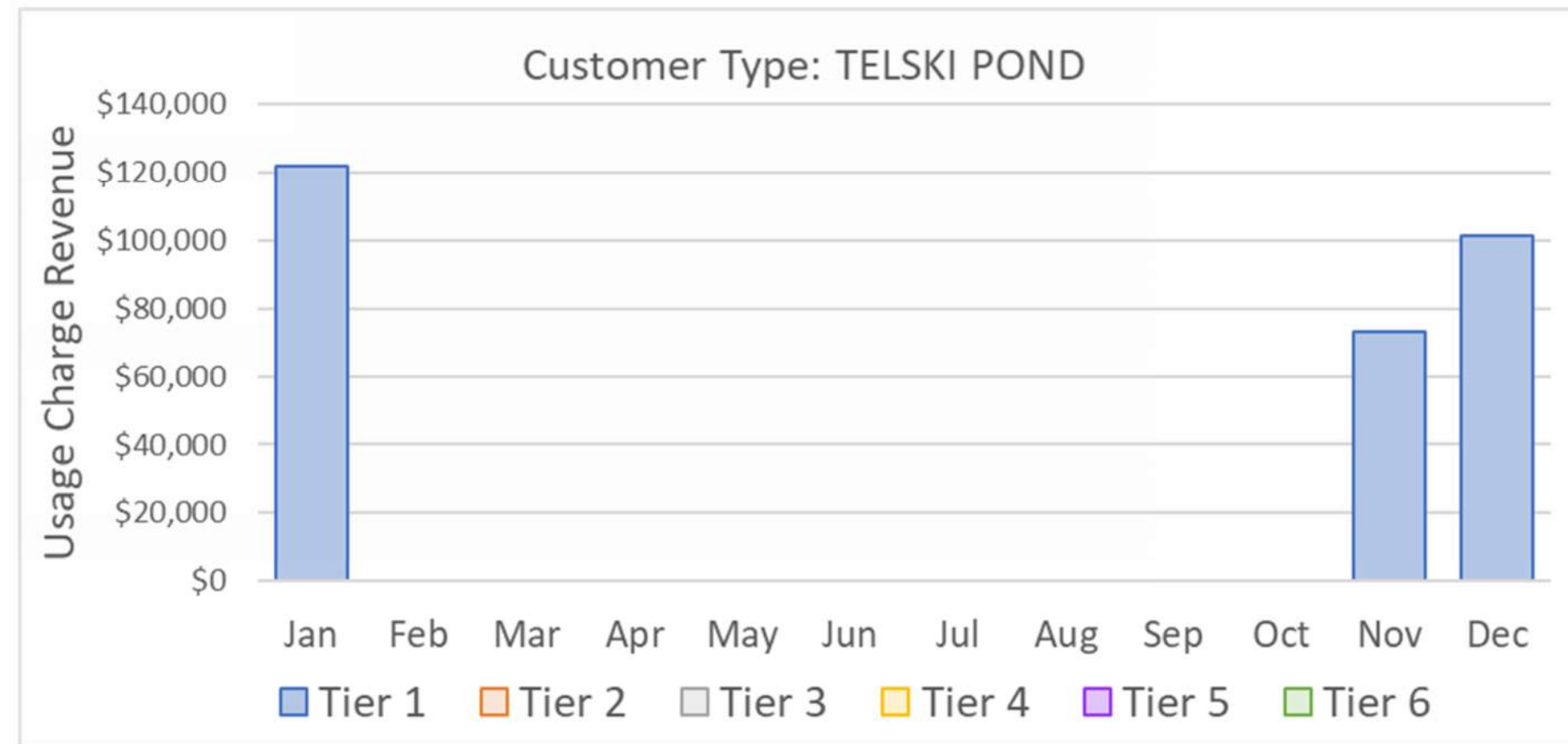
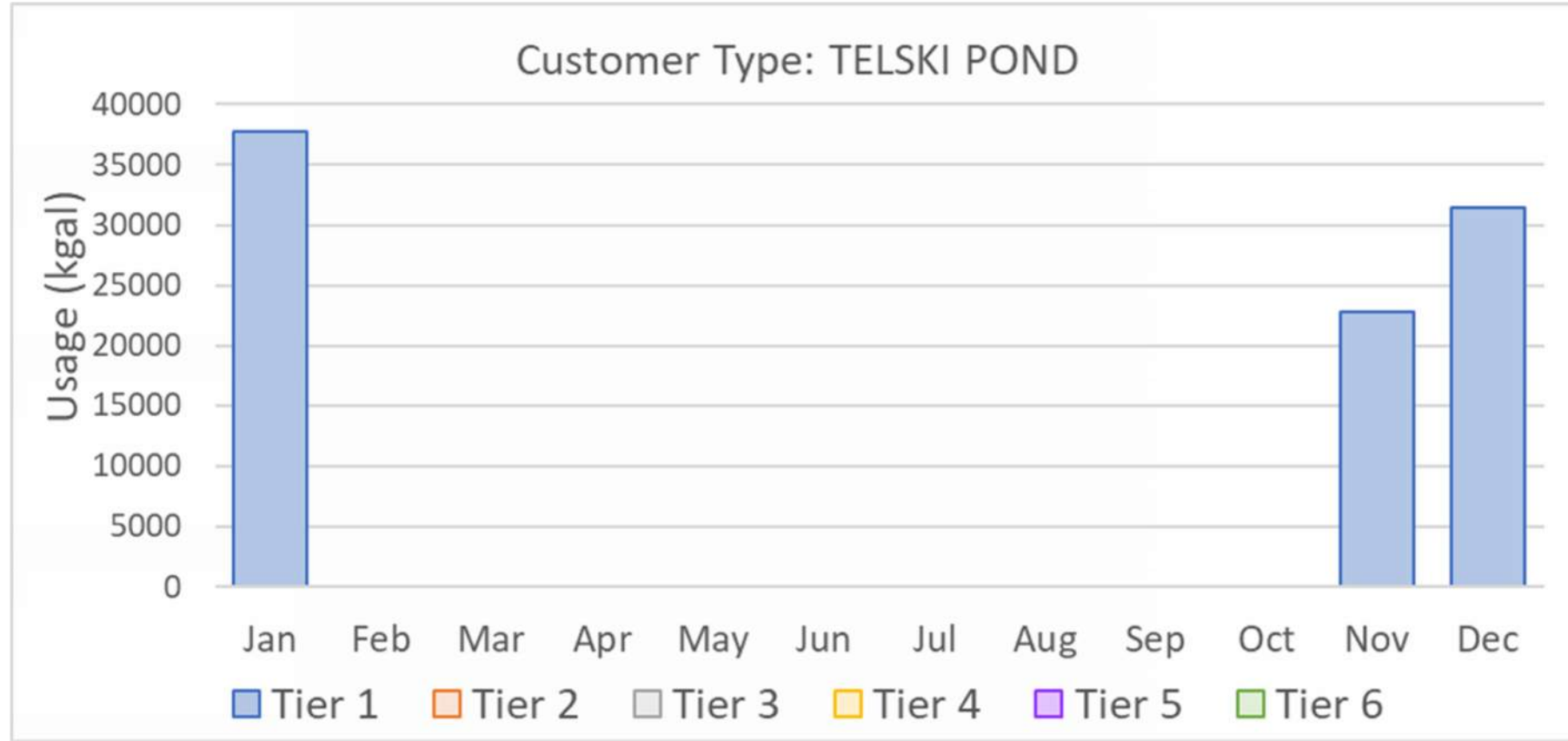


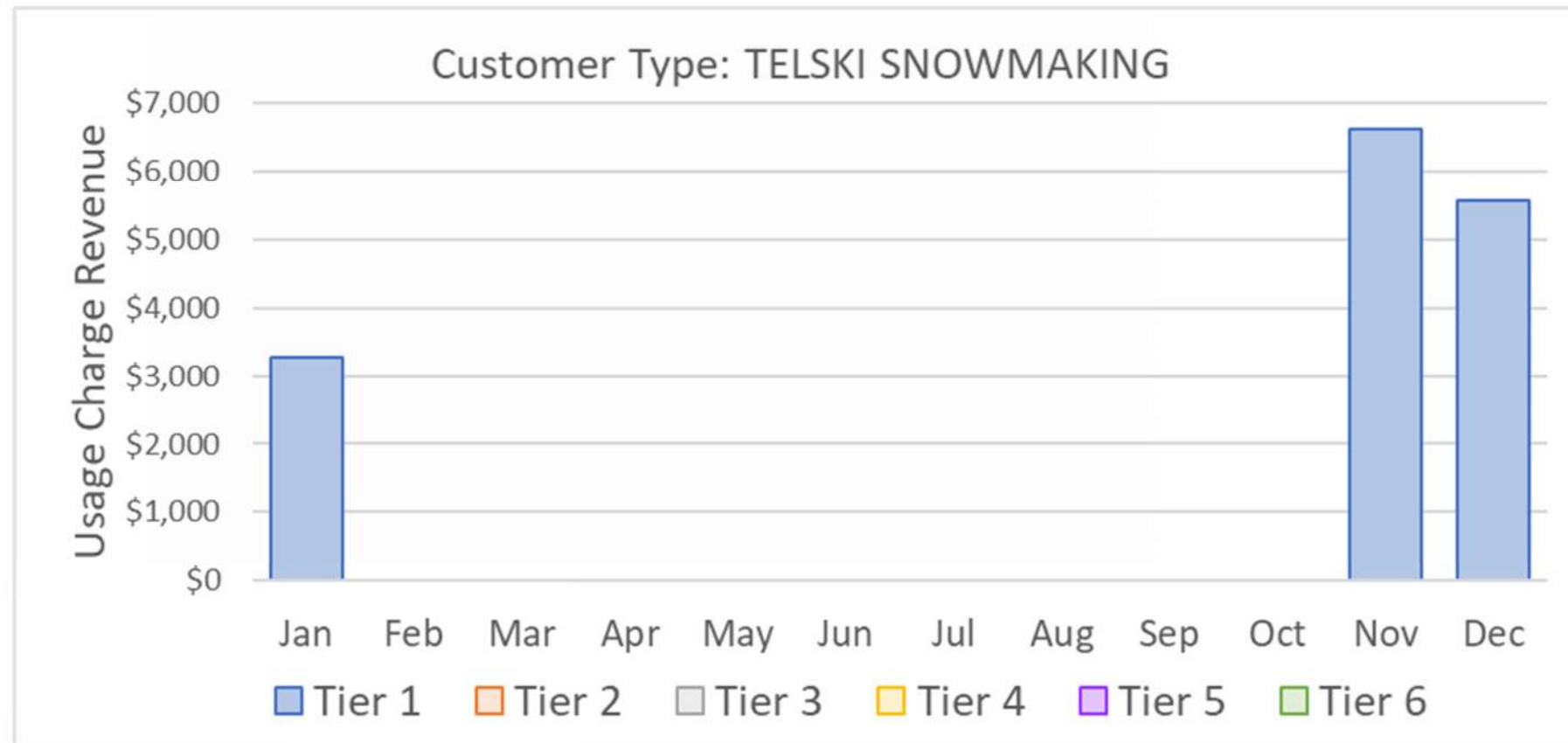
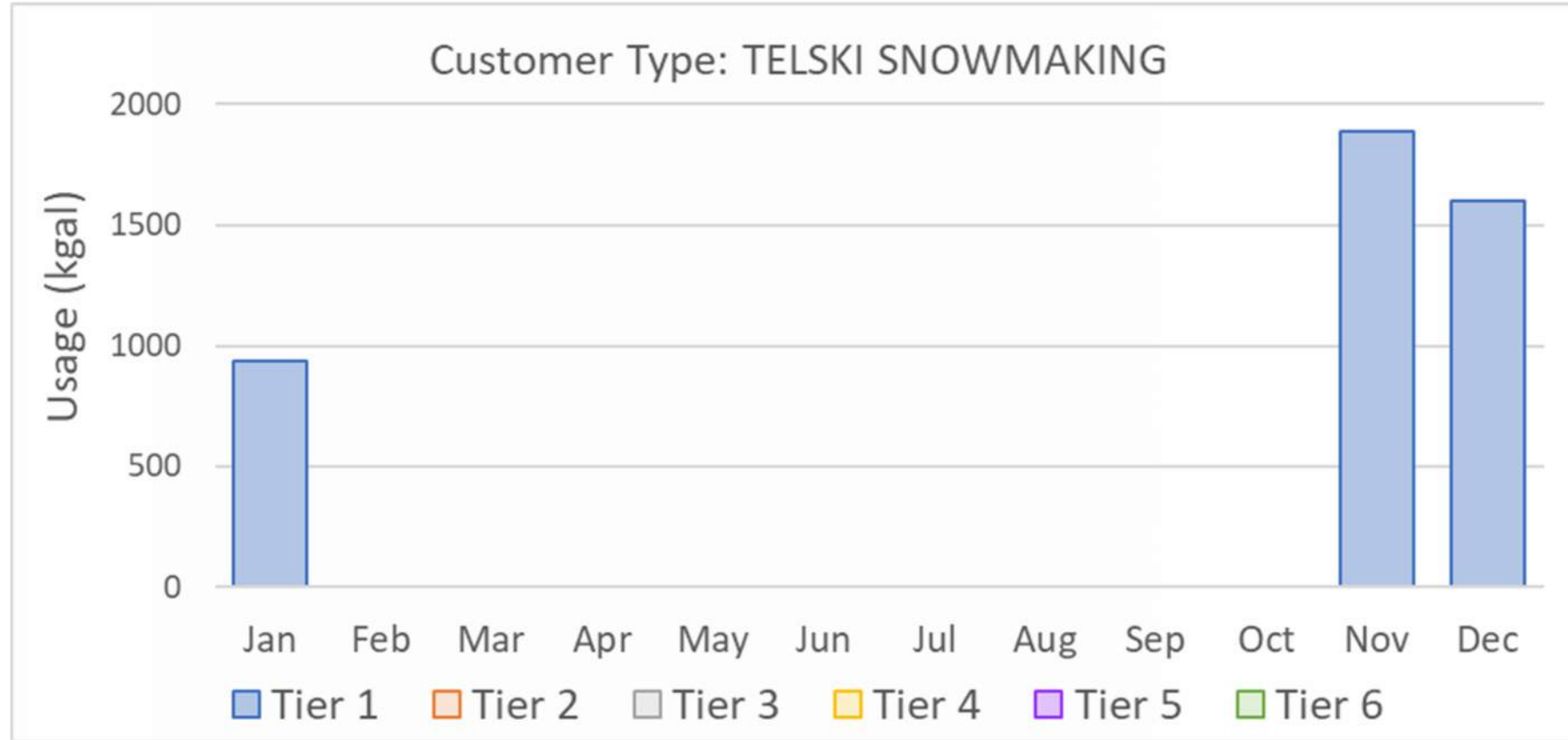


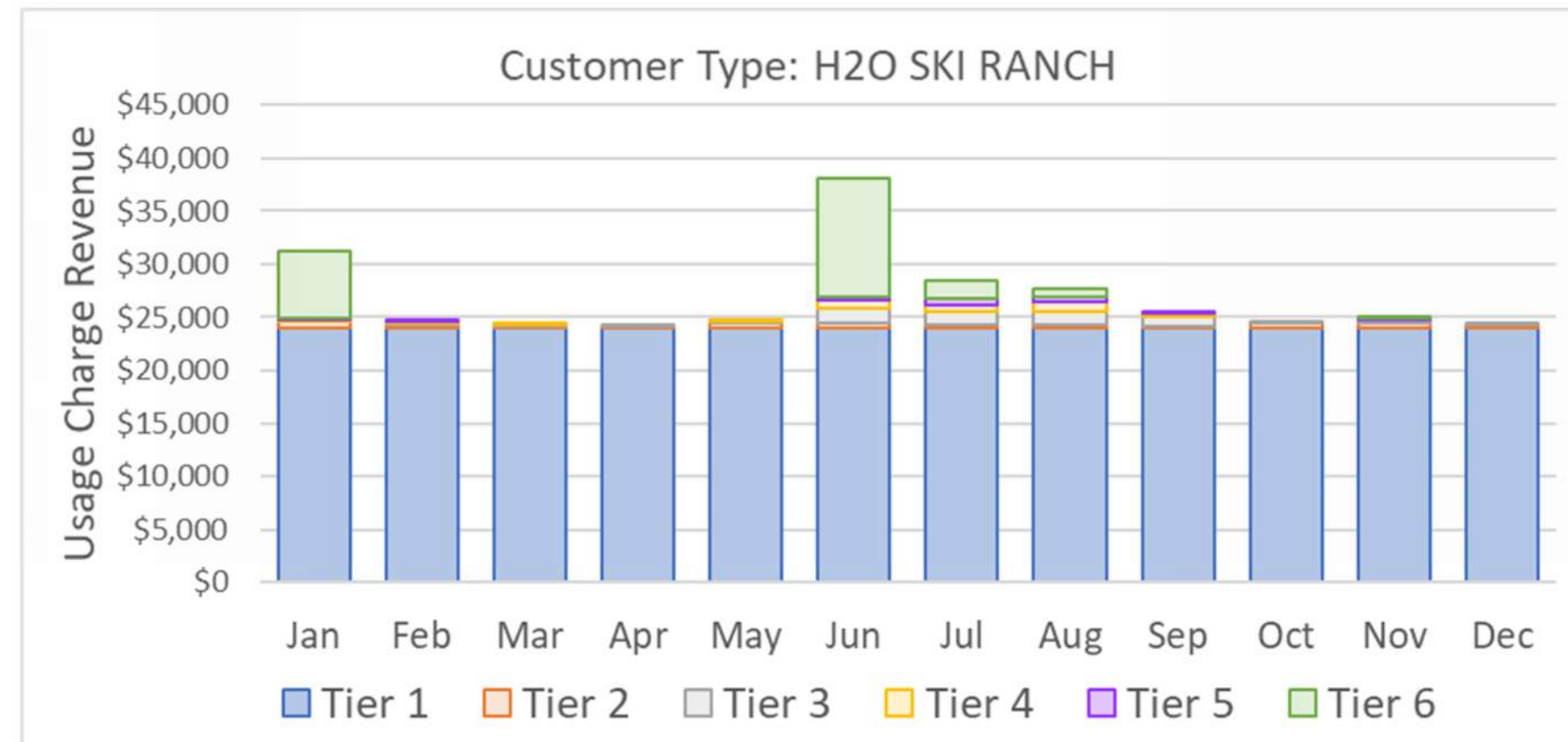
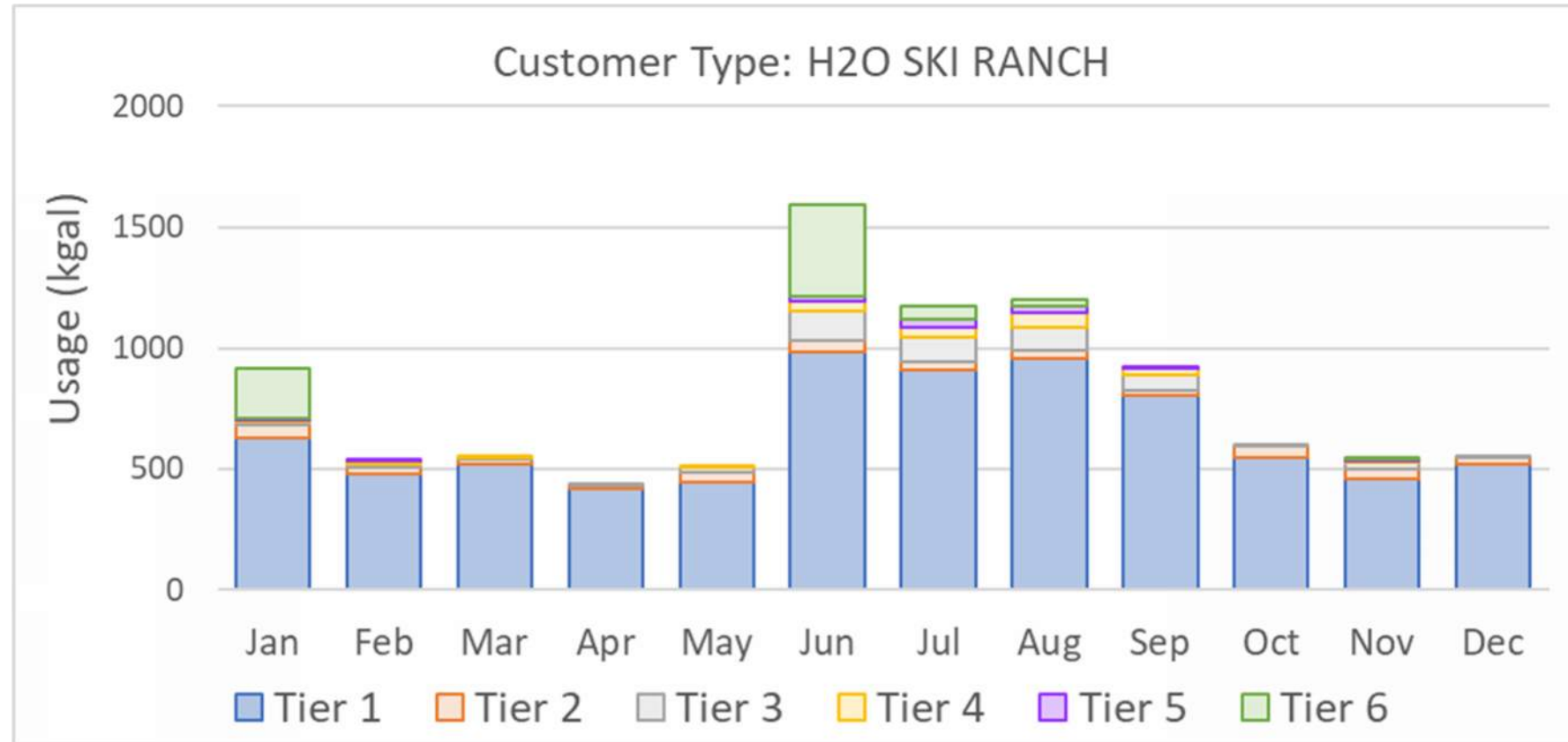


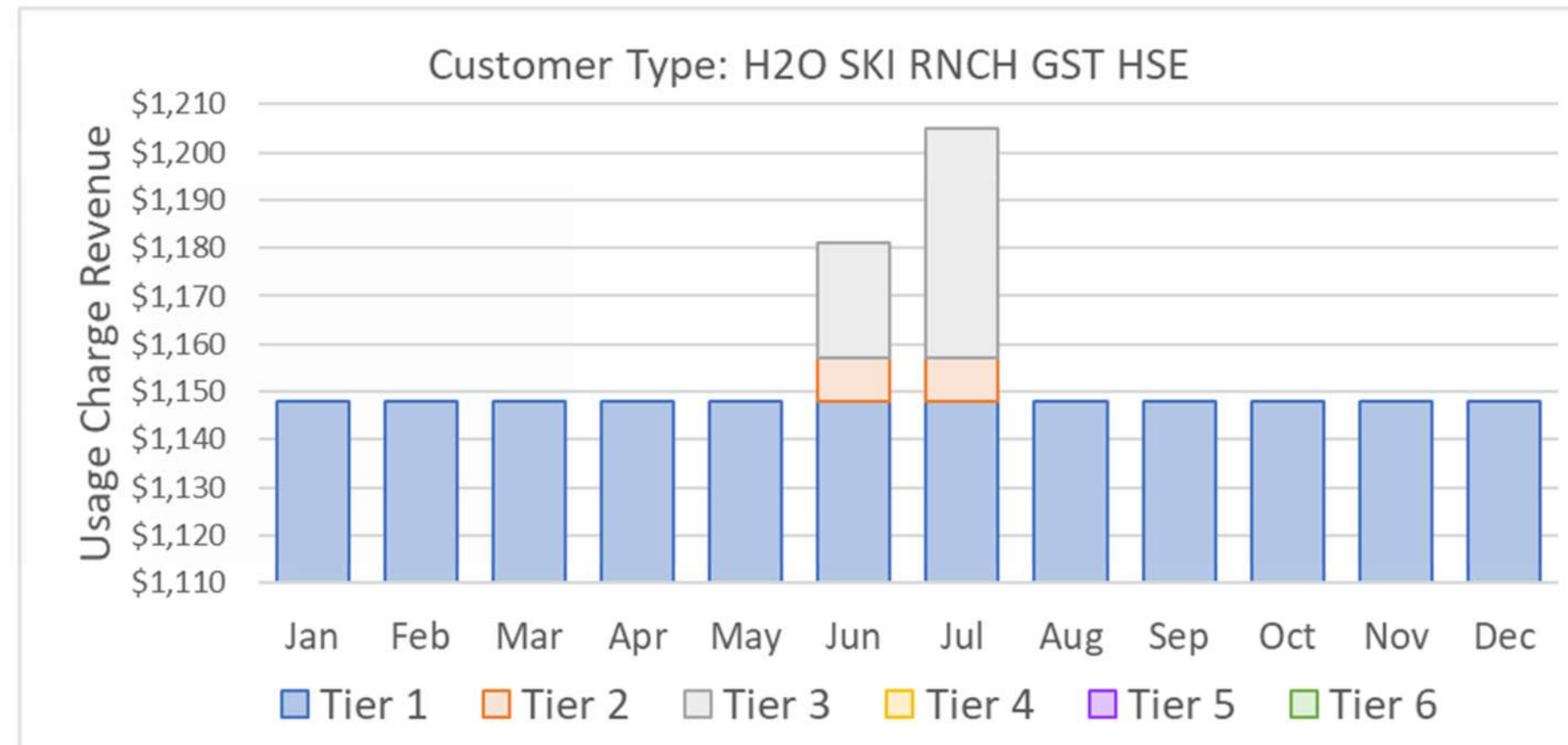
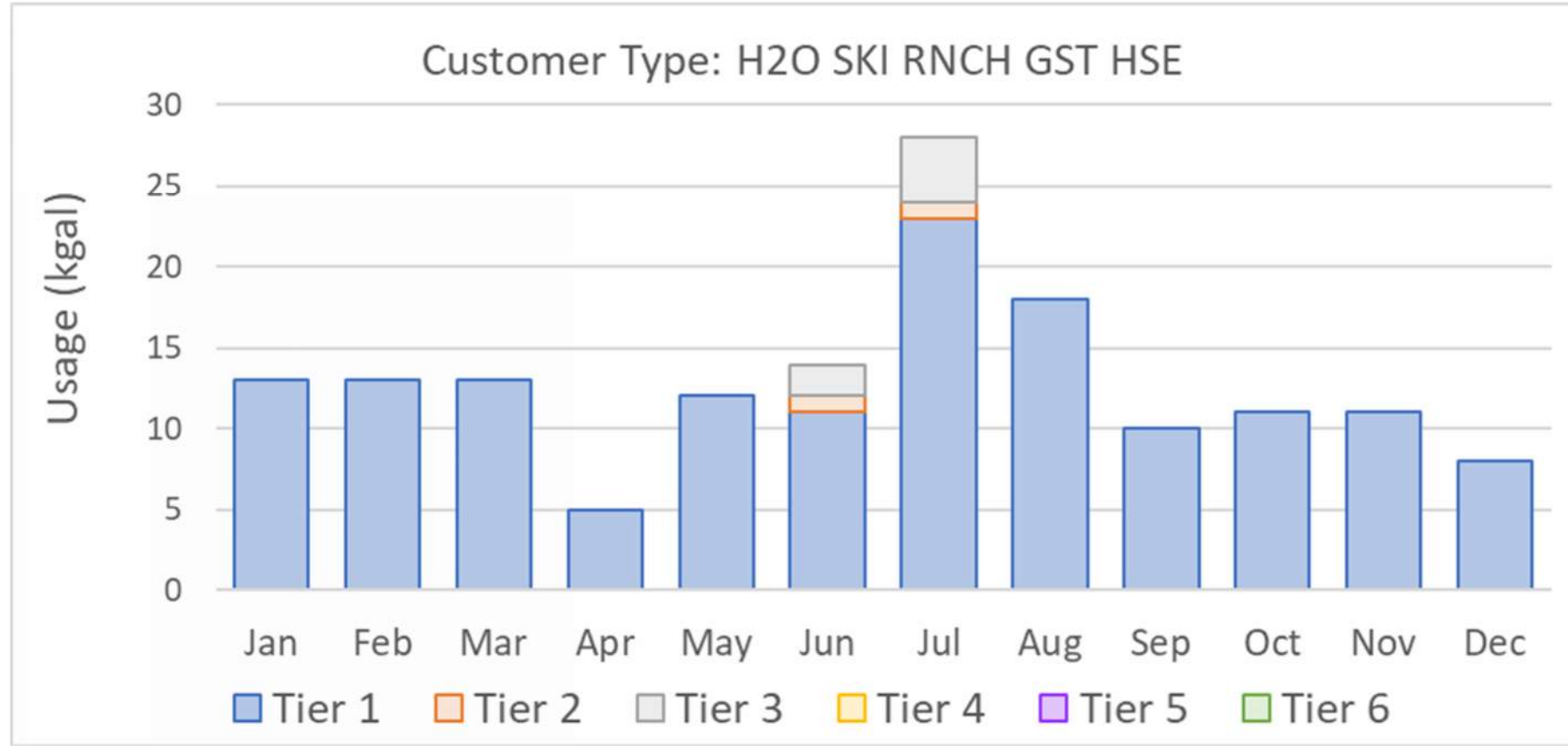


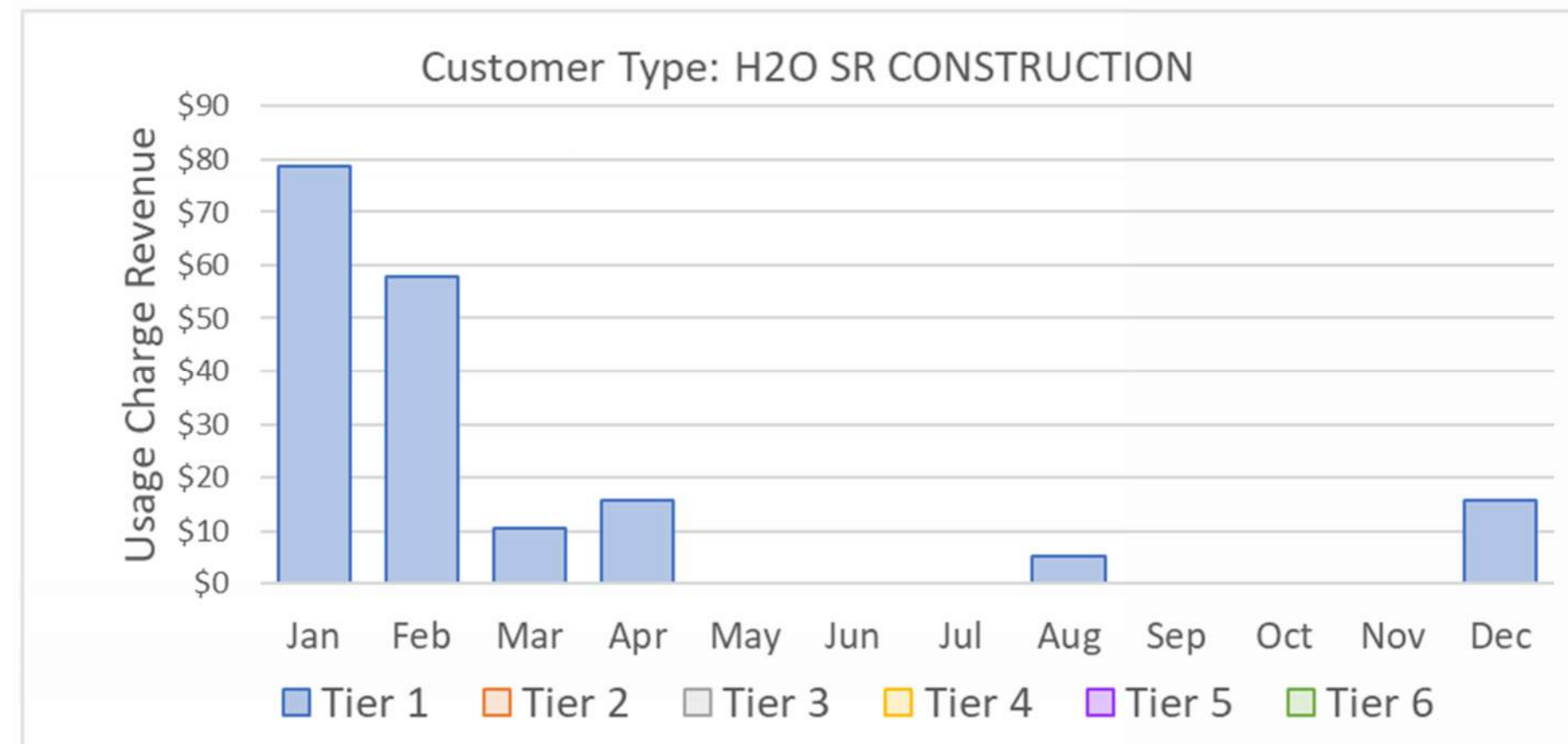
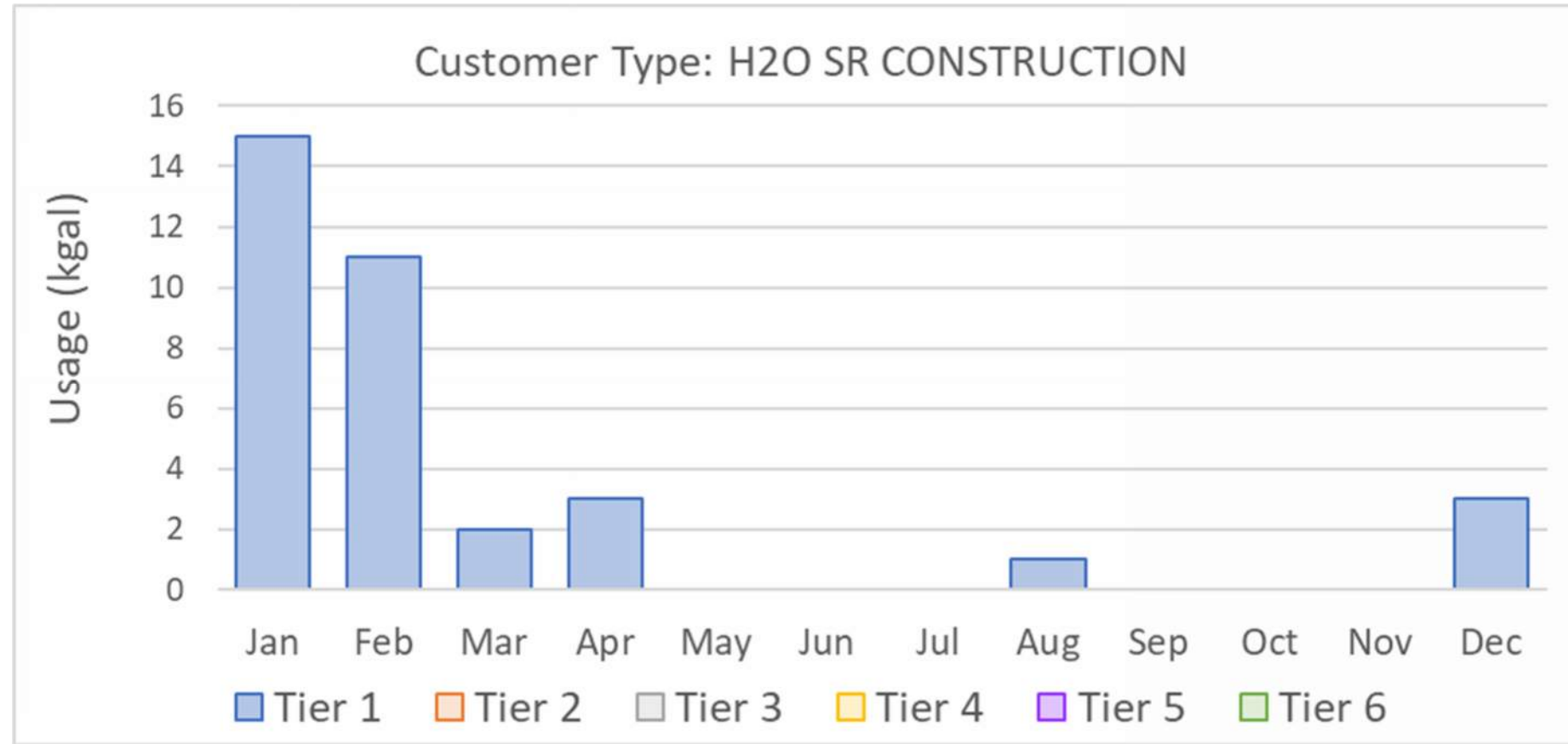












Capital Improvement Projects

Project	Water or Wastewater Fund	Project Start (Jan of)	Project End (Dec of)	Estimated Total Project Cost (2023\$)
Regional Sewer Capital	Wastewater	2023	2023	\$3,786,318
SCADA Replacement - Equipment & New Server	Water	2023	2023	\$139,500
SCADA Replacement - Equipment & New Server	Wastewater	2023	2023	\$15,500
SCADA Replacement - Equipment	Water	2024	2026	\$202,500
SCADA Replacement - Equipment	Wastewater	2024	2026	\$22,500
Vehicles - Replace 2013 F250 Pickup	Water	2024	2024	\$55,000
Vehicles	Water	2027	2027	\$32,200
Vehicles	Water	2030	2030	\$60,000
Miscellaneous FF&E - Well Turbo Meters	Water	2023	2024	\$24,000
Meter Replacement / New Meters	Water	2023	2024	\$1,500,000
Water Tank Painting	Water	2026	2026	\$282,000
Water Tank Painting	Water	2031	2031	\$500,000
Power Generator Well 30	Water	2028	2028	\$300,000
San Miguel Pump - Booster Pump & Motor	Water	2025	2025	\$350,000
San Miguel Pump	Water	2030	2030	\$350,000
I&I Remediation	Wastewater	2024	2025	\$1,000,000
Total Water				\$3,795,200
Total Wastewater				\$4,824,318

Water and Sewer Line Replacement Schedule

Water / Sewer Line Replacement Phase	Water or Wastewater Fund	Project Start (Jan of)	Project End (Dec of)	Estimated Total Annual Line Replacement Cost (2023\$)
Waterline Replacement MV	Water	2029	2029	\$365,800
Waterline Replacement MV	Water	2033	2033	\$900,000
Sewerline Replacement	Wastewater	2025	2025	\$75,000
Sewerline Replacement	Wastewater	2032	2032	\$250,000
Sewerline Replacement	Wastewater	2033	2033	\$190,000
Ski Ranches Capital	Water	2023	2033	\$250,000
Total Water				\$1,515,800
Total Wastewater				\$515,000

The logo for Triumph Development, featuring the word "TRIUMPH" in white, bold, uppercase letters on a black rectangular background.

Triumph Development
www.triumphdev.com

To: Town of Mountain Village Staff and Town Council

From: Michael O'Connor

Date: 10/12/23

Re: Village Court Apartments Update and Schedule & Cost Impacts of the West Building Soil Conditions and Foundation Redesign

This memo provides an update on the construction of Phase IV of the Village Court Apartments with a focus on the challenges that the development team has encountered due to the unanticipated existing conditions of the site.

Construction of the East Building is on track with the original construction schedule. Production and delivery of all modular units will be complete before the end of this month.

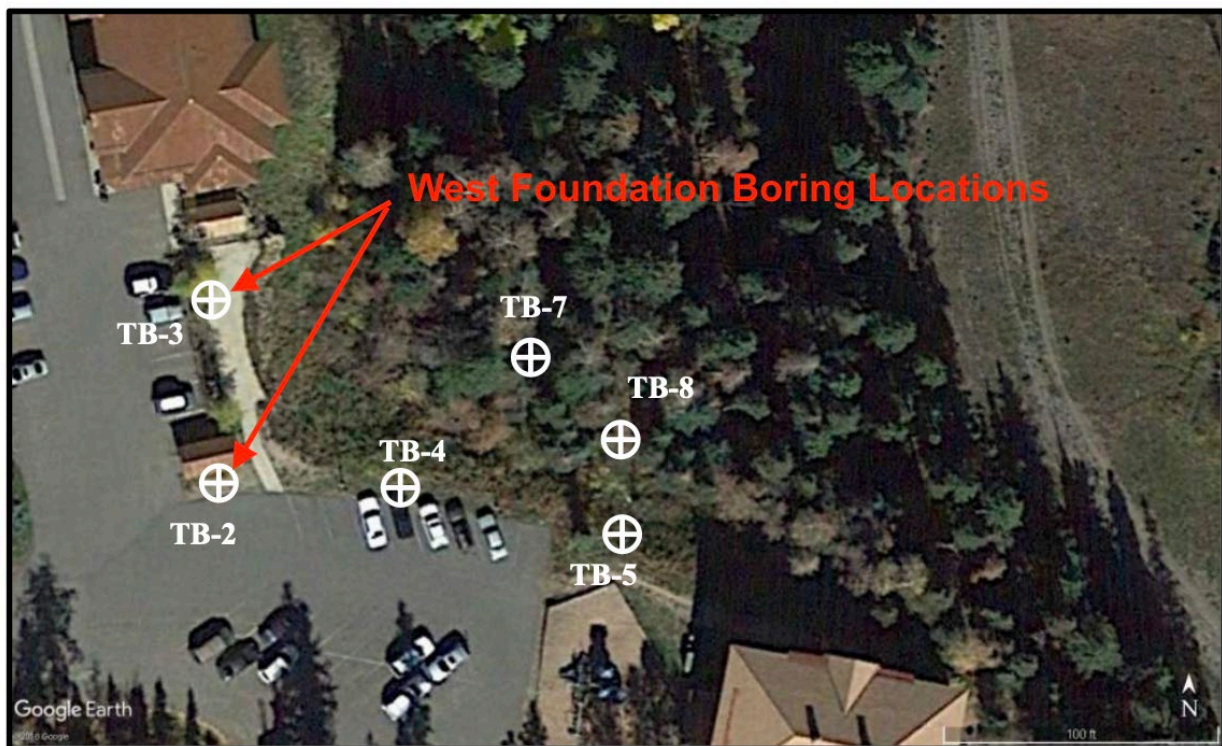
Assuming that we can receive approval from the Town's Building and Planning Departments for a phased delivery and Temporary Certificate of Occupancy for the East Building, we should be ready for occupancy of the East Building by February 2024 as originally planned.

While construction of the East Building is proceeding according to plan, the West Building's progress has been substantially impacted due to the challenging soil conditions of the site. These inadequate soils were used as backfill to cover the pre-existing sewer line that runs through the center of West Building's footprint. The memo below will provide the history of the engineering and design, as well as the steps that the development team has pursued to manage the conditions encountered. Finally, the memo will present the options that are available to continue with construction. Although it was understood that substantial fill was used in this area when VCA was initially constructed, the nature and scope of the fill material used around the sewer line was much deeper and wide-spread than the soils studies identified, and necessitated a re-engineering of the foundation so that the sewer line could be better supported. More details are found in the narrative below.

Design Background

One of the driving factors of the Town's original design for VCA was the surveyed location of the community sewer line that runs through the West Building's footprint. The building's foundation includes a concrete access vault in order to maintain this sewer after the building is complete.

Additionally, the Town engaged Trautner Geotech to perform soils testing to inform the structural design in a Report dated December 6, 2018. This report was later supplemented with additional recommendations in a letter dated September 20, 2019. The two borings that informed this geotechnical analysis were drilled in reasonable locations at either end of the planned building to gauge the quality of the soil that would be encountered.



Source: GEOTECHNICAL ENGINEERING STUDY FOR THE VILLAGE COURT APARTMENT STRUCTURES - Dated December 6, 2018

The recommendations of this soil testing informed the Town’s design team’s decision to implement a traditional spread-footing foundation that would rest on the native soils encountered in the borings.

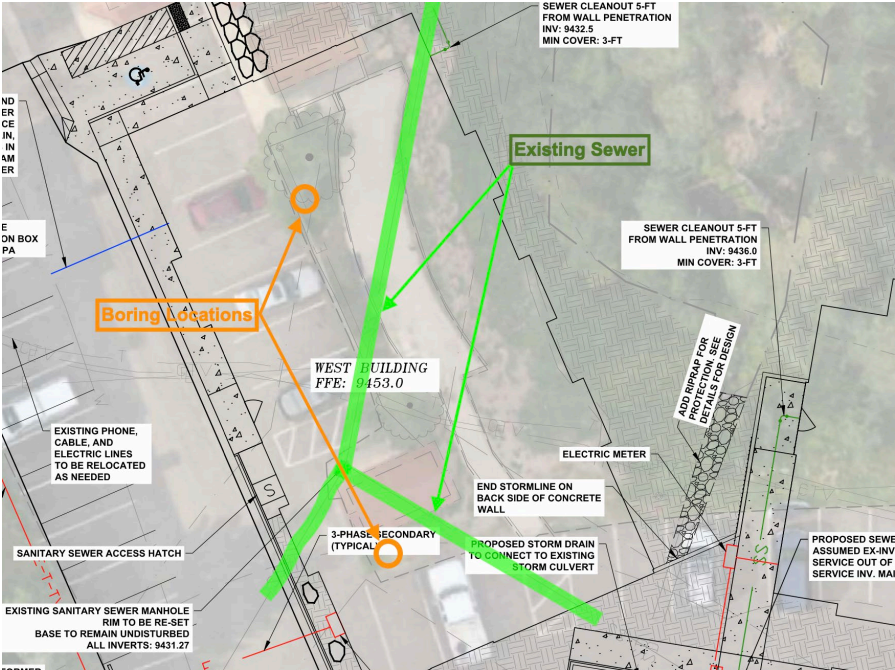
Existing Conditions Encountered During Excavation

With the commencement of excavation for the West building in late June 2023, the construction team encountered widespread, poor-quality, man-placed fill that was used as backfill for the sewer line after it was installed. Additionally, the sewer line was extremely deep in places and the cone of this poor quality backfill above the sewer line spanned the majority of



the foundation. The location of the sewer line and construction photos showing the poor quality backfill can be seen in the images below.

Location of Sewer Line and Geotech Borings



Excavation Photo 1 – Northeast Side of the Building Adjacent to VCA Building 14



Excavation Photo 2 – Southeast Side of Excavation Adjacent to New East Building



Excavation Photo 3 – Backfill Debris



Upon encountering these soils, the development team contacted the geotechnical engineer who examined the site and confirmed that the soil was entirely unsuitable for the spread footings assumed in the initial project design. Additionally, as the building will span one of the main sewer lines servicing this area of Mountain Village, there is no margin for error in allowing the building to settle and compromise the sewer. In a supplemental letter dated July 10, 2023, after additional borings and site observations were complete, the engineer directed that a deep foundation system which secures the building into bedrock is the only prudent manner to proceed with the West Building’s foundation.

Redesign Steps and Schedule Impacts

With this direction from the geotechnical engineer, the design team began the redesign process for the foundation. Given the complexities of the soil, the entirely new deep foundation, and the sewer that needed to be located with exact precision so that the new deep foundations do not hit this sewer – this redesign process took several rounds involving multiple consultants. At each step of the evolution of the new design, the project’s geotechnical engineer, structural engineer, deep foundation design/contractor, and surveyors needed to take turns in advancing the design. The key dates associated with this redesign process is identified in the below table.

<u>Key Delay Dates</u>	Begin	End
Soil Conditions Identified & Resolution Kickoff	6/22/23	6/26/23
Additional Soil Testing	6/27/23	7/5/23
Soil Report & Recommendations	7/6/23	7/12/23
Initial Foundation Redesign	7/13/23	8/8/23
Underground Sewer Scoping & Survey	7/25/23	8/2/23
Initial Micropile Design and Layout	8/10/23	8/11/23
90% Foundation Drawings Submitted for Permit	8/12/23	8/14/23
Final Foundation Drawings Issued for Construction	8/15/23	8/29/23
Underground Sewer Locating with Potholes	9/6/23	9/13/23
Micropile Layout Revisions & Final Foundation Design	9/14/23	9/25/23
Total Days of Redesign Duration		95
Total Days to Commence Construction		68

With more than two months of delay until the construction team was in a position to continue with excavation work, the construction of the West Building foundation is now in a race against winter to complete the foundation before the coldest portion of winter sets in. In addition, there is a substantial additional scope of work to install micropiles that must be complete before the concrete scope can begin.

Construction Alternatives to Minimize Impacts

The development team has analyzed two options for the Town's consideration to minimize the impacts of this delay on the overall budget and schedule.

The first option is to press through winter with the set and stitch of the West Building as the weather allows in early January, complete the exterior façade with prefinished materials that can be installed in winter, have the building complete in mid-May 2024, and then come back to touch-up the façade and complete flatwork in the spring.

The second option is to delay set and stitch of the West Building until spring and complete the building for occupancy in August 2024.

The schedule impacts, budget impacts, and risk components for each of these options is discussed below.

Option 1 – Winter Construction with Design Modifications to Minimize Winter Conditions

The schedule associated with first option is outlined below. The project would continue to press forward with foundations in earnest to complete concrete pours in early December. After the new year, modular units would be set in January which historically offers good weather windows to complete this crane-work. Immediately after set and stitch, the roof framing, exterior façade, and interior MEP and trim work would commence.

Please note that if the completed building were to be occupied in May, there would need to be temporary provisions for resident and life-safety access into the building as final grading, parking lot and sidewalk construction, and landscaping will need to occur from late May into early July as the weather allows.

One design item that should be noted with this option - the development team would be looking to use prefinished siding to avoid exterior painting during winter. The construction team has successfully used this prefinished siding in other workforce housing projects.

Proposed Schedule	Start	End	Notes
Micropiles	9/12/23	10/10/23	
Foundation	9/29/23	12/12/23	
Waterproof, Blocking, Insulate & Backfill	12/13/23	12/29/23	
Modular Set/Stitch	1/2/23	1/26/23	
Roof	1/29/24	2/27/24	
Interior Completion	1/30/24	4/9/24	
Prefinished Exterior Siding	2/9/24	4/9/24	To minimize painting costs
Allowance for Winter Weather Days (10)	4/10/24	4/20/24	
TCO (and Potential Occupancy?)	4/21/24	5/10/24	Building complete. Site elements remain
Spring Exterior Completion	5/11/24	7/10/24	Flatwork, grading façade touch-up
Landscaping	6/1/23	7/10/24	
Final CO		7/10/24	

Each of the projected budget impacts for this option are presented below. The primary goal of this option is to prepare the building for occupancy as soon as possible. If the building is complete before 5/21, there should not be a need to extend the current Builders Risk policy which can be a substantial and unpredictable cost.

Budget Considerations	\$	Notes
Foundation Redesign & Additional Design CA	\$ 23,000	
Added Micropiles, Excavation and Concrete	\$ 760,000	
Foundation Conflicts w/ Sewer & West Entry	\$ 15,000	
Incremental Cost of Prefinished Siding	\$ 18,000	Avoids painting
Additional Winter Conditions Allowance	\$ 75,000	
Winter Snow Removal at Storage Yard	?	TOMV help with snow at staging yard
Incremental Cost of Winter Set/Stitch	\$ 67,800	
Builders Risk Insurance Extension	\$ -	No extension required if TCO by 5/21
General Contractor General Conditions	\$ 194,428	
Total	\$ 1,153,228	

In addition to these projected schedule and budget impacts, there are other risk, opportunities, coordination elements worth considering:

- Unpredictable and severe winter conditions which could increase the \$75,000 additional Winter Conditions allowance included above.
- Snow management at the airport staging yard. Prior to and during the one-week setting activities, we will need to plow and provide safe access on the road to the yard.
- Inconvenience of the temporary pedestrian access and spring completion work on tenants.
- Finishing this building three months earlier than Option 2 would result in the opportunity for more than \$35,000 in additional income to the project.

- This early occupancy will require the team to work with the building, planning and fire departments on the logistics and safe access to the building in May before all sitework is complete.

Option 2 – Winter Shutdown and Commence Modular Assembly in the Spring

The projected schedule for the second option is outlined below. In this option, the project would avoid the uncertainty of winter conditions by remobilizing in the spring to set and complete the modular units. Under the scenario the building would be ready for occupancy in mid to late August.

Proposed Schedule	Start	End	Notes
Micropiles	9/12/23	10/10/23	
Foundation	9/29/23	12/12/23	
Waterproof, Blocking, Insulate & Backfill	12/13/23	12/29/23	
Modular Set/Stitch	5/1/24	5/25/24	Pickup Construction as allowed in spring
Roof	5/26/24	6/24/24	
Interior Completion	5/26/24	7/26/24	
Exterior Siding	5/26/24	7/15/24	
Spring Exterior Completion	7/16/24	8/6/24	
Allowance for Spring Weather Days (5)	8/7/24	8/12/24	
Landscaping	7/16/24	8/13/24	
CO and Occupancy	8/13/24	8/20/24	

This scenario would lose the efficiencies of constructing the West Building concurrently with the East Building, thus increasing the projects general conditions even more. Additionally, this option would incur the added cost of extending the Builders Risk Policy for at least three months as well as the cost to prepare mods for winter and regularly clear snow from the modular units in the yard.

Budget Considerations	\$	Notes
Foundation Redesign	23,000	
Added Micropiles	760,000	
Foundation Conflicts with Upstream Sewer Line	15,000	
Winter Conditions Estimate	-	
Snow Maintenance of Mods at Storage Yard	60,000	
Incremental Cost 2nd Set/Stitch Mobilization	30,000	
Builders Risk Insurance Extension Allowance	60,000	Estimated. Can not get quote until spring
General Conditions for Longer Schedule	306,136	
Total	1,254,136	



In addition to these projected schedule and budget impacts, there are other risk, opportunities, coordination elements worth considering:

- More straightforward and predictable construction schedule with less unpredictable costs.
- There is some risk from winter to the modular units sitting in the staging yard.
- Missing three potential months of occupancy and rental income.

Development Team Recommendation, Contingency and Additional Funding Needed

In comparing the schedule impacts, risks and budgets of the two options, the development team recommends to the Town Council to direct us to pursue Option 1 outlined above. This option is marginally less expense and would facilitate an earlier completion of the project.

The project's original development budget included \$499,499 of total project contingency. As of the writing of this report we have \$184,862 in contingency items that have been identified to date. The remaining balance of \$314,637 is not sufficient to cover the costs outlined above – though we believe \$150,000 or almost half of the remaining contingency can be allocated to partially cover this cost. While this leaves a low contingency balance at this point in a development, given the circumstances, we are committed to managing the remainder of the project within this level of expectation.

After applying this \$150,000 of contingency, the project is requesting \$1,003,228 in order move forward and complete the Village Court Apartments under the schedule outlined in Option 1 above.



**Business and Government Activity Report
For the month ending: September 30th**

Activity	2023			2022			YTD or MTD Variance		
	MONTH	Monthly Change	YTD	MONTH	Monthly Change	YTD	Variance	Variance %	
Village Court Apartments									
Occupancy Rate	%	99.55%	0.91%	99.19%	97.73%	-2.22%	98.94%	0.25%	0.3%
# Vacated Units		1	(2)	22	2	(4)	26	(4)	-15.4%
# Work Orders Completed		14	(3)	208	27	11	175	33	18.9%
# on Waiting List		99	4		191	0		(92)	-48.2%
Public Works									
Sewage information is sometimes unavailable at time of publishing.									
Service Calls		867	(38)	6,812	1,315	136	8,049	(1,237)	-15.4%
Truck Rolls		676	400	2,351	755	70	3,635	(1,284)	-35.3%
Snow Fall	Inches	0	0	155	0	0	117	38	32.5%
Snow Removal - Streets & Prkg Lots	Hours	0	0	2,619	0	0	2,352	267	11.4%
Roadway Maintenance	Hours	338	(112)	1,897	242	(119)	1,823	74	4.1%
Water Billed Consumption	Gal.	21,134,000	(5,337,000)	166,259,000	17,966,000	(3,096,000)	144,761,000	21,498,000	14.9%
Sewage Treatment	Gal.	6,828,000	(1,316,000)	86,610,000	7,410,000	(2,474,000)	66,890,000	19,720,000	29.5%
Child Development Fund									
Daycare will begin billing a flat monthly amount and is now offering up to 5 days a week vs. 4 so therefore the calculations of average number of children will change somewhat.									
# Infants Actual Occupancy		7.07	0.28		5.00	0.11		2.07	41.4%
# Toddlers Actual Occupancy		6.65	(1.51)		11.50	(1.03)		(4.85)	-42.2%
# Preschoolers Actual Occupancy		14.13	(0.71)		9.81	(3.35)		4.32	44.0%
Transportation and Parking									
Paid parking revenues include the remaining balance due for Bluegrass special event parking									
GPG Parking Utilization (% of total # of spaces occupied)		52.3%	-1.80%	55.9%	44.30%	4.30%	49.7%	6.2%	12.5%
HPG Parking Utilization (% of total # of spaces occupied)		42.5%	-1.50%	53.5%	42.10%	7.80%	47.3%	6.2%	13.1%
Parking Utilization (% of total # of spaces occupied)		47.6%	-3.60%	53.0%	47.10%	2.30%	52.5%	0.5%	1.0%
Bus Routes	# of Passengers	9,090	(2,651)	47,951	9,065	(1,964)	45,341	2,610	5.8%
Paid Parking Revenues		\$38,503	(\$146,788)	\$554,880	\$24,840	(\$107,121)	\$481,143	\$73,737	15.3%
<small>Part Time EE's: Council (7), Judge (1), Gondola Project Manager (1), Child Care (4), MARRS (7), Police Reserves (3), DRB (9) Seasonal EE's: Gondola Ops, Parks & Rec and Plaza Services New Hires: None Terms: 1 Childcare Program Assistant, 2 Seasonal Gondola Operator 1, 2 Seasonal Gondola Attendants, 1 Plaza Mtn Specialist II, 1 Reserve Police Officer Reason for Terms: 1 involuntary, 1 reserve job ended, 3 left the area, 2 seasonal job ended</small>									
Human Resources									
FT Year Round Head Count		96	5		87	8		9	10.3%
Seasonal Head Count (FT & PT)		5	0		3	0		2	66.7%
PT Year Round Head Count		21	(12)		21	6		0	0.0%
Gondola FT YR, Seasonal, PT YR Head Count		56	7		52	6		4	7.7%
Total Employees		178	0		163	13		15	9.2%
Gondola Overtime Paid	Hours	416	90	3,246	751	282	2,575	671	26.1%
Other Employee Overtime Paid		147	(2)	557	71	(64)	799	(242)	-30.3%
# New Hires Total New Hires		0	(9)	61	8	2	61	0	0.0%
# Terminations		7	1	51	6	(3)	54	(3)	-5.6%
# Workmen Comp Claims		0	(1)	10	0	0	6	4	66.7%
Workmen Comp Claims Costs		\$0	(\$2,741)	\$7,927	\$0	\$0	\$8,377	(\$450)	-5.4%
Communications & Business Development									
Town Hosted Meetings		6	(3)	57	7	(2)	64	(7)	-10.9%
Email Correspondence Sent		15	(19)	157	18	(11)	185	(28)	-15.1%
E-mail List	#	8,631	80		8,310	(32)		321	3.9%
Ready-Op Subscribers		2,170	2		2,092	15		78	3.7%
News Articles		16	(9)	170	22	(3)	174	(4)	-2.3%
Press Releases Sent		3	(5)	42	3	(2)	29	13	44.8%
Gondola and RETA									
Gondola	# of Passengers	286,748	(53,014)	2,590,988	292,788	(31,092)	2,539,949	51,039	2.0%
Chondola	# of Passengers	0	0	103,749	0	0	92,867	10,882	11.7%
RETA fees collected by TMVOA		\$ 1,587,604	\$ 756,949	\$ 9,684,392	\$ 2,357,614	\$ 1,168,204	\$ 11,330,568	(\$1,646,176)	-14.5%
Police									
Calls for Service	#	435	(48)	3,804	297	1	3,581	223	6.2%
Investigations	#	20	11	148	6	(6)	115	33	28.7%
Alarms	#	15	3	126	8	(6)	126	0	0.0%
Arrests	#	4	2	24	1	(2)	13	11	84.6%
Summons	#	2	0	20	1	(3)	23	(3)	-13.0%
Traffic Contacts	#	9	0	119	9	7	36	83	230.6%
Traffic Tickets Written	#	1	(1)	15	0	0	5	10	200.0%
Parking Tickets Written	#	379	(39)	3,999	142	(130)	2,718	1,281	47.1%
Administrative Dismissals	#	10	1	43	2	(2)	40	3	7.5%
Building/Planning									
2022 Revenues included an \$82,500 fine.									



Business and Government Activity Report
For the month ending: September 30th

Activity	2023			2022			YTD or MTD Variance	
	MONTH	Monthly Change	YTD	MONTH	Monthly Change	YTD	Variance	Variance %
Community Development Revenues	\$163,152	\$64,111	\$1,142,069	\$454,240	\$342,134	\$1,812,303	(\$670,234)	-37.0%
# Permits Issued	39	1	322	45	32	249	73	29.3%
Valuation of Mtn Village Remodel/New/Additions Permits	\$303,155	(\$8,282,430)	\$40,494,781	\$15,081,167	\$15,049,338	\$59,123,665	(\$18,628,884)	-31.5%
Valuation Mtn Village Electric/Plumbing/Other Permits	\$951,698	\$332,293	\$7,846,871	\$709,816	\$611,626	\$3,757,584	\$4,089,287	108.8%
Valuation Telluride Electric/Plumbing Permits	\$476,628	\$73,000	\$4,285,232	\$542,226	\$512,726	\$2,899,524	\$1,385,708	47.8%
# Inspections Completed	391	(66)	3,258	392	(65)	3,426	(168)	-4.9%
# Design Review/Zoning Agenda Items	13	3	112	29	17	221	(109)	-49.3%
# Staff Review Approvals	60	3	368	69	(16)	413	(45)	-10.9%

Plaza Services Refuse and recycle statistics come from an outside source and are not always available at the time of publishing

Snow Removal Plaza	Hours	0	0	2,194	0	0	807	1,387	171.9%
Plaza Maintenance	Hours	767	14	5,467	620	2	4,632	835	18.0%
Lawn Care	Hours	244	9	1,699	159	(205)	1,124	575	51.2%
Plant Care	Hours	506	(178)	2,995	235	(185)	1,880	1,115	59.3%
Irrigation	Hours	120	16	598	107	22	457	141	30.9%
TMV Trash Collection	Hours	85	(47)	1,065	84	(64)	899	166	18.5%
Christmas Decorations	Hours	43	43	582	5	(38)	589	(7)	-1.1%
Residential Refuse	Pound	123,076	12,162	883,814	129,411	13,563	926,227	(42,413)	-4.6%
Residential Recycle	Pound	35,713	3,538	288,848	49,592	4,993	349,265	(60,417)	-17.3%
Diversion Rate	%	22.49%	0.00%	24.63%	27.70%	-0.09%	27.38%	-2.75%	-10.0%

Vehicle Maintenance

# Preventive Maintenance Performed	21	5	166	24	12	162	4	2.5%
# Repairs Completed	15	(7)	198	26	(11)	237	(39)	-16.5%
Special Projects	1	(1)	15	1	0	18	(3)	-16.7%
# Roadside Assists	0	0	2	0	0	6	(4)	-66.7%

Finance July billing through the end of year will be reduced because of the Broadband sale. Lodging Revs is tracking differently now.

# Other Business Licenses Issued	12	(10)	1,177	16	(19)	1,346	(169)	-12.6%
# Privately Licensed Rentals	0	(1)	120	3	3	109	11	10.1%
# Property Management Licensed Rentals	2	(2)	511	6	(18)	459	52	11.3%
# Unique VRBO Property Advertisements Listings for MV	683	683	611	78	72	11.8%		
% of Paperless Billing Customers	56.48%	3.63%	60.56%	0.92%	-4.1%	-6.7%		
# of TMV AR Bills Processed	1,103	(72)	17,444	2,396	40	20,666	(3,222)	-15.6%

Accounts Receivable

	TMV Operating Receivables (includes Gondola funding)		Utilities - Broadband and Water/Sewer		VCA - Village Court Apartments	
	Amount	%	Amount	%	Amount	%
Current	\$497,945	60.1%	\$432,240	87.5%	\$16,850	50.0%
30+ Days	289,261	34.9%	51,451	10.4%	7,348	21.8%
60+ Days	9,837	1.2%	5,289	1.1%	212	0.6%
90+ Days	2,723	0.3%	1,083	0.2%	510	1.5%
over 120 days	28,819	3.5%	3,883	0.8%	8,780	26.1%
Total	\$ 828,585	100.0%	\$ 493,946	100.0%	\$ 33,700	100.0%
	Construction Parking		Total All AR		Change Since Last Month - Increase (Decrease) in AR	
Current	\$6,600	76.2%	\$ 953,635	69.9%	\$53,527	17.6%
30+ Days	1,916	22.1%	349,976	25.6%	281,627	92.5%
60+ Days	2	0.0%	15,340	1.1%	(20,944)	-6.9%
90+ Days	2	0.0%	4,318	0.3%	(24,583)	-8.1%
over 120 days	143	1.7%	41,625	3.0%	14,675	4.8%
Total	\$8,663	100.0%	\$ 1,364,894	100.0%	\$ 304,302	100.0%

Other Statistics

Population (estimated)	1,434
(Active) Registered Voters	1,049
Assessed Property Valuation	326,606,828



Memorandum

To: Town Council
From: Lizbeth Lemley, Julie Vergari
Date: October 12, 2023
Re: Town of Mountain Village Financial Statements through September 2023

Mountain Village Financials Statements through September 2023

General Fund Summary

The September financial statements as presented reflect the 2023 adopted budget prorated through September 2023. Also included are 2022, 2021 and 2020 actuals for comparison.

As of September 30, 2023, general fund revenues of \$14.1 million exceeded budget by \$681,373 or 5%. Revenues compared to 2022, 2021 and 2020 revenues were (3)%, 10%, and 43% respectively. Investment income and sales taxes have continued to exceed the budget. Sales tax revenues collected and accrued through September 2023 were 8% over budget and 1% under 2022. These increases have been partially offset by community development related revenues coming in behind budget year to date.

General Fund operating expenditures through September totaled \$8.8 million and were \$1.6 million under budget. While the Town has seen a significant increase in the cost of natural gas in 2023, there have been savings in personnel related costs and the timing of certain budgeted expenditures. Additional discussion of GF variances is included on the General Fund Revenue and Expenditure Report in this packet.

Year to date, the General Fund Revenue and Expenditure report reflects a surplus of \$3.3 million and an estimated unreserved fund balance of \$15.2 million.

Transfers to other funds include:

Fund	This Month	YTD Budget	YTD Actual	Budget Variance
Capital Projects Fund (From GF)	\$ -	\$ 1,931,708	\$ 1,668,278	(263,430)
Child Development Fund	\$ 29,910	\$ 112,631	\$ 41,956	(70,675)
Conference Center Subsidy	\$ 8,656	\$ 180,973	\$ 109,658	(71,315)
Affordable Housing Development Fund (Monthly Sales Tax Allocation)	\$ 75,832	\$ 505,460	\$ 718,523	213,063
Vehicle & Equipment Acquisition Fund	\$ 6,646	\$ 342,030	\$ 288,813	(53,217)

Income transfers from other funds include:

Fund	This Month	YTD Budget	YTD Actual	Budget Variance
Overhead allocation from Broadband, W/S, Gondola, VCA and Parking Services	\$ 5,373	\$ 720,533	\$ 707,798	(12,735)
*Tourism Fund	\$ 8,644	\$ 104,387	\$ 114,199	9,812
*This transfer is comprised of administrative fees, interest, and penalties collected.				
Debt Service Fund (Specific Ownership Taxes)	\$ -	\$ 18,851	\$ 15,256	(3,595)

Vehicle and Equipment Acquisition Fund – No Fund Income Statement Attached

A building department vehicle, a police vehicle, a new plow for road and bridge, EV charging stations, and parks and recreation equipment have been purchased and shop equipment, the skid steer exchange has been paid.

Capital Projects Fund – No Fund Income Statement Attached

\$1.6 million in safety improvements has been expended and \$53,820 in grants have been received. \$91,600 has been paid for solar panels for the Shop.

Historical Museum Fund – No Fund Income Statement Attached

\$104,402 in property taxes were collected and \$102,310 has been tendered to the historical museum. The county treasurer retained \$2,092 in treasurer’s fees.

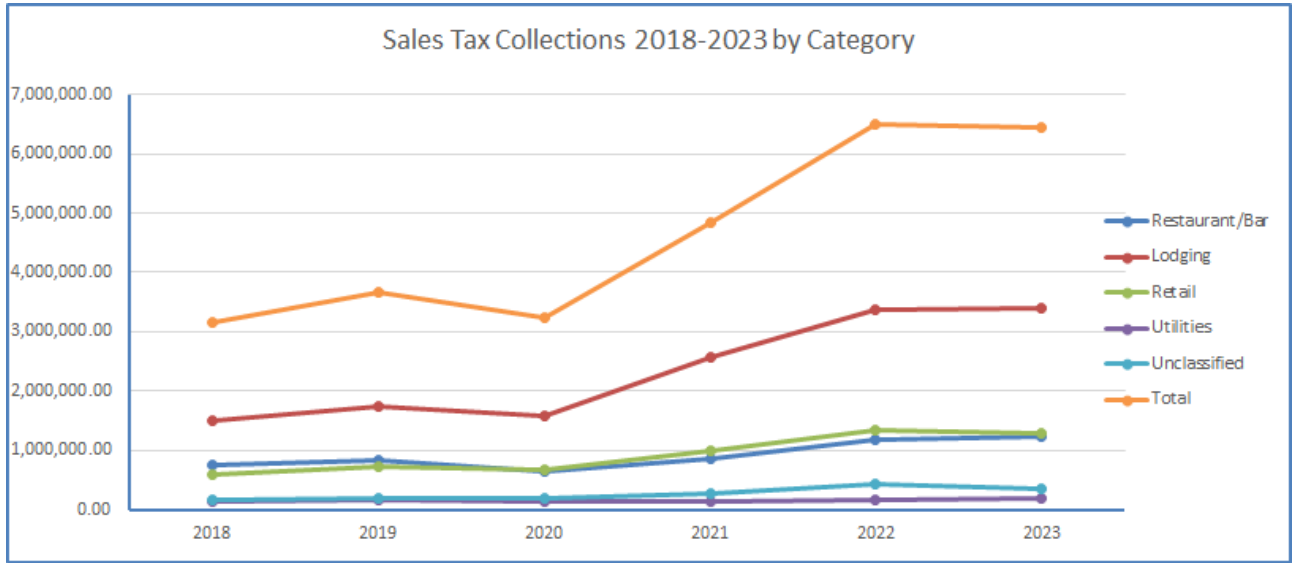
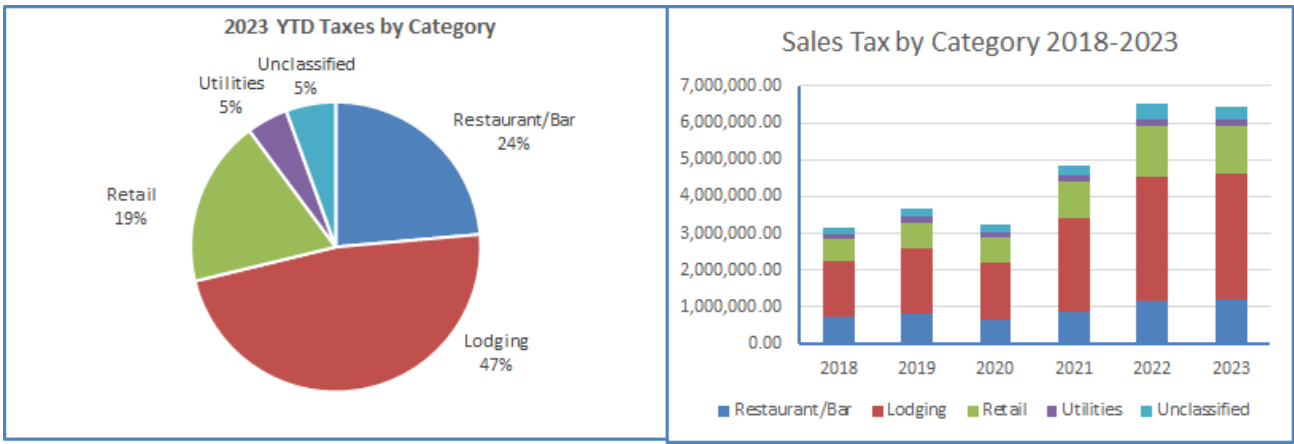
Mortgage Assistance Fund – No Fund Income Statement Attached

Mortgage assistance of \$30,000 was provided in July.

Sales Tax

The table below reflects actual sales tax collections through September 30, 2023, which represent August 2023 sales tax remittances. Sales taxes are collected one month in arrears. The year-to-date financial statements through September 2023 include accrued September sales tax amounts based on prior year amounts. These amounts are tried up when collected in October.

Tax Collection Summary								
4.5% Tax	August 2018	August 2019	August 2020	August 2021	August 2022	August 2023	2023-2022 % change	2023-2018 % change
Restaurant/Bar	\$ 87,931	\$ 100,552	\$ 85,034	\$ 138,665	\$ 150,623	\$ 148,372	-1.49%	68.74%
Lodging	153,375	181,492	255,905	385,409	331,099	353,174	6.67%	130.27%
Retail	53,194	72,038	95,419	117,405	136,048	134,148	-1.40%	152.19%
Utilities	14,541	14,499	13,769	13,132	14,828	13,155	-11.29%	-9.54%
Unclassified	11,925	9,665	28,836	30,989	69,085	24,149	-65.04%	102.52%
Total	\$ 320,966	\$ 378,247	\$ 478,964	\$ 685,600	\$ 701,683	\$ 672,998	-4.09%	109.68%
4.5% Tax	YTD 2018	YTD 2019	YTD 2020	YTD 2021	YTD 2022	YTD 2023	2023-2022 % change	2023-2018 % change
Restaurant/Bar	\$ 748,475	\$ 839,804	\$ 645,342	\$ 864,248	\$ 1,169,903	\$ 1,232,556	5.36%	64.68%
Lodging	1,508,907	1,745,195	1,578,379	2,559,685	3,381,120	3,399,958	0.56%	125.33%
Retail	590,057	717,888	682,805	996,924	1,355,025	1,279,363	-5.58%	116.82%
Utilities	146,126	161,195	139,970	141,838	161,138	184,164	14.29%	26.03%
Unclassified	176,362	191,843	183,977	276,575	437,807	345,081	-21.18%	95.67%
Total	\$ 3,169,926	\$ 3,655,925	\$ 3,230,472	\$ 4,839,271	\$ 6,504,993	\$ 6,441,121	-0.98%	103.19%



Tourism Fund

Business license fees of \$390,157 are over budget (12%). Penalties of \$10,421 were collected and transferred to the General Fund.

2023 restaurant taxes totaling \$549,570 have been recorded and will be tendered to the airline guarantee program less a 2% administrative fee. Lodging taxes totaling \$3 million have been recorded and ½ of the lodging tax, less a 2% administrative fee, will be tendered to the airline guarantee program.

Lodging taxes are over prior year by .5% and over budget by 16.1%. Restaurant taxes are over prior year and budget by 5.7% and 8.7%, respectively.

Town of Mountain Village Colorado Lodging Tax Summary									
	2019	2020	2021	2022	2023		2022	2023	Budget
	Activity (4%)	Activity (4%)	Activity (4%)	Activity (4%)	Activity (4%)		Var %	Budget (1)	Var %
January	300,246	325,337	272,725	523,260	591,486		13.04%	473,983	19.87%
February	310,947	334,936	358,584	700,805	708,132		1.05%	591,613	16.45%
March	401,256	212,698	476,051	759,281	722,313		-4.87%	646,969	10.43%
April	17,822	855	40,874	33,263	32,204		-3.19%	38,057	-18.18%
May	24,335	784	51,474	81,855	33,735		-58.79%	51,896	-53.83%
June	139,428	55,426	229,731	239,859	254,544		6.12%	190,285	25.24%
July	196,062	242,927	412,650	371,297	367,082		-1.14%	304,456	17.06%
August	160,993	226,805	336,701	294,342	313,933		6.66%	238,721	23.96%
September	158,287	173,096	323,713	299,591	-		-100.00%	217,963	NA
October	46,789	94,985	133,675	123,341	-		-100.00%	100,332	NA
November	14,761	38,597	71,435	55,744	-		-100.00%	58,815	NA
December	295,803	266,888	553,765	537,068	-		-100.00%	546,637	NA
Total	2,066,729	1,973,334	3,261,375	4,019,707	3,023,428		-24.78%	3,459,728	-14.43%
Tax Base	51,668,223	49,333,357	81,534,381	100,492,663	75,585,708			86,493,200	

Town of Mountain Village Colorado Restaurant/Bar Tax Summary									
	2019	2020	2021	2022	2023		2022	2023	Budget
	Activity (2%)	Activity (2%)	Activity (2%)	Activity (2%)	Activity (2%)		Var %	Budget (1)	Var %
January	62,864	73,576	45,706	76,624	92,994		21.36%	73,843	20.59%
February	66,720	76,476	59,659	104,748	114,079		8.91%	101,192	11.30%
March	87,671	50,565	82,463	126,092	130,164		3.23%	121,704	6.50%
April	7,364	85	5,733	4,195	3,718		-11.37%	4,102	-10.34%
May	4,299	553	6,196	5,901	5,561		-5.76%	5,470	1.64%
June	38,614	9,040	55,645	60,810	56,318		-7.39%	58,801	-4.41%
July	60,113	37,654	66,892	74,492	80,596		8.19%	71,792	10.92%
August	44,673	37,777	61,744	67,110	66,139		-1.45%	64,954	1.79%
September	42,922	32,718	62,772	64,352	-		-100.00%	61,536	NA
October	17,657	19,674	25,593	27,132	-		-100.00%	25,982	NA
November	3,503	8,215	8,777	8,854	-		-100.00%	8,205	NA
December	57,178	39,959	72,532	91,455	-		-100.00%	86,150	NA
Total	493,579	386,293	553,712	711,765	549,570		-22.79%	683,729	-24.41%
Tax Base	24,678,936	19,314,627	27,685,593	35,588,233	27,478,503			34,186,450	

**Town of Mountain Village Monthly Revenue and Expenditure Report
September 2023**

	2023						2022	2021	2020
	Actual YTD	Budget YTD	Budget Variance	Budget Variance (%)	Annual Budget	Budget Balance	Actual YTD	Actual YTD	Actual YTD
General Fund			(\$)	(%)					
Revenues									
Charges for Services	\$ 332,736	\$ 393,048	\$ (60,312)	-15.34%	\$ 509,486	\$ 176,750	\$ 540,510	\$ 591,879	\$ 251,804
Contributions	2,319	121,384	(119,065)	-98.09%	173,340	171,021	77,594	73,081	51,203
Fines and Forfeits	3,370	5,613	(2,243)	-39.96%	7,576	4,206	83,750	2,228	66,240
Interest Income	763,124	301,500	461,624	153.11%	402,000	(361,124)	145,247	10,581	162,214
Intergovernmental	379,378	400,936	(21,558)	-5.38%	384,557	5,179	371,714	485,842	440,035
Licenses and Permits	368,975	383,462	(14,487)	-3.78%	507,950	138,975	483,744	536,326	319,948
Miscellaneous Revenues	188,946	68,224	120,722	176.95%	205,414	16,468	93,047	238,200	57,547
Taxes and Assessments	12,090,226	11,773,534	316,692	2.69%	13,946,146	1,855,920	12,824,913	10,858,908	8,535,323
Total Revenues	14,129,074	13,447,701	681,373	5.07%	16,136,469	2,007,395	14,620,519	12,797,045	9,884,314
Operating Expenses									
Legislation & Council	106,280	146,540	(40,260)	-27.47%	196,792	90,512	106,294	73,990	47,891
Town Manager	476,537	502,856	(26,319)	-5.23%	593,495	116,958	300,080	209,210	229,247
Town Clerk's Office	236,157	262,458	(26,301)	-10.02%	360,529	124,372	219,284	224,251	250,508
Finance	961,205	1,057,781	(96,576)	-9.13%	1,302,897	341,692	882,773	744,216	697,404
Technical	322,224	446,233	(124,009)	-27.79%	570,027	247,803	377,482	279,764	223,242
Human Resources	396,149	379,531	16,618	4.38%	548,915	152,766	298,413	254,417	267,155
Town Attorney	231,380	451,826	(220,446)	-48.79%	604,672	373,292	329,759	231,711	284,875
Communications and Business Development	311,448	370,043	(58,595)	-15.83%	619,200	307,752	369,441	369,031	438,939
Municipal Court	28,116	26,419	1,697	6.42%	39,994	11,878	24,338	17,983	20,594
Police Department	1,120,795	1,190,386	(69,591)	-5.85%	1,606,159	485,364	786,449	719,407	674,870
Community Services	35,388	59,029	(23,641)	-40.05%	74,187	38,799	36,597	41,005	34,915
Community Grants and Contributions	151,038	151,038	-	0.00%	151,038	-	133,650	112,338	110,745
Roads and Bridges	726,705	1,087,872	(361,167)	-33.20%	1,347,165	620,460	855,199	797,265	594,533
Vehicle Maintenance	394,773	383,493	11,280	2.94%	530,635	135,862	374,741	309,964	281,546
Municipal Bus	251,055	327,845	(76,790)	-23.42%	356,155	105,100	202,036	169,464	199,310
Employee Shuttle	-	-	-	NA	-	-	-	19,044	32,764
Parks & Recreation	454,740	469,717	(14,977)	-3.19%	677,624	222,884	350,798	297,070	253,078
Plaza Services	1,409,264	1,517,590	(108,326)	-7.14%	1,843,506	434,242	1,006,210	904,064	829,877
Public Refuse Removal	45,590	50,407	(4,817)	-9.56%	71,743	26,153	44,543	46,614	43,366
Building/Facility Maintenance	193,259	229,820	(36,561)	-15.91%	365,598	172,339	225,970	203,364	153,383
Building Division	341,334	520,722	(179,388)	-34.45%	690,063	348,729	324,225	311,951	235,356
Housing Division Office	-	-	-	NA	-	-	47,637	35,556	14,801
Planning and Zoning Division	572,934	742,901	(169,967)	-22.88%	1,025,094	452,160	475,858	362,810	179,159
Contingency	-	-	-	NA	95,000	95,000	-	-	-
Total Operating Expenses	8,766,371	10,374,507	(1,608,136)	-15.50%	13,670,488	4,904,117	7,771,777	6,734,489	6,097,558
Surplus / Deficit	5,362,703	3,073,194	2,289,509	74.50%	2,465,981	(2,896,722)	6,848,742	6,062,556	3,786,756
Capital Outlay	126,450	1,093,206	(966,756)	-88.43%	1,295,000	1,168,550	1,996,876	103,784	836
Surplus / Deficit	5,236,253	1,979,988	3,256,265	164.46%	1,170,981	(4,065,272)	4,851,866	5,958,772	3,785,920
Other Sources and Uses									
Sale of Assets	19,862	-	19,862	NA	-	(19,862)	558	-	2,500
Insurance Claim Proceeds	-	-	-	NA	-	-	1,327	13,140	-
Transfer (To) From Affordable Housing	(718,523)	(505,460)	(213,063)	42.15%	(941,983)	(223,460)	(813,371)	(613,113)	(404,085)
Transfer (To) From Affordable Housing-Other	-	-	-	NA	(4,075,025)	(4,075,025)	-	-	-
Transfer (To) From Broadband	-	-	-	NA	-	-	-	-	-
Transfer (To) From Child Development	(41,956)	(112,631)	70,675	-62.75%	(232,406)	(190,450)	(157,230)	(21,865)	(66,492)
Transfer (To) From Capital Projects	(1,668,278)	(1,931,708)	263,430	-13.64%	(1,119,046)	549,232	(686,241)	(66,801)	(48,390)
Transfer (To) From Debt Service	15,256	18,851	(3,595)	-19.07%	25,000	9,744	16,166	18,655	18,499
Transfer (To) From Overhead Allocation	707,798	720,533	(12,735)	-1.77%	735,106	27,308	559,328	505,938	447,218
Transfer (To) From Parking Services	-	-	-	NA	-	-	-	-	-
Transfer (To) From Conference Center	(109,658)	(180,973)	71,315	-39.41%	(231,246)	(121,588)	(204,527)	(94,351)	(161,591)
Transfer (To) From Tourism	114,199	104,387	9,812	9.40%	124,620	10,420	126,029	81,137	56,624
Transfer (To) From Vehicle/Equipment	(288,813)	(342,030)	53,217	-15.56%	(456,040)	(167,227)	(231,815)	(273,973)	(62,402)
Transfer (To) From Water/Sewer	-	-	-	NA	-	-	-	-	-
Total Other Sources and Uses	(1,970,113)	(2,229,031)	258,918	-11.62%	(6,171,020)	(4,200,908)	(1,389,776)	(451,233)	(218,119)
Surplus / Deficit	\$ 3,266,140	\$ (249,043)	\$ 3,515,183	-1411.48%	\$ (5,000,039)	\$ (8,266,180)	\$ 3,462,090	\$ 5,507,539	\$ 3,567,801

2023						2022	2021	2020
Actual YTD	Budget YTD	Budget Variance	Budget Variance	Annual Budget	Budget Balance	Actual YTD	Actual YTD	Actual YTD
		(\$)	(%)					

General Fund

<u>Beginning Fund Balance Components</u>	<u>Actual YTD</u>	<u>Annual Budget</u>
Emergency Reserve	\$ 4,784,671	\$ 4,784,671
Energy Mitigation Funds	162,609	162,609
Unreserved	11,751,140	12,751,411
Beginning Fund Balance	\$ 16,698,420	\$ 17,698,691
<u>YTD Ending Fund Balance Components</u>		
Emergency Reserve	\$ 4,784,671	\$ 4,784,671
Unreserved	15,179,889	7,913,981
Ending Fund Balance	\$ 19,964,560	\$ 12,698,652

Revenues

Taxes & Assessments - 98.6% of the annual budget for property taxes has been collected. Specific Ownership taxes are over budget \$1,597. Sales tax is \$533,433 or 8% over budget. Construction use tax collections are \$144,100 under budget.

Licenses & Permits - Construction permits are under budget \$60,100. Other permit revenue is in line with budget. Construction parking fees through this period are \$23,400 over budget.

Intergovernmental - Intergovernmental revenues are over budget in Road & Bridge taxes by \$9,500 but under budget in Gondola planning intergovernmental revenues, due to timing of the finalization of the IGA.

Charges for Services - Development DRB and planning fees are under budget by \$11,300 and \$106,000 under last year.

Fines & Forfeitures - Fines are under budget by \$2,243.

Investment Income - Investment income is increasing due to increasing interest rates, and is over budget by \$421,600. However, at year end the market adjustment for our bond portfolio will be net against investment income bringing it closer to the budget for the year.

Miscellaneous Revenues - Plaza and vending carts rents are over budget \$22,500. Prospect Plaza commercial rents are over budget \$50,700. Grant revenues are over budget \$19,000 due to the timing of receipts.

Contributions - A small amount of TMVOA environmental services contributions have been received.

Top Ten Budget Variances

Over Budget

Human Resources- \$16,618 Over budget in the new HR Payroll Software.
 Vehicle Maintenance - \$11,280 Over budget in employee costs.
 Municipal Court - \$1,697 Employee expenses and travel, education and training are over budget.

Under Budget

Road & Bridge - \$361,167 Under budget mainly in personnel costs and the timing of paving repairs.
 Town Attorney - \$220,446 Under budget in litigation and general legal expenses.
 Building Division - \$179,3880 Under budget due to solar and environmental incentives and energy mitigation expense and employee costs.
 Planning & Zoning - \$169,967 Savings in personnel costs, master planning, GIS software, and printing and binding.
 Technical - \$124,009 Under budget primarily in personnel costs and certain support fees.
 Plaza Services - \$108,326 Over budget in natural gas but under budget in group insurance, worker's compensation, and repair and maintenance.
 Finance - \$96,576 Under budget in employee expenses due to a vacancy in the department and property insurance.

**Town of Mountain Village Monthly Revenue and Expenditure Report
September 2023**

	2023				2022	2021	2020		
	Actual	Budget	Budget	Budget	Actual	Actual	Actual		
	YTD	YTD	Variance	Variance	YTD	YTD	YTD		
		(\$)	(%)						
Tourism Fund									
Revenues									
Business License Fees	\$ 390,157	\$ 348,131	\$ 42,026	12.07%	\$ 362,500	\$ (27,657)	\$ 361,659	\$ 341,179	\$ 316,496
Lodging Taxes - Condos/Homes	2,009,390	1,881,142	128,248	6.82%	2,365,402	356,012	2,231,825	1,700,023	938,945
Lodging Taxes - Hotels	1,014,038	918,648	95,390	10.38%	1,094,326	80,288	1,027,975	798,574	631,139
Lodging Taxes - Prior Year	11,431	-	11,431	NA	-	(11,431)	4,041	6,678	3,286
Penalties and Interest	19,049	16,238	2,811	17.31%	20,000	951	27,313	14,157	10,144
Restaurant Taxes	549,452	563,268	(13,816)	-2.45%	683,729	134,277	584,134	446,398	318,360
Restaurant Taxes - Prior Year	2,727	-	2,727	NA	-	(2,727)	2,831	84	1,103
Total Revenues	3,996,244	3,727,427	268,817	7.21%	4,525,957	529,713	4,239,778	3,307,093	2,219,473
Tourism Funding									
Additional Funding	-	-	-	NA	-	-	-	-	-
General Operating Expense	205,440	251,523	(46,083)	-18.32%	356,864	151,424	-	-	-
Airline Guaranty Funding	2,028,216	1,923,900	104,317	5.42%	2,365,321	337,105	2,174,508	1,665,137	1,084,025
Marketing Funding	906,581	812,118	94,463	11.63%	1,500,000	593,419	811,414	-	-
MTI Funding	-	-	-	NA	-	-	-	1,560,819	1,076,324
Total Tourism Funding	3,140,237	2,987,541	152,697	5.11%	4,222,185	1,081,948	2,985,922	3,225,956	2,160,349
Surplus / Deficit	856,007	739,886	116,120	15.69%	303,772	(552,235)	1,253,856	81,137	59,124
Administrative Fees									
Audit Fees	-	-	-	NA	2,500	2,500	-	-	2,500
Total Administrative Fees	-	-	-	NA	2,500	2,500	-	-	2,500
Surplus / Deficit	856,007	739,886	116,120	15.69%	301,272	(554,735)	1,253,856	81,137	56,624
Other Sources and Uses									
Transfer (To) From Other Funds	(114,199)	(104,387)	(9,812)	9.40%	(124,620)	(10,420)	(126,029)	(81,137)	(56,624)
Total Other Sources and Uses	(114,199)	(104,387)	(9,812)	9.40%	(124,620)	(10,420)	(126,029)	(81,137)	(56,624)
Surplus / Deficit	741,807	635,499	106,308		176,652	(565,155)	1,127,828	-	-
Beginning Fund Balance	879,230	520,382			520,382		-	-	-
Ending Fund Balance	\$ 1,621,037	\$ 1,155,881			\$ 697,034		\$ 1,127,828	\$ -	\$ -

September 2023

2023							2022	2021	2020
Actual YTD	Budget YTD	Budget Variance	Budget Variance	Annual Budget	Budget Balance	Actual YTD	Actual YTD	Actual YTD	
		(\$)	(%)						
Parking Services Fund									
Revenues									
EV Station Revenues	2,351	728	1,623	222.94%	1,500	(851)	737	-	-
Fines and Forfeits	51,550	32,697	18,853	57.66%	45,000	(6,550)	40,640	39,274	15,510
Gondola Parking Garage	144,565	315,238	(170,673)	-54.14%	360,000	215,435	114,926	110,228	93,846
Grant Revenues	-	-	-	NA	-	-	18,000	216,536	171,677
Heritage Parking Garage	231,767	190,772	40,995	21.49%	230,000	(1,767)	214,330	-	-
Parking in Lieu Buyouts	-	-	-	NA	-	-	62,500	13,000	78,000
Parking Meter Revenues	21,429	25,052	(3,623)	-14.46%	30,000	8,571	30,009	29,351	17,544
Parking Permits	32,280	5,460	26,820	491.21%	12,000	(20,280)	7,805	9,560	6,970
Special Event Parking	124,839	140,000	(15,161)	-10.83%	140,000	15,161	118,566	-	-
Total Revenues	608,781	709,947	(101,166)	-14.25%	818,500	209,719	607,513	417,949	383,547
Operating Expenses									
Other Operating Expenses	79,448	45,017	34,431	76.48%	57,000	(22,448)	15,440	10,635	3,734
Personnel Expenses	94,985	134,684	(39,699)	-29.48%	190,076	95,091	69,976	100,450	87,520
Gondola Parking Garage	79,071	63,908	15,163	23.73%	74,234	(4,837)	38,597	47,804	33,895
Surface Lots	83,580	82,127	1,453	1.77%	110,900	27,320	50,076	11,918	11,587
Heritage Parking Garage	86,962	106,435	(19,473)	-18.30%	124,130	37,168	65,972	85,770	57,025
Meadows Parking	1,000	1,000	-	0.00%	1,000	-	1,000	1,000	1,000
Total Operating Expenses	425,046	433,171	(8,125)	-1.88%	557,340	132,294	241,061	257,577	194,761
Surplus / Deficit	183,735	276,776	(93,041)	-33.62%	261,160	77,425	366,452	160,372	188,786
Capital									
Capital	319,925	290,463	29,462	10.14%	304,600	(15,325)	406,713	14,961	5,415
Surplus / Deficit	(136,190)	(13,687)	(122,503)	895.03%	(43,440)	92,750	(40,261)	145,411	183,371
Other Sources and Uses									
Sale of Assets	-	-	-	NA	-	-	-	-	-
Insurance Proceeds	-	-	-	NA	-	-	-	15,345	-
Overhead Allocation	(60,496)	(60,496)	-	0.00%	(60,496)	-	(35,567)	(28,869)	(30,258)
Transfer (To) From General Fund	-	-	-	NA	-	-	-	-	-
Total Other Sources and Uses	(60,496)	(60,496)	-	0.00%	(60,496)	-	(35,567)	(13,524)	(30,258)
Surplus / Deficit	\$ (196,686)	\$ (74,183)	\$ -	0.00%	\$ (103,936)	\$ 92,750	\$ (75,828)	\$ 131,887	\$ 153,113
Beginning Fund Balance	\$ 327,552	\$ 173,165	\$ 154,387						
Ending Fund Balance	\$ 130,866	\$ 98,982	\$ 31,884						

Parking revenues are under budget \$101,166. HPG revenues are over budget 21.5% and over prior year 8.1%. Parking meter (surface lots) revenues are under budget 14.5% and under prior year 28.6%. GPG is under budget 54.1% and over prior year by 25.8%, the budget deficit is mainly due to the timing of the implementation of the new rate structure and bulk valet ticket purchases. Parking fines are over budget 57.7%, and over prior year 26.9%. General expenses are under budget in personnel costs but over in consulting fees. GPG is over budget due to major repairs to the elevator. Surface lots are over budget in maintenance due mainly to timing of expenditures. HPG has budget savings in credit card processing fees and maintenance. Capital expenses are for the GPG expansion project, GPG structural coating, and the skid steer equipment exchange.

**Town of Mountain Village Monthly Revenue and Expenditure Report
September 2023**

	2023					2022	2021	2020	
	Actual YTD	Budget YTD	Budget Variance	Budget Variance	Annual Budget	Budget Balance	Actual YTD	Actual YTD	Actual YTD
			(\$)	(%)					
Gondola Fund									
Revenues									
Capital/MR&R Grant Funding	\$ -	\$ -	\$ -	NA	\$ 64,000	\$ 64,000	\$ 44,004	\$ 179,009	\$ -
Event Operations Funding	(546)	-	(546)	NA	-	546	7,292	-	6,831
Event Operations Funding - TOT	-	-	-	NA	36,000	36,000	36,000	-	-
Miscellaneous Revenues	100	-	100	NA	-	(100)	95	-	788
Operations Grant Funding	-	-	-	NA	133,000	133,000	196,148	1,644,612	675,722
TSG 1% Lift Sales	201,114	208,945	(7,831)	-3.75%	244,899	43,785	208,487	179,491	146,951
Van Rider Revenues	3,650	3,266	384	11.76%	4,300	650	3,316	-	-
Insurance Proceeds	-	-	-	NA	-	-	-	-	-
Sale of Assets	-	-	-	NA	-	-	-	-	-
TMVOA Operating Contributions	3,491,012	3,654,580	(163,568)	-4.48%	4,883,987	1,392,975	2,915,720	1,152,974	1,997,695
TMVOA Capital/MR&R Contributions	206,097	446,641	(240,544)	-53.86%	453,007	246,910	238,884	424,919	110,546
Total Revenues	3,901,427	4,313,432	(412,005)	-9.55%	5,819,193	1,917,766	3,649,946	3,581,005	2,938,533
Operating Expenses									
Overhead Allocation Transfer	27,691	41,250	(13,559)	-32.87%	55,000	27,309	25,448	23,544	23,869
MAARS	46,644	55,482	(8,838)	-15.93%	79,417	32,773	47,421	45,951	43,527
Chondola	135,762	208,799	(73,037)	-34.98%	272,624	136,862	122,262	122,109	108,489
Operations	1,828,943	1,897,283	(68,340)	-3.60%	2,651,006	822,063	1,717,976	1,480,158	1,305,077
Maintenance	1,189,139	1,182,905	6,234	0.53%	1,618,239	429,100	1,085,841	961,125	1,037,986
FGOA	384,441	391,072	(6,631)	-1.70%	505,900	121,459	368,110	344,190	309,039
Major Repairs and Replacements	167,484	317,134	(149,650)	-47.19%	380,000	212,516	199,688	224,329	109,972
Contingency	82,710	90,000	(7,290)	-8.10%	120,000	37,290	-	-	-
Total Operating Expenses	3,862,814	4,183,925	(321,111)	-7.67%	5,682,186	1,819,372	3,566,746	3,201,406	2,937,959
Surplus / Deficit	38,613	129,507	(90,894)	-70.18%	137,007	98,394	83,200	379,599	574
Capital									
Capital Outlay	38,613	129,507	(90,894)	-70.18%	137,007	98,394	83,200	379,599	574
Surplus / Deficit	\$ -	\$ -	\$ -	NA	\$ -	\$ -	\$ -	\$ -	\$ -

The gondola fund expenditures are \$412,005 under budget. MAARS is under budget in employee wages and worker's compensation due to policy dividend returns. Chondola is under budget in worker's comp, operations wages, and Telski terminal rebuild due to the timing of the receipt of invoices. Gondola ops is under budget in salaries and wages and group insurance. Gondola Maintenance is under in worker's comp and group insurance but over in other employee costs and parts. FGOA is over budget in natural gas but under in communications and electricity. The contingency expense is related to landslide remediation work. There have been expenditures for Bull Wheel replacement, cabin window buffing, a new vehicle, boiler replacement, fiber optics, and station upgrades to date.

**Town of Mountain Village Monthly Revenue and Expenditure Report
September 2023**

	2023						2022	2021	2020
	Actual	Budget	Budget	Budget	Annual	Budget	Actual	Actual	Actual
	YTD	YTD	Variance	Variance	Budget	Balance	YTD	YTD	YTD
		(\$)	(%)						
Child Development Fund									
Revenues									
Infant Care Fees	\$ 56,120	\$ 59,560	(3,440)	-5.78%	\$ 82,104	\$ 25,984	\$ 38,584	\$ 50,396	\$ 30,864
Toddler Care Fees	81,188	90,550	(9,362)	-10.34%	127,045	45,857	78,920	105,278	61,661
Preschool Fees	105,415	124,784	(19,369)	-15.52%	154,820	49,405	99,031	86,672	69,004
Fundraising Revenues - Infant	20	-	20	NA	3,550	3,530	-	-	-
Fundraising Revenues - Preschool	20	-	20	NA	5,000	4,980	-	-	-
Fundraising Revenues - Toddler	20	-	20	NA	8,450	8,430	-	-	-
Grant Revenues - Infant	41,200	6,316	34,884	552.31%	15,000	(26,200)	15,000	48,367	38,567
Grant Revenues - Preschool	45,100	10,661	34,439	323.04%	20,600	(24,500)	20,600	34,767	30,543
Grant Revenues - Toddler	48,700	15,662	33,038	210.94%	21,600	(27,100)	35,600	50,278	46,820
COEC Funds - Infant	-	7,500	(7,500)	-100.00%	15,000	15,000	-	-	15,000
COEC Funds - Toddler	-	7,500	(7,500)	-100.00%	15,000	15,000	-	-	15,000
Other Grant Funding	112,525	-	112,525	NA	-	(112,525)	-	-	-
Total Revenues	490,308	322,533	167,775	52.02%	468,169	(22,139)	287,735	375,758	307,459
Operating Expenses									
Toddler Care Other Expense	45,582	28,909	16,673	57.67%	43,322	(2,260)	33,745	30,090	34,515
Toddler Care Personnel Expense	131,853	162,978	(31,125)	-19.10%	222,706	90,853	134,613	160,551	158,132
Infant Care Other Expense	22,022	14,114	7,908	56.03%	20,958	(1,064)	15,833	17,402	10,328
Infant Care Personnel Expense	133,338	110,816	22,522	20.32%	171,175	37,837	86,502	76,185	66,262
Preschool Other Expense	48,293	31,675	16,618	52.46%	41,980	(6,313)	52,702	32,785	24,669
Preschool Personnel Expense	135,357	142,405	(7,048)	-4.95%	200,434	65,077	121,570	80,610	80,045
Total Operating Expenses	516,445	490,897	25,548	5.20%	700,575	184,130	444,965	397,623	373,951
Surplus / Deficit	(26,137)	(168,364)	142,227	-84.48%	(232,406)	(206,269)	(157,230)	(21,865)	(66,492)
Capital									
Capital Outlay	15,819	-	15,819	NA	-	(15,819)	163,190	-	-
Total Capital	15,819	-	15,819	NA	-	(15,819)	163,190	-	-
Surplus / Deficit	(41,956)	(168,364)	126,408	-75.08%	(232,406)		(320,420)	(21,865)	(66,492)
Other Sources and Uses									
Grants/Contributions	-	-	-	NA	-	-	163,190	-	-
Transfer (To) From General Fund	41,956	168,364	126,408	75.08%	232,406	190,450	157,230	21,865	66,492
Total Other Sources and Uses	41,956	168,364	126,408	75.08%	232,406	190,450	320,420	21,865	66,492
Surplus / Deficit	\$ -	\$ -	\$ -	NA	\$ -	\$ 190,450	\$ -	\$ -	\$ -

Child Development revenues are \$167,775 over budget. This is due to grant revenues. Operating expenses are \$25,548 over budget although Toddler care is under budget, Toddler personnel costs are under budget, Infant care wages are over budget, and Preschool is over budget in supplies and employee discount, which is a new line item. The program has required \$41,956 in funding from the General Fund in 2023.

Town of Mountain Village Monthly Revenue and Expenditure Report
September 2023

	2023						2022	2021	2020
	Actual YTD	Budget YTD	Budget Variance (\$)	Budget Variance (%)	Annual Budget	Budget Balance	Actual YTD	Actual YTD	Actual YTD
Water & Sewer Fund									
Revenues									
Mountain Village Water and Sewer	\$ 3,026,479	\$ 2,789,311	\$ 237,168	8.50%	\$ 3,738,251	\$ 711,772	\$ 2,686,761	\$ 2,364,543	\$ 2,266,292
Other Revenues	12,597	6,523	6,074	93.12%	8,650	(3,947)	8,885	10,519	5,313
Ski Ranches Water	294,217	287,510	6,707	2.33%	378,811	84,594	271,666	221,827	204,022
Skyfield Water	36,162	25,783	10,379	40.26%	41,217	5,055	18,062	17,632	15,802
Total Revenues	3,369,455	3,109,127	260,328	8.37%	4,166,929	797,474	2,985,374	2,614,521	2,491,429
Operating Expenses									
Mountain Village Sewer	483,856	613,937	(130,081)	-21.19%	730,687	246,831	538,930	477,196	418,900
Mountain Village Water	826,779	875,096	(48,317)	-5.52%	1,194,300	367,521	767,006	905,311	679,872
Ski Ranches Water	28,493	46,814	(18,321)	-39.14%	48,166	19,673	31,529	20,929	10,761
Contingency	-	-	-	NA	35,000	35,000	-	-	-
Total Operating Expenses	1,339,128	1,535,847	(196,719)	-12.81%	2,008,153	669,025	1,337,465	1,403,436	1,109,533
Surplus / Deficit	2,030,327	1,573,280	457,047	29.05%	2,158,776	128,449	1,647,909	1,211,085	1,381,896
Capital									
Capital Outlay	780,832	4,376,781	(3,595,949)	-82.16%	4,953,318	4,172,486	196,548	399,536	290,348
Surplus / Deficit	1,249,495	(2,803,501)	4,052,996	-144.57%	(2,794,542)	(4,044,037)	1,451,361	811,549	1,091,548
Other Sources and Uses									
Overhead Allocation Transfer	(217,971)	(217,971)	-	0.00%	(217,971)	-	(186,778)	(168,575)	(157,060)
Mountain Village Tap Fees	359,063	179,435	179,628	100.11%	245,000	(114,063)	97,396	204,492	33,680
Grants	810	250,000	(249,190)	-99.68%	375,000	374,190	-	-	-
Ski Ranches Tap Fees	-	-	-	NA	5,000	5,000	5,150	-	-
Skyfield Tap Fees	26,824	1,333	25,491	1912.30%	2,000	(24,824)	-	-	-
Sale of Assets	2,040	-	2,040	NA	-	(2,040)	-	-	-
Transfer (To) From General Fund	-	-	-	NA	-	-	-	-	-
Total Other Sources and Uses	170,766	212,797	(42,031)	-19.75%	409,029	238,263	(84,232)	35,917	(123,380)
Surplus / Deficit	\$ 1,420,261	\$ (2,590,704)	\$ 4,010,965	-154.82%	\$ (2,385,513)	\$ (3,805,774)	\$ 1,367,129	\$ 847,466	\$ 968,168
Beginning (Available) Fund Balance	\$ 8,452,749	\$ 6,692,459	\$ 1,760,290						
Ending (Available) Fund Balance	\$ 9,873,010	\$ 4,101,755	\$ 5,771,255						

Mountain Village water revenues are over budget in base water/sewer fees, excess water and snowmaking fees. Ski Ranch and Skyfield revenues are over budget in excess water charges. Other revenues are over budget in maintenance fees and inspection fees. TOT sewer expenditures are under budget due to the timing of invoicing and legal is under budget. Mountain Village water expenses are under budget in salaries and wages and electricity. Ski Ranch operations are under budget in the areas of legal, water sample analysis, and tank replacement. Capital costs are for Ski Ranches, regional sewer, meter purchases, and the new SCADA equipment.

**Town of Mountain Village Monthly Revenue and Expenditure Report
September 2023**

	2023				2022	2021	2020		
Actual YTD	Budget YTD	Budget Variance (\$)	Budget Variance (%)	Annual Budget	Budget Balance	Actual YTD	Actual YTD	Actual YTD	
Broadband Fund									
Revenues									
Cable TV User Fees	\$ 325,501	\$ 447,315	\$ (121,814)	-27.23%	\$ 596,717	\$ 271,216	\$ 435,475	\$ 696,924	\$ 742,292
Internet User Fees	878,969	1,127,965	(248,996)	-22.07%	1,514,005	635,036	1,083,722	987,964	860,629
Other Revenues	5,706,485	18,727	5,687,758	30371.97%	24,161	15,291	15,306	22,054	36,642
Phone Service Fees	8,870	8,270	600	7.26%	11,071	(5,695,414)	13,608	21,144	27,251
Total Revenues	6,919,825	1,602,277	5,317,548	331.87%	2,145,954	(4,773,871)	1,548,111	1,728,086	1,666,814
Operating Expenses									
Cable TV Direct Costs	236,748	310,754	(74,006)	-23.81%	415,923	179,175	304,371	616,612	599,355
Phone Service Costs	5,539	5,992	(453)	-7.56%	7,971	2,432	11,030	12,505	14,811
Internet Direct Costs	173,581	198,956	(25,375)	-12.75%	272,521	98,940	192,494	115,563	156,941
Broadband Operations	275,620	927,200	(651,580)	-70.27%	1,242,361	966,741	543,283	513,752	517,540
Total Operating Expenses	691,488	1,442,902	(751,414)	-52.08%	1,938,776	1,247,288	1,051,178	1,258,432	1,288,647
Surplus / Deficit	6,228,337	159,375	6,068,962	3807.98%	207,178	(6,021,159)	496,933	469,654	378,167
Capital									
Capital Outlay	5,263	212,019	(206,756)	-97.52%	222,000	216,737	259,947	642,691	1,554,352
Surplus / Deficit	6,223,074	(52,644)	6,275,718	-11921.05%	(14,822)	(6,237,896)	236,986	(173,037)	(1,176,185)
Other Sources and Uses									
Sale of Assets	-	-	-	NA	-	-	-	-	-
Transfer from General Fund	-	-	-	NA	225,263	225,263	(151,329)	(154,031)	(159,525)
Transfer (To) From General Fund	-	-	-	NA	-	-	-	-	-
Overhead Allocation Transfer	(210,441)	(210,441)	-	0.00%	(210,441)	-	-	-	-
Total Other Sources and Uses	(210,441)	(210,441)	-	0.00%	14,822	225,263	(151,329)	(154,031)	(159,525)
Surplus / Deficit	\$ 6,012,633	\$ (263,085)	\$ 6,275,718	-2385.43%	\$ -	\$ (6,012,633)	\$ 85,657	\$ (327,068)	\$ (1,335,710)

Broadband revenues reflect the sale of the system August 1, 2023.

**Town of Mountain Village Monthly Revenue and Expenditure Report
September 2023**

	2023				Annual Budget	Budget Balance	2022	2021	2020
	Actual YTD	Budget YTD	Budget Variance (\$)	Budget Variance (%)			Actual YTD	Actual YTD	Actual YTD
Telluride Conference Center Fund									
Revenues									
Beverage Revenues	\$ -	\$ -	\$ -	NA	\$ -	\$ -	\$ -	\$ -	\$ -
Catering Revenues	-	-	-	NA	-	-	-	-	-
Facility Rental	-	-	-	NA	-	-	-	-	-
Operating/Other Revenues	14,551	-	14,551	NA	-	(14,551)	-	-	-
Total Revenues	14,551	-	14,551	NA	-	(14,551)	-	-	-
Operating Expenses									
General Operations	9,039	-	9,039	NA	-	(9,039)	15,700	-	4,600
Administration	78,943	85,973	(7,030)	-8.18%	111,246	32,303	106,856	91,300	81,991
Marketing	25,000	75,000	(50,000)	-66.67%	100,000	75,000	75,000	-	75,000
Contingency	-	-	-	NA	-	-	-	-	-
Total Operating Expenses	112,982	160,973	(47,991)	-29.81%	211,246	98,264	197,556	91,300	161,591
Surplus / Deficit	(98,431)	(160,973)	62,542	-38.85%	(211,246)	(112,815)	(197,556)	(91,300)	(161,591)
Capital Outlay/ Major R&R	11,227	20,000	(8,773)	-43.87%	20,000	8,773	6,971	3,051	-
Surplus / Deficit	(109,658)	(180,973)	71,315	-39.41%	(231,246)	(121,588)	(204,527)	(94,351)	(161,591)
Other Sources and Uses									
Damage Receipts	-	-	-	NA	-	-	-	-	-
Insurance Proceeds	-	-	-	NA	-	-	-	-	-
Sale of Assets	-	-	-	NA	-	-	-	-	-
Transfer (To) From General Fund	109,658	180,973	(71,315)	-39.41%	231,246	121,588	204,527	94,351	161,591
Overhead Allocation Transfer	-	-	-	NA	-	-	-	-	-
Total Other Sources and Uses	109,658	180,973	(71,315)	-39.41%	231,246	121,588	204,527	94,351	161,591
Surplus / Deficit	\$ -	\$ -	\$ -	NA	\$ -	\$ -	\$ -	\$ -	\$ -

Expenses for the year are HOA dues, legal expenses, consulting, and contracted marketing expenses. Revenues reflect payment from TSG based on 2022 sales as outlined in the operating agreement.

**Town of Mountain Village Monthly Revenue and Expenditure Report
September 2023**

	2023				2022	2021	2020		
	Actual YTD	Budget YTD	Budget Variance (\$)	Budget Variance (%)	Annual Budget	Budget Balance	Actual YTD	Actual YTD	Actual YTD
Affordable Housing Development Fund									
Revenues									
Contributions	\$ -	\$ -	\$ -	NA	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Proceeds	-	-	-	NA	-	-	-	-	-
Rental Income	35,100	37,730	(2,630)	-6.97%	46,800	11,700	36,335	26,639	26,352
Housing Application Fees	3,350	863	2,487	288.18%	2,300	(1,050)	2,820	-	-
Housing Mitigation Fees	36,886	187,500	(150,614)	-80.33%	250,000	213,114	-	-	-
Sales Proceeds	-	-	-	NA	-	-	-	-	-
Total Revenues	75,336	226,093	(150,757)	-66.68%	299,100	223,764	39,155	26,639	26,352
Operating Expenses									
Leased Properties	-	-	-	NA	-	-	3,780	17,010	15,600
Operating Expenses	91,384	89,740	1,644	1.83%	120,654	29,270	-	-	74
Norwood Property	45	35,000	(34,955)	-99.87%	35,000	34,955	62,837	-	-
Lot 644	5,223,266	4,542,509	680,757	14.99%	4,020,429	(1,202,837)	105,812	-	-
Prospect Unit	100,505	43,319	57,186	132.01%	49,472	(51,033)	10,594	11,826	6,953
Future Housing/Density Bank	38,060	4,598,794	(4,560,734)	-99.17%	8,025,000	7,986,940	78,513	16,086	16,475
Ilium Property expenses	6,964,012	-	6,964,012	NA	-	(6,964,012)	-	-	-
RHA Funding	-	-	-	NA	-	-	-	92,625	92,625
Debt Service	-	360,000	(360,000)	-100.00%	500,000	500,000	-	-	-
Purchase/Resale Units	1,764	-	1,764	NA	-	(1,764)	386,057	-	-
Total Operating Expenses	12,419,036	9,669,362	2,749,674	28.44%	12,750,555	331,519	647,593	137,547	131,727
Surplus / Deficit	(12,343,700)	(9,443,269)	2,900,431	-30.71%	(12,451,455)	(107,755)	(608,438)	(110,908)	(105,375)
Other Sources and Uses									
Transfer (To) From MAP	-	-	-	NA	-	-	-	-	-
Lease Financing Proceeds	-	-	-	NA	7,500,000	7,500,000	-	-	-
Gain or Loss on Sale of Assets	-	-	-	NA	-	-	-	12,156	-
Transfer (To) From General Fund - Sales Tax	718,523	505,460	213,063	42.15%	941,983	223,460	813,371	613,113	404,085
Transfer (To) From VCA	-	-	-	NA	-	-	-	-	-
Transfer (To) From General Fund (Other)	-	-	-	NA	4,075,025	4,075,025	-	-	-
Total Other Sources and Uses	718,523	505,460	213,063	42.15%	12,517,008	11,798,485	813,371	625,269	404,085
Surplus / Deficit	\$ (11,625,177)	\$ (8,937,809)	\$ 2,687,368	-30.07%	\$ 65,553	\$ 11,690,730	\$ 204,933	\$ 514,361	\$ 298,710
Beginning Fund Equity Balance	\$ 3,477,522	\$ -	\$ 3,477,522						
Ending Equity Fund Balance	\$ (8,147,655)	\$ (8,937,809)	\$ 790,154						

Expenses consist of HOA dues, Lot 644 expenses, Ilium property expenses, general operating costs, Norwood property expenses, and maintenance and utilities on town owned properties. Operating expenses are over budget in personnel costs and legal. The Prospect unit expenses are exceeding budget due to a special assessment which was originally scheduled to be assessed and was budgeted for December 2022. Future housing expenses were originally budgeted to include the Ilium purchase. This purchase was made in September and is included in the Ilium Property account. Debt service is under budget due to the timing of the debt issuance for the purchase of the Ilium property.

Town of Mountain Village Monthly Revenue and Expenditure Report
September 2023

	2023						2022	2021	2020
	Actual YTD	Budget YTD	Budget Var (\$)	Budget Var (%)	Annual Budget	Budget Balance	Actual	Actual	Actual
Village Court Apartments									
Operating Revenues									
Rental Income	\$ 1,760,057	\$ 1,745,208	\$ 14,849	0.85%	\$ 2,342,208	\$ 582,151	\$ 1,708,985	\$ 1,604,873	\$ 1,536,475
Other Operating Income	81,428	93,956	(12,528)	-13.33%	118,060	36,632	67,323	68,251	104,648
Total Operating Revenue	1,841,485	1,839,164	2,321	0.13%	2,460,268	618,783	1,776,308	1,673,124	1,641,123
Operating Expenses									
Office Operations	166,628	218,661	(52,033)	-23.80%	285,649	119,021	141,814	143,288	126,174
General and Administrative	152,043	147,451	4,592	3.11%	154,320	2,277	127,858	129,592	142,114
Utilities	244,989	253,431	(8,442)	-3.33%	338,529	93,540	243,241	226,057	281,331
Repair and Maintenance	401,869	469,617	(67,748)	-14.43%	671,992	270,123	393,612	403,010	405,970
Major Repairs and Replacement	111,567	319,756	(208,189)	-65.11%	336,500	224,933	60,226	61,542	141,881
Contingency	-	-	-	NA	14,500	14,500	-	-	-
Total Operating Expenses	1,077,096	1,408,916	(331,820)	-23.55%	1,801,490	724,394	966,751	963,489	1,097,470
Surplus / (Deficit) After Operations	764,389	430,248	334,141	78%	658,778	(105,611)	809,557	709,635	543,653
Non-Operating (Income) / Expense									
Investment Earning	-	-	-	NA	(50)	(50)	-	(20)	(1,371)
Debt Service, Interest	137,123	258,900	(121,777)	-47.04%	345,198	208,075	140,765	260,932	277,880
Debt Service, Fees (Cost of Issuance)	131,910	-	131,910	NA	135,000	3,090	-	872,363	-
Debt Service, Principal	-	-	-	NA	443,079	443,079	-	(15,000)	-
Total Non-Operating (Income) / Expense	269,033	258,900	(10,133)	-3.91%	923,227	654,194	140,765	1,118,275	276,509
Surplus / (Deficit) Before Capital	495,356	171,348	(759,805)	-443.43%	(264,449)	(759,805)	668,792	(408,640)	267,144
Capital Spending	8,493,265	12,000,000	3,506,735	29.22%	15,321,000	6,827,735	110,012	-	9,722
Surplus / (Deficit)	(7,997,909)	(11,828,652)	3,830,743	-32.39%	(15,585,449)	(7,587,540)	558,780	(408,640)	257,422
Other Sources / (Uses)									
Transfer (To)/From General Fund	(191,198)	(191,198)	-	0.00%	(191,198)	-	(160,206)	(130,919)	(133,168)
Lease Financing Proceeds	15,000,000	10,000,000	5,000,000	50.00%	10,000,000	(5,000,000)	-	-	-
Sale of Assets	-	-	-	NA	-	-	-	-	-
Grant Revenues	-	-	-	NA	10,000,000	10,000,000	-	93,259	175,837
Transfer From AHDF	-	-	-	NA	-	-	-	-	-
Total Other Sources / (Uses)	14,808,802	9,808,802	5,000,000	50.97%	19,808,802	5,000,000	(160,206)	(37,660)	42,669
Surplus / (Deficit)	6,810,893	(2,019,850)	8,830,743	-437.20%	4,223,353	(2,587,540)	398,574	(446,300)	300,091

Rent revenues are over budget by .85%. Rent revenues exceed 2022 revenues by 3% due to increased rents being phased in as leases are renewed. Other revenues are under budget 13.3% due mainly to miscellaneous revenues. Office operations are under budget 23.8% primarily due to employee costs and outside counseling. General and administrative is over budget for property insurance. Utilities are under budget in water/sewer charges, cable and in electricity. Maintenance is under budget 14.4% primarily due to employee costs and sub-contract expenses. MR&R expenses include carpet replacement, fiber installs, the bobcat purchase, water heaters, and appliances. Capital expenditures consist of costs related to Phase IV and a vehicle.

**Town of Mountain Village Monthly Revenue and Expenditure Report
September 2023**

	2023				2022	2021	2020		
	Actual YTD	Budget YTD	Budget Variance (\$)	Budget Variance (%)	Annual Budget	Budget Balance	Actual YTD	Actual YTD	Actual YTD
Debt Service Fund									
Revenues									
Abatements	\$ -	\$ -	\$ -	NA	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	32,700	32,700	-	0.00%	200,400	167,700	35,400	38,000	39,800
Miscellaneous Revenue	-	-	-	NA	-	-	-	-	-
Property Taxes	460,687	469,520	(8,833)	-1.88%	477,174	16,487	470,348	455,560	530,551
Reserve/Capital/Liquidity Interest	3,239	1,385	1,854	133.86%	2,001	(1,238)	774	303	1,771
Specific Ownership Taxes	15,256	18,851	(3,595)	-19.07%	25,000	9,744	16,166	18,655	18,499
Total Revenues	511,882	522,456	(10,574)	-2.02%	704,575	192,693	522,688	512,518	590,621
Debt Service									
2001/2011 Bonds - Gondola - Paid by contributions from TMVOA and TSG									
2001/2011 Bond Issue - Interest	32,700	32,700	-	0.00%	65,400	32,700	35,400	38,000	39,800
2001/2011 Bond Issue - Principal	-	-	-	NA	135,000	135,000	-	-	-
2006/2014/2020 Bonds - Heritage Parking									
2020 Bond Issue - Interest	46,274	43,242	3,032	7.01%	86,480	40,206	61,317	78,037	122,513
2020 Bond Issue - Principal	-	-	-	NA	375,000	375,000	-	-	-
Total Debt Service	78,974	75,942	3,032	3.99%	661,880	582,906	96,717	116,037	162,313
Surplus / (Deficit)	432,908	446,514	(13,606)	-3.05%	42,695	(390,213)	425,971	396,481	428,309
Operating Expenses									
Administrative Fees	4,733	1,720	3,013	175.17%	3,182	(1,551)	681	495	289
County Treasurer Collection Fees	13,781	14,318	(537)	-3.75%	14,513	732	14,065	13,693	15,954
Total Operating Expenses	18,514	16,038	2,476	15.44%	17,695	(819)	14,746	14,188	16,243
Surplus / (Deficit)	414,394	430,476	(16,082)	-3.74%	25,000	(389,394)	411,225	382,293	412,066
Other Sources and Uses									
Transfer (To) From General Fund	(15,256)	(18,851)	3,595	-19.07%	(25,000)	(9,744)	(16,166)	(18,655)	(18,499)
Transfer (To) From Other Funds	-	-	-	NA	-	-	-	-	-
Payment to Refunding Bonds Escrow	-	-	-	NA	-	-	-	-	-
Proceeds From Bond Issuance	-	-	-	NA	-	-	-	-	-
Total Other Sources and Uses	(15,256)	(18,851)	3,595	-19.07%	(25,000)	(9,744)	(16,166)	(18,655)	(18,499)
Surplus / (Deficit)	\$ 399,138	\$ 411,625	\$ (12,487)		\$ -	\$ (399,138)	\$ 395,059	\$ 363,638	\$ 393,567
Beginning Fund Balance	\$ 351,594	\$ 369,490	\$ (17,896)						
Ending Fund Balance	\$ 750,732	\$ 781,115	\$ (30,383)						



AGENDA ITEM 11
PLANNING & DEVELOPMENT SERVICE
PLANNING DIVISION
455 Mountain Village Blvd.
Mountain Village, CO 81435
(970) 728-1392

TO: Mountain Village Town Council
FROM: Amy Ward, Community Development Director
FOR: Town Council Public Hearing; October 19, 2023
DATE: October 12, 2023
RE: Consideration of a Resolution approving a road right of way encroachment at Lot 166AR2-2, 1 Stonegate Drive, Mountain Village

APPLICATION OVERVIEW: Road Right-of-way Encroachment - Lot 166AR2-2

PROJECT GEOGRAPHY

Legal Description: LOT 166AR2-2, TELLURIDE MOUNTAIN VILLAGE, ACCORDING TO THE REPLAT OF LOT 166-AR, OSP-51 AND OS-166 TO LOTS 166AR2-1 THRU 166AR2-15, PARCEL A, OSP-51A, OSP-51RB AND OS-166R RECORDED APRIL 4, 2003 IN PLAT BOOK 1 AT PAGE 3116, COUNTY OF SAN MIGUEL, STATE OF COLORADO.

Address: 1 Stonegate Drive

Applicant/Agent: Katsia Lord, Vault Design

Owner: 2 Stonegate, LLC

Zoning: Single-Family

Existing Use: Vacant

Proposed Use: Single-Family

Lot Size: .359 acres

Adjacent Land Uses:

- **North:** Open space
- **South:** Single-family
- **East:** Open space
- **West:** Single-family



Figure 1: Vicinity Map

ATTACHMENTS

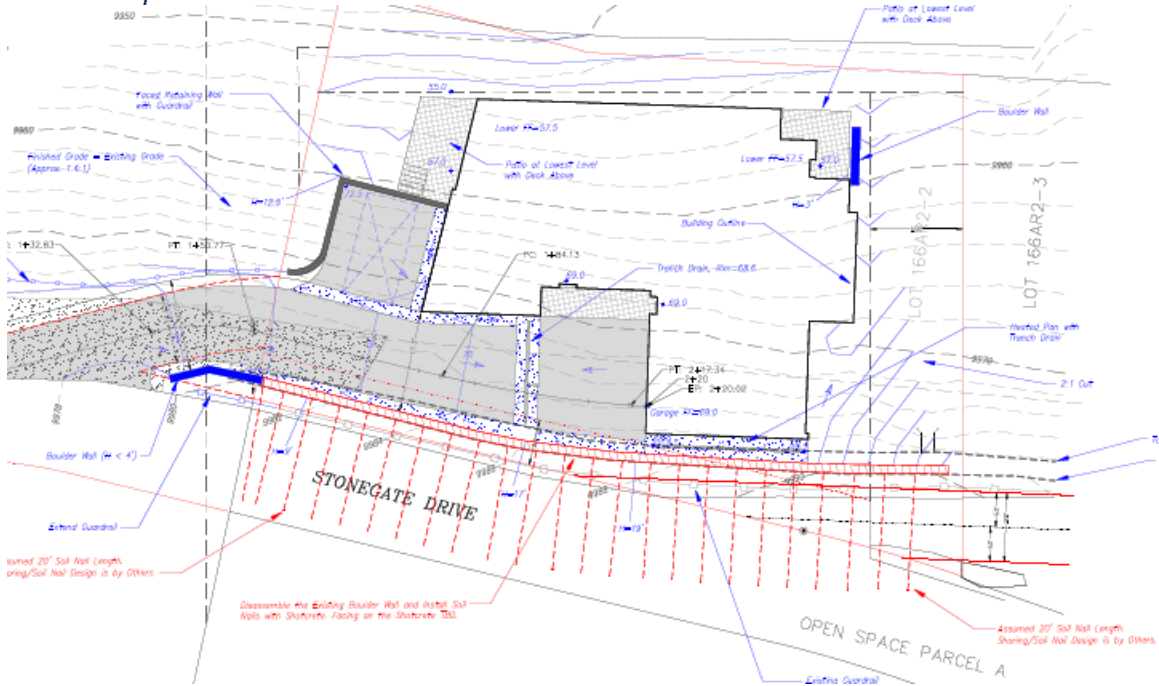
Exhibit A: Engineered Site Plan with Driveway Profile dated 7.28.23

Exhibit B: Proposed Resolution

Proposed Design review documents on file, available upon request

The access to the lot undercuts this retaining wall and could de-stabilize it. The engineering team understands that the wall needs to be stabilized through soil nailing and re-built in generally the same location to both shore up the road and stabilize the hillside for the new proposed home below.

See new wall as proposed in civil drawings for Initial Architectural Review approved by DRB in September 2023:



DRB reviewed this request at their September 7, 2023, regular meeting and voted unanimously to recommend approval.

Referral comments by the public works director indicated that soil nails in this location could actually further stabilize the road and associated retaining wall on town property and could be a benefit so long as the appropriate legal agreements are in place associated with this review.

Proposed Motions:

Staff is recommending the approval of the road right-of-way encroachment and suggests the following motion:

I move to approve a Resolution for a Road Right-of-Way Encroachment at Lot 166AR2-2, 1 Stonegate Drive, based on the evidence provided in the staff record of memo dated October 12, 2032, and the findings of this meeting, with the following conditions:

1. Prior to issuance of building permit, the engineered soil nail design will be reviewed by Town Public Works and Town Engineers for necessary approvals.
2. Prior to building permit, a development agreement will be entered into between the Town and the applicant to ensure completion of the engineered retaining wall rebuild, inclusive of a financial guarantee for 125% of the projected cost. The form of the development agreement shall be reviewed by the Town Attorney and may be approved by the Town Manager without further Council action.

3. *A license agreement with the Town for any road right of way encroachments will be entered into prior to the issuance of a building permit. The form of the license agreement shall be reviewed by the Town Attorney and may be approved by the Town Manager without further Council action.*
4. *An updated as built exhibit showing all constructed encroachments in the right of way will be recorded with the license agreement and recorded with the County prior to the issuance of a Certificate of Occupancy.*
5. *The right of way encroachments are premised on the subdivision and site specific design approvals. If the design approval expires, the right of way encroachment approval also expires.*

Staff Note: It should be noted that reasons for approval or rejection should be stated in the findings of fact and motion.

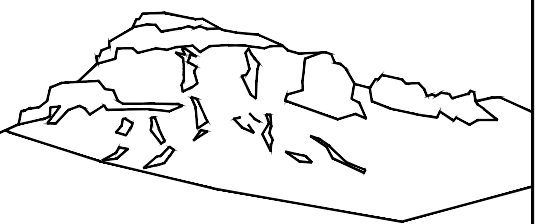
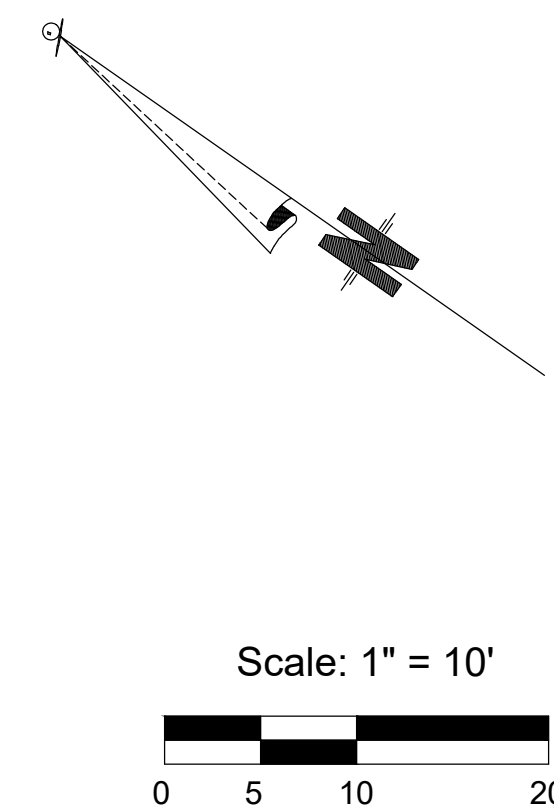
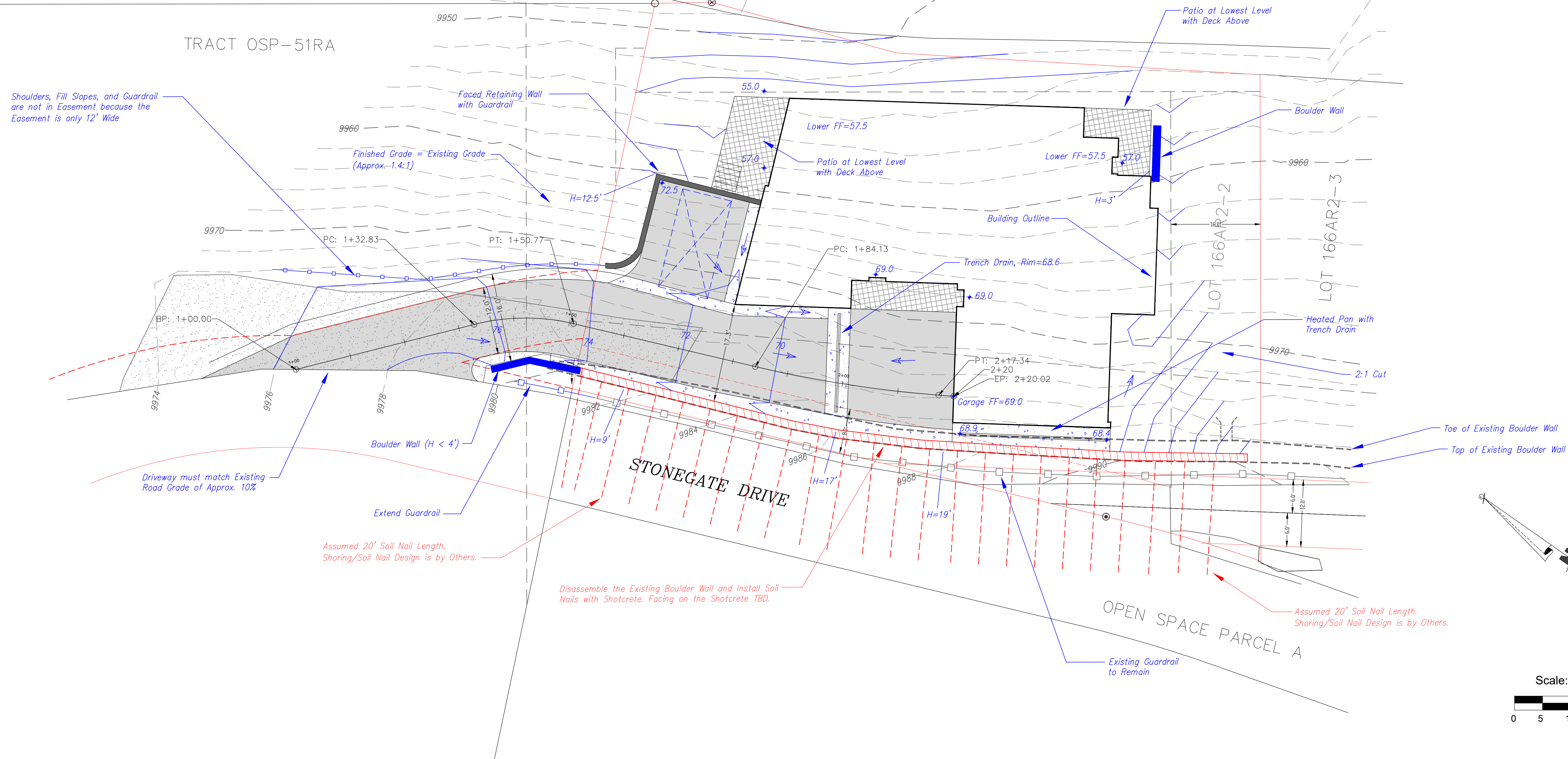
/aw

EXHIBIT A

TRACT OS-166R

TRACT OSP-51RA

Shoulders, Fill Slopes, and Guardrail are not in Easement because the Easement is only 12' Wide



Uncompahgre Engineering, LLC

P.O. Box 3945
Telluride, CO 81435
970-729-0683

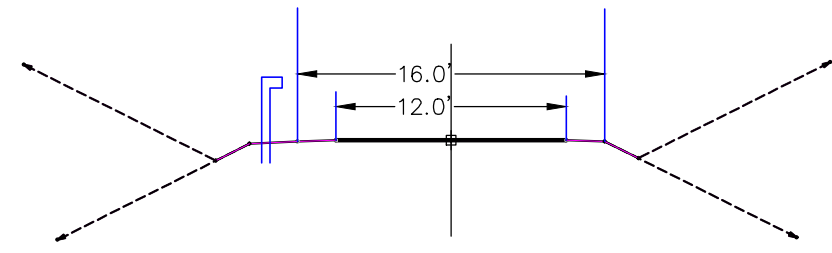
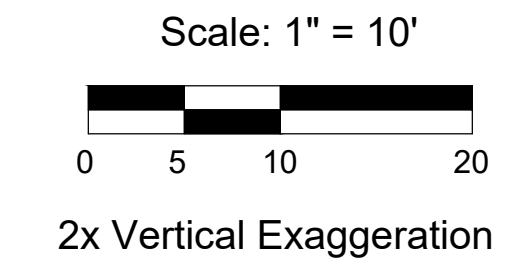
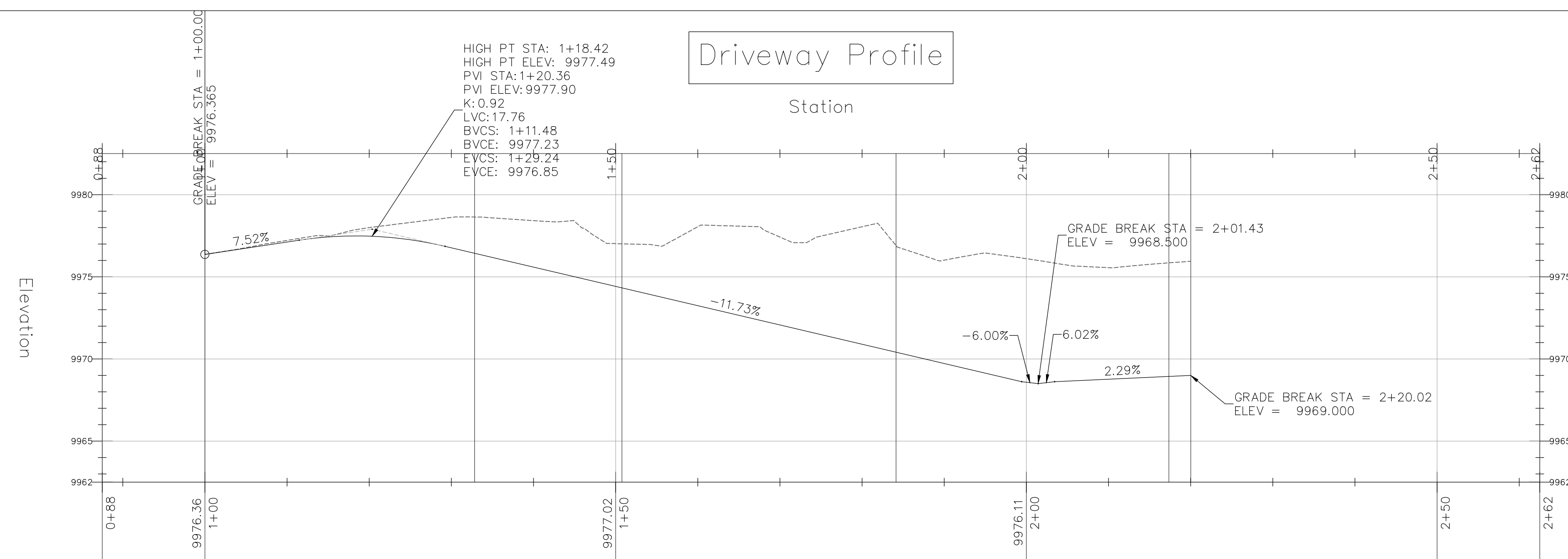
SUBMISSIONS:
SUBMITTAL 2023-07-28

Lot 166AR2-2
(Lot 2) Stonegate Mtn. Village, CO



CONTRACTOR TO REVIEW AND COMPARE ALL CHAPTERS AND INTERDISCIPLINARY DRAWINGS AND REPORT ANY DISCREPANCIES TO THE ARCHITECT PRIOR TO ANY FIELD WORK BEING DONE IN ACCORDANCE WITH AIA DOCUMENT A201

Driveway Profile



Civil Engineering Site Plan
with
Driveway Profile

C2.1

EXHIBIT B

**RESOLUTION OF THE TOWN OF MOUNTAIN VILLAGE, COLORADO TOWN COUNCIL
APPROVING A LICENSE AGREEMENT ALLOWING ENCROACHMENT INTO THE
STONEGATE RIGHT-OF-WAY FOR SOIL NAILING FOR ROAD STABILIZATION AND
ACCESS TO THE ADJACENT SINGLE-FAMILY RESIDENCE LOCATED ON LOT
166AR2-2**

RESOLUTION NO. XXX-

RECITALS:

- A. Stonegate Sundance Partners, LLC is the owner of record of real property described as the Stonegate Drive Right-of-Way/Tract A-1; and,
- B. It is understood that the Town of Mountain Village “the Town” has accepted the improvements of this access tract and controls its use; and,
- C. 2 Stonegate, LLC ("Owners") are the owner of record of real property described as Lot 166AR2-2; and,
- D. Right-of-way encroachments are a discretionary allowance of the Town Council; and
- E. The proposed license agreement is needed to allow for the stabilization of Stonegate Drive as well as the access to the home; and,
- F. The Town Council conducted a public meeting on October 19, 2023.

Now, Therefore, Be It Resolved that the Town Council hereby approves a license agreement in the Stonegate Drive Right-of-Way as set forth in Exhibit A with a condition that the Planning Division staff prepares a license agreement for execution by the Town Manager and the Owner.

Section 1. Conditions of Approval

- 1. Prior to issuance of building permit, the engineered soil nail design will be reviewed by Town Public Works and Town Engineers for necessary approvals.
- 2. Prior to building permit, a development agreement will be entered into between the Town and the applicant to ensure completion of the engineered retaining wall re-build, inclusive of a financial guarantee bond for 125% of the projected cost. The form of the development agreement shall be reviewed by the Town Attorney and may be approved by the Town Manager without further Council action.
- 3. A license agreement with the Town for any road right of way encroachments will be entered into prior to the issuance of a building permit. The form of the development agreement shall be reviewed by the Town Attorney and may be approved by the Town Manager without further Council action.
- 4. An updated as built exhibit showing all constructed encroachments in the right of way will be recorded with the license agreement and recorded with the County prior to the issuance of a Certificate of Occupancy.
- 5. The right of way encroachments are premised on the subdivision and site specific design approvals. If the design approval expires, the right of way encroachment approval also expires.

Section 2. Resolution Effect

- A. This Resolution shall have no effect on pending litigation, if any, and shall not operate as an abatement of any action or proceeding now pending under or by virtue of the resolutions repealed or amended as herein provided and the same shall be construed and concluded under such prior

resolutions.

- B.** All resolutions, of the Town, or parts thereof, inconsistent or in conflict with this Resolution, are hereby repealed, replaced and superseded to the extent only of such inconsistency or conflict.

Section 3. Severability

The provisions of this Resolution are severable and the invalidity of any section, phrase, clause or portion of this Resolution as determined by a court of competent jurisdiction shall not affect the validity or effectiveness of the remainder of this Resolution.

Section 4. Effective Date

This Resolution shall become effective on October 19, 2023 (the "Effective Date") as herein referenced throughout this Resolution.

Section 5. Public Meeting

A public meeting on this Resolution was held on the 19th day of October, 2023 in the Town Council Chambers, Town Hall, 455 Mountain Village Blvd, Mountain Village, Colorado 81435

Approved by the Mountain Village Town Council at a public meeting on October 19, 2023

Town of Mountain Village, Town Council

By: _____
Martinique Prohaska, Mayor

Attest:

By: _____
Susan Johnston, Town Clerk

Approved as to form:

By: _____
David McConaughy, Town Attorney



Agenda Item No. 12

**PLANNING AND DEVELOPMENT SERVICES
DEPARTMENT**

455 Mountain Village Blvd.
Mountain Village, CO 81435
(970) 369-8250

TO: Town Council

FROM: Lauren Tyler, GIS Administrator / Addressing Coordinator
& Michelle Haynes, Assistant Town Manager

FOR: Town Council, September 20, 2023

DATE: September 12, 2023

RE: Consideration on Second Reading of an Ordinance Adopting Community Development Code Amendments at CDC Sections 17.6.6 D (new) and amendments to 17.4.13.M ,Town of Mountain Village Official Street Naming & Addressing Standards

There have been no changes since the First Reading.

To view the full Street Naming & Addressing Standards document and the ordinance please refer to the following files.com link: <https://mtnvillage.files.com/f/8ec85e71cad1b95e>

INTERGOVERNMENTAL AGREEMENT FOR COST-SHARING OF THE PLANNING AND GONDOLA PROJECT DEVELOPMENT PHASE OF THE GONDOLA PROJECT

This **INTERGOVERNMENTAL AGREEMENT** FOR COST-SHARING OF THE PLANNING AND GONDOLA PROJECT DEVELOPMENT PHASE FOR THE GONDOLA PROJECT (the “Agreement”) is made and entered into by the following five entities effective as of _____, 2023:

1. the Town of Mountain Village (“TMV”) and Telluride Mountain Village Owners Association (“TMVOA”), collectively “Mountain Village Entity”
2. the Town of Telluride (“ToT”)
3. San Miguel County (“the County”)
4. TSG Ski & Golf, LLC (“Telski”), and
5. the San Miguel Authority for Regional Transportation (“SMART”)

The above entities who have approved and executed this Agreement (the “Participants”) for the purposes set forth below. The Participants agree as follows:

RECITALS:

WHEREAS, pursuant to title 29, article 1, part 2, C.R.S., as amended, and article XIV, section 18 of the Colorado Constitution, governments may contract with one another to provide any function, service or facility lawfully authorized to each of the contracting units and any such contract may provide for the joint exercise of the function, service or facility, including the establishment of a separate legal entity to do so; and

WHEREAS, SMART is legally authorized to provide mass transportation services and to contract with other entities to provide such services pursuant to §43-4-605, C.R.S.; and

WHEREAS, pursuant to the Resolution of Intent adopted by the SMART Board of Directors on February 9, 2023, the Participants agree that SMART shall serve as “Lead Participant” under this Agreement for purposes of planning for the construction, operation, maintenance, and funding for the Telluride-Mountain Village Gondola, after the current operating agreement expires on December 31, 2027 (hereinafter the “Gondola Project”); and

WHEREAS, Mountain Village Entity, County, ToT, and TSG Ski & Golf, LLC, are the four “Funding Participants”, and SMART is the one Lead Participant; and

WHEREAS, under this Agreement, the Funding Participants, shall coordinate with and assist SMART, as described below, with cost-sharing for the planning and development phase of the Gondola in accordance with Exhibit A and Exhibit B (“Phase I”); and

WHEREAS, SMART, in cooperation with the Funding Participants, has designated a Project Manager to coordinate and oversee the management of the Gondola Project; and

WHEREAS, in accordance with section 4.03 of the SMART Governing IGA, a Gondola Advisory Committee (“GAC”) shall be formed by SMART in accordance with Exhibit D, which shall assume the management and administrative roles currently provided by the TMVOA Gondola Subcommittee and shall provide general oversight of the Project Manager in connection with Phase I; and

WHEREAS, as it relates to forwarding recommendations to be made to the SMART Board for Phase I, the GAC will operate under a voting structure reflective of funding participants as articulated in Section 3 of this agreement; and

WHEREAS, SMART, in cooperation with the Funding Participants, will select, approve, and execute professional service agreements for consultant services for Phase I; and

WHEREAS, the Participants have formed a RFQ review working group in accordance with Exhibit C, which shall make recommendations to the Gondola Advisory Committee for the issuance of RFQ's and the selection of consultants to perform services for Phase I of the Gondola Project; and

WHEREAS, the estimated Gondola Project planning and development costs Phase I for 2023 is three hundred and twenty-three thousand four hundred dollars and eighty-one cents (**\$323,400.81**); and

WHEREAS, the Participants anticipate the costs for the Gondola Project will continue to increase and additional revenue from grant funds and local matching funds from the Participants will be required in 2024 to cover the costs to complete the scope of services for Phase I of the Gondola Project. Participants agree, subject to annual appropriations of the Participants, to pay, on a prorated equal share basis, all Gondola Project costs authorized and incurred under this Agreement for Phase I in accordance with budgets prepared by SMART and approved by the Participants in accordance with this Agreement; and

WHEREAS, the Participants agree to pay for their respective costs (e.g., their own administrative resources, staff time, services provided by and fees and costs charged by the Participant's own staff, engineer(s), attorney(s) or any of their own retained professional consultants and out-of-pocket business expenses) that they directly incur in relation to the Gondola Project; and

WHEREAS, Participants acknowledge that the participant mixture and level of financial participation may change at which point this Agreement will be revisited; and

WHEREAS, it is anticipated that at some point during the planning and development of the Gondola Project there will be a local funding agreement on the capital rebuild phase of the Gondola Project at which point Participants agree to establish a separate agreement for capital cost sharing of the capital for the rebuild phase of the Gondola Project; and

WHEREAS, the governing bodies or authorized representative of each of the Participants have determined that there is a need to jointly cooperate and share the related Gondola Project costs with the other Participants in order to obtain grant funding and to receive the individual and collective benefits of the Gondola Project, and the Participants have further determined that jointly undertaking the Gondola Project best serves their respective interests; and

WHEREAS, the governing bodies or authorized representative of each of the Participants have taken all necessary actions to approve and enter into this Agreement and to authorize their respective Mayor or Board Chair and Clerk or authorized representative to execute this Agreement on their behalf; and

WHEREAS, this Agreement is authorized and entered into in accordance with applicable State law; and

NOW, THEREFORE, in consideration of the mutual agreements, obligations and covenants set forth in this Agreement, and upon the further consideration stated in the foregoing Recitals, it is agreed by the Participants as follows:

Section 1. Incorporation of Recitals. The Participants confirm the statements set forth in the above Recitals and incorporate such recitals herein as an integral part of this Agreement.

Section 2. Commencement; Approval and Term of Agreement.

- A. **Commencement.** This Agreement shall commence at such time as all Participants have approved and executed their respective signature pages. The “Effective Date” of this Agreement shall be the date on which SMART and all Participants execute their signatures.
- B. **Participation and Approval.** Participation in this Agreement is limited to the Participants who join this Agreement on or after the Effective Date by having their governing bodies or authorized representative approve this Agreement and directing the appropriate officer thereof to execute the signature page. After approval, each Participant shall deliver an executed signature page for this Agreement to: David Averill, Executive Director, SMART, PO Box 3140, Telluride, CO 81435.
- C. **Term.** Unless terminated earlier by the Participants, the term of this Agreement shall continue until the tasks involved in Phase I have been completed.

Section 3. Cooperation and GAC Voting Structure for the purposes of Phase I. The Participants agree to cooperate and perform their respective obligations regarding Phase I as required by this Agreement and with respect to the following voting structure and subsequent recommendations at the GAC level.

- a. Mountain Village Entity (2 votes)
- b. Town of Telluride (2 votes)
- c. San Miguel County (2 votes)
- d. TSG Ski & Golf, LLC (2 votes)
- e. SMART Board (1 vote)

Section 4. Lead Participant; Authority; Support Staff and Consultants.

- A. **Lead Participant.** SMART shall serve as “Lead Participant” for the Phase I of the Gondola Project under this Agreement and shall provide periodic written status reports to the other Participants regarding the status and completion of Phase I of Gondola Project.
- B. **Authority.** SMART, as the Lead Participant, has the following authority:
 - a. To coordinate and oversee Phase I of the Gondola Project in a commercially reasonable manner as determined in SMARTs exercise of its reasonable judgment and discretion in accordance with this Agreement and with the recommendations of the GAC; and
 - b. To stop work on the Phase I of Gondola Project, or any portion of it, in the event of any dispute under this Agreement or under an agreement with any consultant when SMART determines, in the exercise of its reasonable judgment and discretion, that a stoppage is

reasonable and necessary to protect the financial interests of the Participants.

- C. **Support Staff and Consultants.** Members of the GAC, or their designees, will provide the Project Manager with necessary information to coordinate consultant work and assist with the process for planning and funding to complete Phase I of the Gondola Project as set forth herein.

Section 5. Scope of Gondola Project; Planning and Development Phase Responsibilities of the Participants. The Participants agree as follows:

A. Scope of Gondola Project.

- a. **Gondola Project Management.** In cooperation with the Funding Participants, SMART will engage a Project Manager to coordinate and oversee the management of Phase I of the Gondola Project.
- b. **Contracted Services.** SMART will contract with consultants and subject matter experts for the benefit of the Participants to provide management of Phase I of the Gondola Project development, facilitation, election services and municipal financial advising activities in accordance with Exhibit A and in accordance with the recommendations of the GAC.
- c. **Estimated Budget for the Gondola Project, Planning and Development Phase.** The estimated cost for Phase I of the Gondola Project for 2023 is not to exceed \$323,400.81. Any additional costs and expenses that exceed the \$323,400.81 itemized by service area below shall be considered by the Participants in accordance with the Cost Sharing provision set forth in Section 6. (Cost Sharing of Gondola Project costs and Payment Obligations) below. Any unspent funds in 2023 shall roll forward into the 2024 Gondola Project budget.

Proposed Gondola Project Budget – Phase I		
	2023	2024*
Gondola Sr. Gondola Project Manager	\$85,000.73	\$142,516.48
Election Consultant Services	\$60,000.00	\$109,333.33
Financial Advisor Consultant and Special Counsel Services	\$24,000.00	\$24,000.00
Community/Government Affairs Consultant Services	\$50,000.00	\$50,000.00
Gondola Project Development Consultant Services	\$75,000.00	\$250,000.00
Subtotal	\$294,000.73	\$575,849.81
Contingency (10%)	\$29,400.07	\$57,584.98
TOTAL	\$323,400.81	\$633,434.79

*2024 Estimate, subject to local appropriations and number of funding partners.

Per Agency	2023	2024*
Total w/ contingency	\$80,850.20	\$158,358.70

- d. **Modification of Scope.** The Participants may, by mutual unanimous agreement, expand or reduce or modify the scope of Phase I of the Gondola Project, by approval and execution of a written addendum to this Agreement approved by the governing bodies or authorized representative of the Participants.

B. Responsibilities of the Participants.

- a. **Responsibilities of Lead Participant.** SMART has the following responsibilities related to Phase I of the Gondola Project as the Lead Participant:
 - i. Preparation of this Agreement; and
 - ii. Communicate with and transmit to each Participant progress reports regarding the status of Phase I of the Gondola Project; and
 - iii. Preparation and issuance of the request for qualifications (RFQ) document(s) for the selection of subject matter expertise in accordance with applicable regulations and state law and this Agreement; and
 - iv. Negotiate, prepare, approve and execute professional services agreements for Phase I of the Gondola Project, based on the GAC's recommendation; and
 - v. Execution of Agreements with consultants for Phase I of the Gondola Project; and
 - vi. Prepare budgets for Phase I for review and approval by the Funding Participants as may be required and consistent with the budget set forth herein; and
 - vii. Receive, hold, manage, account for, and payout the Phase I Gondola Project funds contributed by the Funding Participants, for the benefit of the Gondola Project, in compliance with the applicable state laws and provisions of this Agreement; and
 - viii. Coordinate and monitor the performance of Phase I of the Gondola Project services by the selected consulting team; and
 - ix. Administer and oversee Phase I of the Gondola Project and the expenditure of Phase I Gondola Project funds and the Participant Contributions (defined below in subsection b.) and the collection of additional Participant Contributions (if necessary), including coordination of all Phase I work, approving and making progress payments and final payment to the consulting team, executing all approved change orders to the consulting services, accounting for all of the Phase I costs, and the return of any unused, excess portion of the Participant Contributions; and

- x. Preparation and delivery of quarterly status reports, including fully executed copies of all pertinent agreements and related Phase I documents to the GAC, subject to scheduling of GAC meetings. Weekly status reports to the Managers' Committee, subject to scheduling of Managers' Committee meetings, which Manager's Committee shall include the Executive Director of SMART, the San Miguel County Manager, the President and Executive Director of the Telluride Mountain Village Owners' Association, the Town Manager of the Town of Telluride, and the Town Manager of the Town of Mountain Village, or their respective designees, and a representative of Telluride Ski and Golf; and
 - xi. Perform any other tasks or assignments relating to Phase I of the Gondola Project, as agreed upon by unanimous consent of the Participants; and
 - xii. SMART shall have no authority to incur Gondola Project costs without the authorization of the other Participants.
- b. **Responsibilities of Participants.** Each Participant has the following responsibilities related to Phase I of the Gondola Project, and SMART is included as having these responsibilities unless the context dictates otherwise:
- i. Approval of this Agreement by each Participant's corporate authorities; and
 - ii. Transmit an executed signature page of this Agreement and a certified copy of the fully executed to SMART; and
 - iii. Promptly comply with the Cost Sharing payment obligations set forth below in Section 6 (Cost Sharing of Gondola Project costs and payment obligations) and each of the other responsibilities and provisions contained in this Agreement; and
 - iv. Review and respond to any Phase I Gondola Project documents that require Funding Participant approval (if requested) within thirty (30) calendar days after receipt and submit any requested comments, revisions, or responses to SMART; and
 - v. Review, execute and return to SMART any Phase I Gondola Project document that needs to be executed by the Participant within thirty (30) calendar days after receipt.

Section 6. Cost Sharing of Gondola Project Costs and Payment Obligations.

The Funding Participants shall share on a prorated equal share basis in the payment of all incurred, documented Phase I Gondola Project costs (as defined at Page 2 above) as follows:

- A. **Cost Share Formula.** The Funding Participants agree that they are responsible for the payment of their respective share of the Gondola Project costs, with each Funding Participant being obligated to pay one fourth of the Phase I Gondola Project costs.
- B. **Payment Obligations for Gondola Project Costs for 2023.** Each of the Funding Participants agrees as follows:
- a. Payments of up to \$323,400.81 shall be made to SMART for the performance of the Phase I Gondola Project services for the benefit of all Participants; and
 - b. In the event that Phase I of the Gondola Project incurs documented costs that exceed \$323,400.81 for 2023 the parties agree to meet and develop mutually acceptable terms to cover the excess costs in order to ensure completion of Phase I, on a prorated equal share basis by the Funding Participants for payment to SMART upon written invoice with supporting documents of all incurred, documented Phase I Gondola Project costs that exceed the total amount of Funding Participant contributions; and
 - c. Payment by the Funding Participants on a prorated equal share basis, to SMART upon written invoice with supporting documents of any incurred, documented Phase I Gondola Project costs in accordance with this Agreement; and
 - d. Payments to SMART shall be made upon receipt by each Funding Participant of written invoice(s) with supporting documents of any incurred, documented Gondola Project costs.
- C. **Payment Schedule for Gondola Project Costs.** Funding Participants agree to directly pay their respective share of the Phase I Gondola Project costs under this Agreement, based on itemized invoices with supporting documents, upon receipt from SMART, for costs incurred as of May 1, 2023, forward. A single invoice shall be sent by SMART to all Funding Participants on a monthly or periodic basis that contains itemized, descriptive task/time entries of the Phase I Gondola Project costs incurred for the time period covered by the invoice with an amount payable by each Funding Participant.
- D. **New Participants; True-Up Fee.** As a condition of approving and participating under this Agreement, each new Funding Participant shall be required to pay a prorated share of all Phase I Gondola Project costs incurred under this Agreement prior to the date of approval of this Agreement by the new Funding Participant (the "True-Up Fee"). The True-Up Fee shall be determined by SMART and approved by the GAC and set forth in a written invoice with supporting documents. Upon payment of its True-Up Fee by the new Participant to SMART, each of the existing Funding Participants shall receive a prorated credit on the next SMART invoice to account for the new Funding Participant's True-Up Fee.

- E. **Payments Subject to Annual Appropriations.** The obligation of each Funding Participant to make any payment to SMART or otherwise pursuant to this Agreement shall be subject to the annual appropriations and/or approval of the Funding Participant's governing body or authorized representative. The Funding Participants agree to appropriate their pro rata share of the 2023 Phase 1 Costs by no later than December 31, 2023, and to include appropriations for 2024 Phase I costs in their respective annual budgets. In the event any Funding Participant's governing body or authorized representative does not appropriate the funds necessary for any payment required of such Funding Participant pursuant to this Agreement such Funding Participant's participation in this Agreement shall be terminated, in which case such Funding Participant shall have no further obligations to the other parties hereto and shall no longer retain a GAC vote for purposes of the Gondola Project or have representation on the Leadership Committee.

Section 7. General Provisions.

- A. **Term.** The Term of this Agreement shall commence on its Effective Date and continue until the completion of Phase I Gondola Project in accordance with this Agreement, subject to compliance and satisfaction of all pending payments and obligations of the Participants, or the mutual termination of this Agreement by the Participants.
- B. **Termination**
- a. **Mutual Termination.** Upon the mutual termination of this Agreement as agreed upon by all Participants, the Funding Participants shall pay their respective, unpaid portion of the invoiced Gondola Project costs incurred during the Term of this Agreement through the date of termination. Provided termination is not for non-appropriation, such termination shall not relieve any Funding Participant from its obligation to pay its respective share of any outstanding Gondola Project costs that may come due at a later date based on any incurred, documented Gondola Project costs.
 - b. **Termination for Breach.** Subject to Section 7.D below (Dispute Resolution Process) and Section 7.C below (Breach; Payment and Interest; Cure), if a Funding Participant fails to comply with its obligations as set forth in this Agreement, its continued participation in this Agreement may be terminated by a majority (vote) consensus of the other Funding Participants, which consensus shall be based on a vote of each of the governing bodies or authorized representative of the remaining Funding Participants. Any Funding Participant whose participation in this Agreement is terminated by the other Funding Participants for a breach of this Agreement shall be subject to the following conditions:
 - i. The terminated Funding Participant shall forfeit the full amount of its already paid Participant Contribution and shall also be obligated to pay its respective, unpaid share of any additional Phase I Gondola Project costs incurred through the date of the notice of termination that exceed the amount of its Participant Contribution; and

- ii. The Funding Participants shall pay their respective, unpaid portion of the invoiced Gondola Project costs incurred during the Term of this Agreement through the date of termination. Provided termination by a Funding Participant is not for non-appropriation, such termination shall not relieve any Funding Participant from its obligation to pay its respective share of any outstanding Phase I Gondola Project costs that may come due at a later date based on any incurred, documented Phase I Gondola Project costs; and
 - iii. In the sole discretion of the remaining Participants, based on a majority vote of the governing bodies or authorized representative of the remaining Participants, the terminated Funding Participant may be relieved of some or all of its payment obligation, but only in the event that a replacement party approves an addendum to this Agreement and assumes the financial responsibility of the terminated Funding Participant.
- C. **Breach; Payment and Interest; Cure.** In the event that any Participant breaches this Agreement, and the breach is litigated before a court of law or an administrative agency, the non-prevailing Participant shall be liable to the prevailing Participant(s) for the prevailing Participant's reasonable attorneys' fees and costs of suit incurred by the prevailing Participant(s). If any Funding Participant fails to pay its respective share of the financial obligations payable under this Agreement, subject to the required annual appropriations set forth in this Agreement, the breaching Funding Participant's failure shall constitute an automatic breach of this Agreement; in such case, any fine, penalty or accrued interest that arises due to the late payment or failure to pay shall be the responsibility of the breaching Funding Participant, and the other Funding Participants shall be owed interest on the amount of the unpaid payment at the interest rate on judgments certified by the Colorado Secretary of State. A default or breach shall not constitute an actionable event of breach or default, if such breach or default cannot be cured within fifteen (15) calendar days, and the breaching Participant, within said fifteen (15) calendar days, initiates and diligently pursues appropriate measures to remedy the breach / default and in any event cures such breach / default within thirty (30) calendar days after receipt of written notice of such breach / default. Each Participant shall be entitled to any and all remedies at law and in equity under this Agreement.
- D. **Dispute Resolution Process.** If a dispute arises between the Participants concerning this Agreement, representatives of the Participants (Mayor or Board Chair or such other person designated by the governing body will first attempt to resolve the dispute by negotiation. Each Participant will designate persons to negotiate on their behalf. The Participant(s) contending that a dispute exists must specifically identify in writing all issues and present it to the other Participant(s). The representatives of the Participants will meet and negotiate in an attempt to resolve the matter. If the dispute is resolved as a result of such negotiation, there must be a written determination of such resolution, ratified by the representatives of the Participants (if the matter is within his/her authority) or the governing body of each Participant, which will be binding upon the Participants. If necessary, the Participants will execute an addendum to this Agreement. Each Participant will bear its own costs, including attorneys' fees, incurred in all proceedings in this Section 9.B. If the Participants do not resolve the dispute through negotiation, any Participant to this Agreement may pursue any other available remedies to

enforce the provisions of this Agreement.

- E. **No Separate Legal Entity.** This Agreement establishes a cooperative undertaking, and it is not the intention of the Participants to create a new or separate legal entity by this Agreement. This Agreement does not establish or create a joint venture or partnership between the Participants, and no Participant shall be responsible for the liabilities and debts of the other Participants hereto.

- F. **Notice.** All notices and other communications required or permitted under this Agreement shall be in writing and may be personally delivered, faxed, e-mailed or sent by first class mail, postage prepaid, addressed to the Mayor, Board Chair, or authorized representative, as applicable, of each Participant at their business mailing address and electronic telecommunications contact information, as follows:

San Miguel County

Lance Waring, Chair, Board of County Commissioners

Email:

lancew@sanmiguelcountyco.gov

Staff: Mike Bordogna, San Miguel County Manager

Phone: (970) 728-3844

Email:

mikeb@sanmiguelcountyco.gov

Mailing Address: PO Box 1170, Telluride, CO 81435-1170

Town of Mountain Village

Marti Prohaska, Mayor

Email: mprohaska@mtnvillage.org

Staff: Paul Wisor, Town Manager

Phone: (970) 369-8300

Email:

pwisor@mtnvillage.org

Mailing Address: 455 Mountain Village Blvd., Ste. A Mountain Village, CO 81435

Town of Telluride

Meehan Fee, Mayor Pro-Tem

Email: mfee@telluride-co.gov

Staff: Scott Robson, Town Manager

Phone: (970) 728-2155

Email: srobson@telluride-co.gov

Mailing Address: PO Box 1170, Telluride, CO 81435-1170

TSG Ski & Golf, LLC.

Jeff Proteau, Director of Special Projects

Phone: (970)728-7386

Email: JProteau@tellurideskiresort.com

Mailing Address: 565 Mountain Village Blvd., Telluride, CO 81435

Telluride Mountain Village Owner's Association

Jim Royer, Vice Chairman

Email: jamesroyer@gmail.com

Staff: Anton Benitez, CEO

Phone: (970) 728-1904

Email: anton@tmvoa.org

Mailing Address: 113 Lost Creek Lane, Suite A, Mountain Village, CO 81435

All notices and other communications required or permitted under this Agreement shall be deemed to have been received on the day when personally delivered, faxed or e-mailed, or three (3) calendar days after being mailed, as the case may be.

- G. **Complete Agreement; Amendments; Counterparts.** This Agreement contains the entire understanding between the Participants and supersedes any prior understanding or written or oral agreements between them with respect to the subject matter of this Agreement. There are no representations, agreements, arrangements or understandings, oral or written, between and among the Participants relating to the subject matter of this Agreement which are not fully expressed herein. No oral modification, amendment or change shall be allowed to this Agreement. Any modification, amendment or change to this Agreement shall be in writing and approved and executed by all the Participants. This Agreement and each addendum may be executed in counterparts (including facsimile signatures), each of which shall be deemed to be an original and all of which shall constitute one and the same Agreement or addendum.
- H. **Assignment.** No Participant shall assign, sublet, sell or transfer its interest in this Agreement without the prior written consent of the other Participants. The terms and conditions of this Agreement shall be binding upon and shall insure to the benefit of the Participants hereto and their respective successors and assigns.
- I. **Authority to Execute Agreement.** The Participants warrant and represent that their respective signatures set forth below have been and are, on the date of their signatures, duly authorized by all necessary and appropriate corporate and/or governmental action to execute this Agreement.
- J. **Compliance With Laws.** The Participants to this Agreement shall comply with all applicable federal, state and local laws and any federal or state administrative rules and regulations in carrying out the terms and conditions of this Agreement. However, each Participant agrees to allow any other Participant and its auditors and attorneys to inspect and audit all data and records maintained by each Participant directly related to this Agreement and the financing thereof, except that any attorney-client privileged information, attorney work product or other confidential information is not subject to disclosure, inspection or audit.
- K. **Severability.** If any provision of this Agreement shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement shall not be affected, and each remaining provision of this Agreement shall be considered valid and

shall be enforced to the fullest extent permitted by law.

L. **Remedies.** In any action with respect to this Agreement, the Participants are free to pursue any legal remedies at law or in equity. If any Participant or Participants are required to take legal action to enforce performance of any of the terms, provisions, covenants and conditions of this Agreement, and, by reason thereof, the Participant or Participants are required to use the services of an attorney, then the prevailing Participant or Participants shall be entitled to reimbursement of its/their reasonable attorneys' fees, court costs, expenses and expert witness fees incurred pertaining to the enforcement of this Agreement and in the enforcement of any remedy, including costs and fees relating to any appeal.

M. **Waiver.** The failure of any Participant to enforce any term, condition or covenant (herein referred to as "provision") of this Agreement shall not be deemed a waiver or limitation of that Participant's right to subsequently enforce and compel strict compliance with such provision and every other provision of this Agreement. No provision of this Agreement shall be deemed to have been waived by any Participant unless such waiver is in writing by said Participant. The Participants, by entering into this Agreement, do not waive any immunity provided by local, state or federal law.

IN WITNESS WHEREOF, the corporate authorities of the Participants have approved this Agreement and have directed that this Agreement be signed on their behalf by their respective Mayor or Board Chair and Clerk, on the days and year written below.

Approved as to Form by:

San Miguel Authority for Regional Transportation

By: _____
Name: Joe Dillsworth
Title: SMART Board Chair
Date: _____, 2023.

By: _____
Name: David Averill
Title: SMART Executive Director
Date: _____, 2023.

Approved as to Form by:

Mountain Village Entity

Town of Mountain Village:

By: _____
Name: Marti Prohaska
Title: Mayor
Date: _____, 2023.

By: _____
Name: Susan Johnston
Title: Clerk
Date: _____, 2023.

Town of Mountain Village Owners Association:

By: _____

Name: James R. Royer

Title: Vice-Chairman

Date: _____, 2023

Approved as to Form by:

Town of Telluride

By: _____

Name: Meehan Fee

Title: Mayor Pro-Tem

Date: _____, 2023.

By: _____

Name: Tiffany Kavanaugh

Title: Clerk

Date: _____, 2023.

Approved as to Form by:

San Miguel County

By: _____

Name: Lance Waring

Title: Chair, Board of County
Commissioners

Date: _____, 2023.

By: _____

Name: Carmen Warfield

Title: Clerk to the Board of County Commissioners

Date: _____, 2023.

Approved as to Form by:

TSG Ski & Golf, LLC

By: _____

Name: Jeff Proteau

Title: Director of Special Projects

Date: _____, 2023.

By: _____

Name:

Title:

Date: _____, 2023.

EXHIBIT A. CONSULTANT SERVICES

Intent of Consultant Services:

The intent of these services is to conduct the work necessary to execute the planning and project development phase of the Gondola Project (Phase I) including:

Communications and facilitation services.

- Election, financial and special counsel services to understand, develop and issue a 2024 ballot question for additional on-going Operations and Maintenance (O/M) costs for the Gondola once the operations, maintenance and management of the Gondola is transferred from the Town of Mountain Village to SMART and (if necessary) debt service to fund a Gondola rebuild project.
- Planning and other project development services to assist with seeking Federal/State/Other grant funding for planning, design, and construction of a replacement gondola system.
- Engineering and Architecture, environmental and other services require subject matter expertise related to the design of a replacement gondola system.

The Consultant services to be funded through this IGA include:

Election Consultant Services

- A survey conducted by Keating Research, Inc will sample 300 active voters in the SMART District, Survey results and analysis, presentation and visualization of the survey results, and additional consulting on election services to understand and develop a ballot question that will resonate with the community and provide clarity through polling for the project team. NOTE: All survey results, poll data, reports, and poll analysis documents prepared by Keating Research, Inc. shall be considered Confidential Information.
- Election Services: A campaign strategist shall be engaged to assist in building public support for the initiative/ballot question(s).

Financial Advisor, and Special Counsel Services:

- Hilltop Securities will serve as the municipal advisor to SMART funded through this IGA and will provide consulting services related to the preparation of a financial plan to fund a new gondola and will include: a tax impact analysis, evaluation of financing options for the Gondola Project, obtaining a rating (if needed); execute the financing plan to obtain funding for the Gondola Project; and other consulting services as needed related to the gondola.
- Special counsel services in connection with an evaluation of options available to finance improvements to the Gondola and possible conduct of an election. Services will include working with SMART staff and consultants to explore legally available options for financing the Gondola Project and assist with the conduct of an election to authorize tax and debt increases for SMART.

Community/Government Affairs Consultant Services

Services under this may include:

- Communications Plan: develop a comprehensive communications plan that clearly defines a thoughtful, collaborative and inclusive stakeholder and community process. The plan will identify the public communications strategy, audiences, community/regional partners, and a detailed timeline to integrate key education/outreach/input milestones with the technical planning process.
- Meeting Promotion.
- Meeting Facilitation: meeting facilitation for Gondola Subcommittee, Gondola Leadership Committee, Community Meetings and other meetings.
- Meeting Documentation.
- Meeting Materials: including but not limited to presentations, information boards, surveys/polls, fact sheets to ensure clear communication, as well as inclusive and equitable community input.
- Reports, memoranda, summary information.
- Community Outreach – Educate/Engage/Collaborate. Support the Gondola Project Manager and team to ensure clear, accurate and unbiased communication.
- Public Information Assets: Develop and provide updates of the materials that are essential for educating the community and generating awareness about the Gondola Project and process.

Gondola Project Development Consultant Services

These services will be secured through an RFQ process managed by SMART in accordance with its procurement policies. Services under this scope may include:

Team of Consultants to provide subject matter expertise in the following areas.

a. Architecture and Engineering (A&E)

Scope of work for A & E services may include:

- Facility Design
- Facility Planning and Development
- Interior Design and Space Planning
- Landscaping and Urban Design

b. Civil/Structural/Mechanical Engineering

Scope of work for Civil/Structural/Mechanical Engineering services may include:

- Boundary and Topography Surveying
- Site Design, including Bus Shelter Site Design
- Conceptual, Preliminary, and Final Engineering Plans
- Construction Management
- Construction Surveying
- Geotechnical/Material Testing
- Hazardous Waste Remediation
- Irrigation and Drainage
- Pavement Marking, Signage, and Resurfacing

- Bicycle/Pedestrian Improvements
- Real Estate Analysis
- Right-of-Way Work
- Street/Intersection Design Related to Transit Infrastructure
- Structural Design
- Transit Oriented Development
- General Transportation Engineering

c. Transit/Multimodal Planning

Scope of work for environmental services may include:

- Transit Plan Development:
e.g., Transit expansion plans, and Regional Transit Plans to implement and integrate County and Local Comprehensive plans, capital needs assessments, and transit ridership.
- Market Analysis to understand the demand for transit use, analyze existing transit services and identify transit gaps.
- Operations Planning:
e.g., Estimate service costs, and estimate associated capital and operational support needs.
- Strategic Planning and Facilitation:
e.g., work with internal and external stakeholders to create visions, goals, and strategies to implement long-range planning efforts.
- Financial Planning:
e.g., evaluate past expenditures and revenues, forecast future needs, identify potential budget risks, and develop and provide recommendations and strategies to mitigate risks.

d. Environmental (NEPA)

Scope of work for environmental services may include:

- Review environmental conditions and determine required permits.
- Delineation and mitigation recommendations of wetlands.
- Prepare and/or review environmental documents for FTA, USFS, or CDOT.
- Conduct and prepare environmental surveys and clearance reports.

e. Supplemental Services

Scope of work for these services may include:

- Benefit Cost Analysis
- Bid Support Services
- Budget Development
- Cost Estimating
- Construction Management Services
- Environmental Justice:
 - Perform analysis of impacts of transit projects and propose mitigation measures related to environmental justice and equity.
- Grant Writing and Management (e.g., CIG, RAISE, other discretionary grants)
 - Grant Funding Research
 - Grant Proposal Development includes the preparation of funding abstracts, production and submittal-ready application.
 - Grant management – prepare required documentation and reports for (e.g., CIG Program and RAISE requirements), support SMART through the reimbursement process.

- GHG Emissions Analysis
- GIS Support Services: Including but not limited to map production, evaluation and simulation of environmental impacts, and static and interactive displays to enhance project development and public engagement process.
- Life Cycle Cost Analysis
- Public & Stakeholder Meetings/Presentations
- Renderings
- Title VI and Equity Analysis
- 3D Modeling

EXHIBIT B. PLANNING AND DEVELOPMENT PHASE I GONDOLA PROJECT MILESTONES

- Set Gondola Advisory Committee and Leadership Calendar
- Develop and provide the necessary information to the partners to facilitate moving into the capital phase of the Gondola Project including but not limited to:
 - Development and submittal of grants
 - Engaging Consultant services, see Exhibit A
 - Development of grant application components, see Exhibit A
 - Updated capital equipment, and capital construction cost estimates
 - 30% Design on the Gondola Replacement and technical station requirements
 - Conceptual Design on Stations
 - Public and Stakeholder Meetings
 - Gondola Project Management and Oversight
- Ballot Initiative(s)
 - Conduct polling
 - Run a ballot initiative to fund ongoing Operations and Maintenance of the Gondola
 - Depending on a future agreement of the partners pertaining to funding of the capital Gondola Project, a debt question may be required

Note: Anything above and beyond in technical and access requirements of the Gondola Replacement Gondola Project shall require separate negotiations with the local entities. Examples: changes in use and/or additional uses to stations (e.g., adding commercial use to an existing station), extensive station area planning, multimodal connections.

EXHIBIT C. RFQ EVALUATION WORKING GROUP

RFQ Committee	
Project Manager	Amber Blake
Gondola Expert	Jim Loebe
SMART	David Averill
Mountain Village Entity	Executive Leader or Designee
Town of Telluride	Executive Leader or Designee
San Miguel County	Executive Leader or Designee
TSG	Executive Leader or Designee

Exhibit D

Gondola Advisory Committee Resolution

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MIGUEL AUTHORITY
FOR REGIONAL TRANSPORTATION
ESTABLISHING THE GONDOLA ADVISORY COMMITTEE**

RESOLUTION 2023 - ____

RECITALS:

WHEREAS, the San Miguel Authority for Regional Transportation (“SMART”) was approved by the registered electors of the Town of Telluride, Town of Mountain Village, Town of Rico, and that portion of the SMART combination that is within that part of the SMART boundaries located within unincorporated San Miguel County, pursuant to the Colorado Regional Transportation Authority Law, C.R.S Title 43, Article 4, Part 6; and

WHEREAS, SMART is governed by the Colorado Regional Transportation Authority Law and the SMART Intergovernmental Agreement (“SMART IGA”) conditionally approved by each of the governing bodies of the Town of Telluride, Town of Mountain Village, Town of Rico, and San Miguel County; and

WHEREAS, Section 4.03 of the SMART IGA states that the Board of Directors of SMART (the “Board”) may appoint and maintain Advisory Committees to develop recommendations with respect to policy, planning, and service matters; and

WHEREAS, Section 4.03 of the SMART IGA states that members of Advisory Committees may be citizens, business and resort representatives, other regional government or public agencies that represent service area outside the boundaries of the Authority; and

WHEREAS, Section 4.03 of the SMART IGA specifies that Board Directors or Alternate Directors may be members of a SMART Advisory Committee, and that the Advisory Committees may not exercise any power of the Board; and

WHEREAS, the Board desires to appoint a Gondola Advisory Committee, and establish the purpose and duties of the Gondola Advisory Committee and the term durations, number of members and makeup of such committee as directed by the Board.

NOW THEREFORE, BE IT RESOLVED, by the Board of Directors of the San Miguel Authority for Regional Transportation as follows:

1. **PURPOSE.** The Board hereby establishes a Gondola Advisory Committee for the purpose

of advising the Board on items related to transfer of the operation, maintenance and funding of the existing Telluride Mountain Village Gondola from the Town of Mountain Village after the expiration of various operating agreements that expire on December 31, 2027 planning for the design and construction of a new gondola system to replace the existing Telluride-Mountain Village Gondola, planning for capital funding for the replacement gondola system, and ongoing Gondola services provisions.

2. MEMBER. The members of the Gondola Advisory Committee shall include persons representing the entities listed below as shall be appointed by each of the respective entities. SMART Directors and Alternate Directors shall be permitted to be members of the committee.
 - a. Town Mountain Village (2 members)
 - b. Telluride Mountain Village Owners Association (2 members)
 - c. Town of Telluride (2 members)
 - d. San Miguel County (2 members)
 - e. TSG Ski & Golf, LLC (2 members)
 - f. SMART Board (1 member)
3. TERM. Each member of the Gondola Advisory Committee shall serve until such time as their replacement may be appointed by the respective entities.
4. The Gondola Advisory Committee shall not be authorized to exercise any power of the Board.
5. The Board may make subsequent amendments or changes to the Gondola Advisory Committee via resolution.

ADOPTED AND APPROVED by the SMART Board of Directors at a regular public meeting held on the _____ day of _____, 2023.

**SAN MIGUEL AUTHORITY FOR REGIONAL
TRANSPORTATION**

By: _____
Joe Dillsworth, Chair



AGENDA ITEM 14
TOWN MANAGER
455 Mountain Village Blvd.
Mountain Village, CO 81435
(970) 729-2654

TO: Mountain Village Town Council
FROM: Paul Wisor, Town Manager; David McConaughy, Town Attorney
DATE: October 12, 2023
RE: Ordinance to Authorize the Operation of Golf Carts on Designated Thoroughfares

Executive Summary: Council is asked to consider on first reading an ordinance permitting the use of golf carts on certain portions of Russel Drive and Double Eagle Drive in order to facilitate easier access from Hole 9 of the golf course back to the clubhouse.

Overview

The Mountain Village Golf Course has a unique design where the ninth hole is situated far from the clubhouse at a location called the Halfway House. This requires golfers playing only nine holes to spend between 13 and 30 minutes returning to the clubhouse. Previously, they used two short routes that have now been closed for safety and legal reasons. One was closed by Telski due to the steep and winding cart path between holes four and three, and the other was closed by the town, which has outlawed golf carts on public roads. Consequently, members must now take a 30-minute route that is inconvenient for both players and staff.

As written, the proposed ordinance would amend the Code to establish a list of thoroughfares permitted for golf cart use. The designated routes would be established in a separate document, not in the Code, that can be amended from time to time by the Town Manager without the need for further Council action. The list includes a map of the designated routes for reference, but the written descriptions of the routes supersede and control.

Financial Considerations

None.

Proposed Motion

Motion to approve on first reading an Ordinance Amending Section 10.12.010 of the Mountain Village Municipal Code to Authorize the Operation of Golf Carts on Designated Thoroughfares and Golf Cart Paths and to set a second reading, public hearing, and final Council vote for the November 16, 2023, regular Council meeting.

ORDINANCE NO. 2023-__

**AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF MOUNTAIN VILLAGE
AMENDING SECTION 10.12.010 OF THE MOUNTAIN VILLAGE MUNICIPAL CODE
TO AUTHORIZE THE OPERATION OF GOLF CARTS ON DESIGNATED
THOROUGHFARES AND GOLF CART PATHS**

WHEREAS, the Town of Mountain Village (“Town”) is a home rule municipality duly organized and existing under Article XX of the Colorado Constitution and the Town of Mountain Village Home Rule Charter of 1995, as amended (“Charter”); and

WHEREAS, pursuant to C.R.S. § 42-4-111, the General Assembly has vested local authorities with the power to authorize and regulate the operation of golf carts on roadways by ordinance of the governing body if the authorization or regulation is consistent with Title 42 of the Colorado Revised Statutes and does not authorize:

- (I) An unlicensed driver of a golf cart to carry a passenger who is under twenty-one years of age;
- (II) Operation of a golf cart by a person under sixteen years of age; or
- (III) Operation of a golf car on a state highway; except that the ordinance or resolution may authorize a person to drive a golf cart directly across a state highway at an at-grade crossing to continue traveling along a roadway that is not a state highway;

WHEREAS, the Town has adopted the Model Traffic Code (the “Traffic Code”) as published by the Colorado Department of Transportation pursuant to Chapter 10.01 of the Town of Mountain Village Municipal Code (the “Code”); and

WHEREAS, the Traffic Code also vests local authorities with the power to authorize and regulate the operation of golf carts on roadways by ordinance, subject to substantially the same limitations as C.R.S. § 42-4-111; and

WHEREAS, the Town recognizes the benefit of permitting golf carts on designated public thoroughfares for the convenience of residents and visitors; and

WHEREAS, the Town now desires to designate specific public thoroughfares for the operation of golf carts and allow for the designation of additional public thoroughfares for the same purpose in the future.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF MOUNTAIN VILLAGE, COLORADO, AS FOLLOWS:

Section 1. Recitals. The above recitals are hereby incorporated as findings of the Town Council in support of the enactment of this Ordinance.

Section 2. Amendment. The Town Council hereby amends Section 10.12.010.B.4. of the Code as

follows, with added language in **bold** and underlined typefaces and removed language in ~~stricken~~ typeface. Those provisions on the Code not expressly amended by this Ordinance shall remain unchanged and in full force and effect.

4. Golf carts. Golf carts shall be permitted only on designated golf cart paths ~~only~~ **and those thoroughfares identified in the List of Thoroughfares Permitted for Golf Cart Use maintained by the Town Clerk.** Golf carts shall be permitted to cross public streets at designated intersections in order to stay on a golf cart path.

Section 3. Creation of List of Thoroughfares Permitted for Golf Cart Use.

a. Establishment of the List. The Town Council hereby establishes a “List of Thoroughfares Permitted for Golf Cart Use” (the “List”), which shall identify all thoroughfares within the Town of Mountain Village where the operation of golf carts is permitted.

b. Maintenance and Updates. The List shall be maintained by the Town Clerk and may be updated or amended from time to time by the Town Manager in consultation with the Chief of Police without the necessity of further action by the Town Council. The Town Manager shall have the authority to add or remove thoroughfares from the List as deemed appropriate based on safety, traffic patterns, and other relevant considerations.

c. Availability and Attachment. A current copy of the List is attached hereto as Exhibit A. The List will also be made accessible for public inspection during regular business hours at the office of the Town Clerk and on the official Town of Mountain Village website.

Section 4. Severability. If any portion of this Ordinance is found to be void or ineffective, it shall be deemed severed from this Ordinance and the remaining provisions shall remain valid and in full force and effect.

Section 5. Safety Clause. The Town Council hereby finds, determines, and declares that this Ordinance is promulgated under the general police power of the Town, that it is promulgated for the health, safety, and welfare of the public, and that this Ordinance is necessary for the preservation of health and safety and for the protection of public convenience and welfare. The Town Council further determines that the Ordinance bears a rational relation to the proper legislative object sought to be obtained.

Section 6. Effective Date. This Ordinance shall become effective on fourteen (14) days after final publication pursuant to Section 4.3 of the Town Charter and shall be recorded in the official records of the Town kept for that purpose and shall be authenticated by the signatures of the Mayor and the Town Clerk.

Section 7. Public Hearing. A public hearing on this Ordinance was held on the ____ day of _____ 2023 in the Town Council Chambers, Town Hall, 455 Mountain Village Blvd., Mountain Village, Colorado 81435.

Section 8. Publication. The Town Clerk or Deputy Town Clerk shall post and publish notice of this Ordinance as required by Article V, Section 5.9 of the Charter.

INTRODUCED, READ, AND REFERRED to public hearing before the Town Council of the Town of Mountain Village, Colorado on the ____ day of _____ 2023

TOWN OF MOUNTAIN VILLAGE:

TOWN OF MOUNTAIN VILLAGE, COLORADO, a Home-Rule Municipality

By: _____
Marti Prohaska, Mayor

ATTEST

By: _____
Susan Johnston, Town Clerk

HEARD AND FINALLY ADOPTED by the Town Council of the Town of Mountain Village, Colorado this ____ day of _____ 2023

TOWN OF MOUNTAIN VILLAGE:

TOWN OF MOUNTAIN VILLAGE, COLORADO, a Home-Rule Municipality

By: _____
Marti Prohaska, Mayor

ATTEST

By: _____
Susan Johnston, Town Clerk

Approved as to Form:

By: _____
David McConaughy, Town Attorney

I, Susan Johnston, the duly qualified and acting Town Clerk of the Town of Mountain Village, Colorado ("Town") do hereby certify that:

1. The attached copy of Ordinance No. 2023-____ (the "Ordinance") is a true, correct, and complete copy thereof.
2. The Ordinance was introduced, read by title, approved on first reading and referred to public hearing by the Town Council the Town ("Council") at a regular meeting held at Town Hall, 455 Mountain Village Blvd., Mountain Village, Colorado, on _____, by the affirmative vote of a quorum of the Town Council as follows:

Council Member Name	“Yes”	“No”	“Absent”	“Abstain”
Marti Prohaska, Mayor				
Scott Pearson, Mayor Pro Tem				
Patrick Berry				
Jack Gilbride				
Peter Duprey				
Harvey Morgenson				
Tucker Magid				

3. After the Council's approval of the first reading of the Ordinance, notice of the public hearing, containing the date, time and location of the public hearing and a description of the subject matter of the proposed Ordinance was posted and published in the Telluride Daily Planet, a newspaper of general circulation in the Town, on _____ in accordance with Section 5.2(d) of the Town of Mountain Village Home Rule Charter.

4. A public hearing on the Ordinance was held by the Town Council at a regular meeting of the Town Council held at Town Hall, 455 Mountain Village Blvd., Mountain Village, Colorado, on _____. At the public hearing, the Ordinance was considered, read by title, and approved without amendment by the Town Council, by the affirmative vote of a quorum of the Town Council as follows:

Council Member Name	“Yes”	“No”	“Absent”	“Abstain”
Marti Prohaska, Mayor				
Scott Pearson, Mayor Pro Tem				
Patrick Berry				
Jack Gilbride				
Peter Duprey				
Harvey Morgenson				
Tucker Magid				

5. The Ordinance has been signed by the Mayor, sealed with the Town seal, attested by me as Town Clerk, and duly numbered and recorded in the official records of the Town.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Town this ____ day of _____ 2023.

By: _____
Susan Johnston, Town Clerk (SEAL)



TOWN MANAGER
 455 Mountain Village Blvd.
 Mountain Village, CO 81435
 (970) 729-2654

TO: Town of Mountain Village Housing Authority and Town Council
FROM: Paul Wisor, Town Manager, Lizbeth Lemley, Finance Director
DATE: October 10, 2023
RE: **Alexander Ranch Financing**

Summary The Town of Mountain Village Housing Authority will be entering into a financing agreement for reimbursement related to the purchase of the Alexander Ranch. This will require actions by both the Mountain Village Housing Authority and the Town of Mountain Village. Included in the packet are a Mountain Village Housing Authority Resolution and all related agreements as well as a Town of Mountain Village Resolution.

Background

In January 2023, Stifel Public Finance issued an RFP for direct lease financing to 20 banks on behalf of the Town. The Town received two responses with the most competitive offer coming from Zion Bancorporation doing business as Vectra Bank of Colorado. The purchase and related financing were put on hold at that time due to the Town’s desire to complete the rezoning process prior to purchase.

In a direct lease transaction, the Town of Mountain Village Housing Authority will lease the property to Zion and receive upfront rental payments for the term of the lease. The Town of Mountain Village Housing Authority will then lease the property back from Zion through a series of scheduled rental payments.

Convene as Mountain Village Housing Authority

The Mountain Village Housing Authority must consider a Parameters Resolution (**Exhibit 1**) authorizing a Site and Improvement Lease Agreement (**Exhibit 2**) and a Lease Purchase Agreement “Lease” (**Exhibit 3**) between the Housing Authority and Zions Bancorporation. The major terms of these agreements are outlined below.

- Site and Improvement Lease Agreement
 - Sublease of the property from the Town of Mountain Village Housing Authority to Zion Bancorporation for the agreed upon principal amount of \$7 million.
 - The site lease shall end no later than December 31, 2053, but shall terminate with the Authority’s payment of all Base Rentals due under the Lease Purchase Agreement and discharge of the Lease.

- Lease Purchase Agreement “Lease” (Exhibit 3)
 - Lease between Zion Bancorporation and the Town to be paid through annual rent payments.
 - The maximum principal amount of the rent payable shall not exceed \$7,000,000. Proposed rental payments are included in (**Exhibit 4**).

- The initial Lease will terminate on December 31, 2033, but may be renewed at the option of the Authority for an additional 10-year term.
- The Authority may call the lease at any time.
- The maximum net effective interest rate shall not exceed 7%
- The Chair of the Town of Mountain Village Housing Authority is authorized to execute and deliver the Site and Improvement Lease and Lease Purchase Agreement.

Proposed Motion

I move that the Board approve the Resolution Authorizing the Lease of Certain Real Property and the Execution and Delivery by the Town of a Site and Improvement Lease Agreement, And a Lease Purchase Agreement, and Other Documents Incidental Thereto all for the Purpose of Financing or reimbursing the cost of acquiring approximately 55 acres of property for the purpose of developing, constructing and equipping residential workforce housing; setting forth certain parameters and restrictions with respect to the financing; authorizing official of the authority to take all actions necessary or appropriate to carry out the transactions contemplated hereby; and providing for other matters related thereto. I further move the related agreements are approved in substantially the form presented in the resolution.

Reconvene as Town Council

If the Town of Mountain Village Housing Authority Board approves the Parameters Resolution and associated documents, the Town Council will consider a Moral Obligation Resolution (**Exhibit 5**). The Moral Obligation Resolution states that in any year the Authority lacks sufficient funds to satisfy the Base Rentals due under the lease, the Town Manager will ask the Town Council to supplement its existing budget to appropriate funds to satisfy the payments from any legally available resource. The Town Council agrees to consider and, at its sole discretion, make the appropriation, but is never required to do so.

Proposed Motion

I move that Town Council approve the Resolution concerning the Town of Mountain Village Housing Authority and its execution and delivery of a site and improvement lease agreement, a lease purchase agreement, and other documents incidental thereto; authorizing and directing actions by the Town Manager in connection with the lease financing; and ratifying prior actions take in connection therewith.

Exhibit 1

Town of Mountain Village Housing Authority Parameters Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE TOWN OF MOUNTAIN VILLAGE HOUSING AUTHORITY, AUTHORIZING THE LEASING OF CERTAIN REAL PROPERTY AND THE EXECUTION AND DELIVERY OF A SITE AND IMPROVEMENT LEASE AGREEMENT AND A LEASE PURCHASE AGREEMENT, AND OTHER DOCUMENTS INCIDENTAL THERETO ALL FOR THE PURPOSE OF FINANCING OR REIMBURSING THE COST OF ACQUIRING APPROXIMATELY 55-ACRES OF PROPERTY FOR THE PURPOSE OF DEVELOPING, CONSTRUCTING AND EQUIPPING RESIDENTIAL WORKFORCE HOUSING; SETTING FORTH CERTAIN PARAMETERS AND RESTRICTIONS WITH RESPECT TO THE FINANCING; AUTHORIZING OFFICIALS OF THE AUTHORITY TO TAKE ALL ACTIONS NECESSARY OR APPROPRIATE TO CARRY OUT THE TRANSACTIONS CONTEMPLATED HEREBY; AND PROVIDING FOR OTHER MATTERS RELATED THERETO.

WHEREAS, the Town of Mountain Village Housing Authority (the “Authority”) is a duly and regularly created, organized and existing public body, corporate and politic, existing as such under and by virtue of the laws of the State of Colorado (the “State”);

WHEREAS, the Authority is authorized and empowered by the provisions of the Housing Authorities Law, being Part 2 of Article 4 of Title 29, Colorado Revised Statutes, as from time to time supplemented and amended (the “Act”), to issue revenue bonds, notes or other obligations for the purpose of providing residential housing that substantially benefits persons and families of low income; and

WHEREAS, the Town of Mountain Village (the “Town”) is a Colorado home rule municipality organized pursuant to Article XX of the Colorado Constitution and the Town of Mountain Village Home Rule Charter; and

WHEREAS, the members of the Town Council (the “Town Council”) of the Town have been duly elected or appointed and qualified; and

WHEREAS, the Town Council has provided that in accordance with the Act, the members of the Town Council shall ex officio be appointed the Commissioners of the Board of Commissioners of the Authority (the “Board”); and

WHEREAS, the Board has the power, pursuant to Section 29-4-209 of the Act to purchase, lease, obtain options upon, acquire, sell, exchange, transfer, assign, or pledge any

property, real or personal, or any interest therein from or to any person, firm, corporation, city, or government; and

WHEREAS, pursuant to such authority, the Authority has determined and hereby determines that it is in the best interest of the Authority to acquire the real property and related improvements thereon described in Exhibit A to the below defined Site Lease (the “Leased Property”); and

WHEREAS, to finance or reimburse the costs of acquiring the Leased Property, the Authority will lease the Leased Property to ZMFU II, Inc, a wholly-owned subsidiary of Zions Bancorporation, N.A. (the “Bank”), pursuant to a Site and Improvement Lease Agreement (the “Site Lease”), and concurrently thereof the Bank will sublease the Leased Property back to the Authority pursuant to a Lease Purchase Agreement (the “Lease”), all for the purpose of financing or reimbursing the acquisition of approximately 55-acres of property for the purpose of developing, constructing and equipping residential workforce housing that will substantially benefit persons of low income within the boundaries of the Authority (the “Project”); and

WHEREAS, the Board has determined that: (i) it is necessary, desirable, appropriate and in the best interests of the Authority and its inhabitants that the Authority finance or reimburse all or a portion of the cost of acquiring, constructing and equipping of the Project; and (ii) that the Lease and the Site Lease be entered into for such public purposes; and

WHEREAS, pursuant to the Lease, and subject to the right of the Authority to terminate the Lease and other limitations as therein provided, the Authority will pay certain Base Rentals and Additional Rentals (as such terms are defined in the Lease) in consideration for the right of the Authority to use the Leased Property; and

WHEREAS, the Base Rentals and Additional Rentals payable by the Authority under the Lease shall constitute currently budgeted expenditures of the Authority, and none of the Base Rentals, the Additional Rentals, or any provision of the Lease shall constitute or give rise to a multiple fiscal year financial obligation, general obligation, bonded indebtedness or other indebtedness of the Authority nor a mandatory charge or requirement against the Authority in any ensuing fiscal year beyond the then current fiscal year, nor shall the Lease directly or indirectly obligate the Authority to make any payments beyond those budgeted for in the Authority's then current fiscal year; and

WHEREAS, pursuant to a resolution adopted by the Town on October 19, 2023, the Town made a non-binding statement of its intent to contribute sufficient funds to the Authority to satisfy the Authority’s obligation to pay Base Rentals under the Lease in the event that the Authority lacks sufficient funds to satisfy the same; and

WHEREAS, the Town is not required to make any contribution to the Town and any contribution made by the Town, if any, is subject to annual appropriation by the Town Council; and

WHEREAS, with respect to the transactions contemplated by this resolution, the Authority’s obligations under the Lease and the Site Lease do not create any additional

obligations on the part of the Authority other than as provided for in the Lease and the Site Lease; and

WHEREAS, there have been presented to the Board and are on file at the Authority's offices the proposed forms of the Site Lease and the Lease; and

WHEREAS, Section 11-57-204 of the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, Colorado Revised Statutes (the "Supplemental Act"), provides that a public entity, including the Authority, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE TOWN OF MOUNTAIN VILLAGE HOUSING AUTHORITY:

Section 1. All actions (not inconsistent with the provisions of this resolution) heretofore taken by the Board and the officers, employees and agents of the Authority directed toward approval of the Lease and the Site Lease by the Authority and consummation of the transactions contemplated by this resolution, are hereby ratified, approved and confirmed.

Section 2. The Board hereby finds and determines, pursuant to the Constitution and laws of the State, that the acquisition of the Leased Property and the financing or reimbursing of the costs thereof, the leasing of the Leased Property to the Bank under the terms and provisions set forth in the Site Lease and subleasing the Leased Property from the Bank under the terms of the Lease are necessary, convenient and in furtherance of the Authority's purposes and are in the best interests of the inhabitants living within the Authority's area. The Board hereby authorizes and approves the financing of the Project, the leasing of the Leased Property to the Bank under the terms and provisions of the Site Lease and the subleasing of the Leased Property from the Bank under the terms and provisions of the Lease.

Section 3. The Lease and the Site Lease in substantially the forms presented to the Board, with only such changes therein as are not inconsistent herewith, are in all respects authorized, approved and confirmed; provided, however, that the Authority may utilize an alternative financing structure if determined to be in the best interest of the Authority. The Chair, Vice Chair, each of the Commissioners of the Authority are each hereby authorized and directed to execute and deliver the Lease and the Site Lease, in substantially the forms and with substantially the same content as presented to the Board, or such other financing documents as may be applicable, with only such changes therein as are not inconsistent herewith, for and on behalf of the Authority.

Section 4. No provision of this resolution, the Site Lease, nor the Lease, nor any other document or transaction contemplated by this resolution, shall constitute or give rise to a multiple fiscal year financial obligation, general obligation, bonded indebtedness or other indebtedness of the Authority within the meaning of any constitutional or statutory debt limitation, nor a mandatory charge or requirement against the Authority in any ensuing fiscal year beyond the then current fiscal year, nor directly or indirectly obligate the Authority to make any payments beyond those budgeted for in the Authority's then current fiscal year. The

Authority shall have no obligation to make any payments with respect to the transactions contemplated by this resolution except the payment of the Base Rentals and Additional Rentals and certain other payments pursuant to the Lease, which payment obligations may be terminated by the Authority in accordance with the provisions of the Lease.

Section 5. The Board hereby finds, determines and declares, pursuant to the Constitution and laws of the State, that (i) the lease of the Leased Property by the Authority to the Bank under the terms and conditions provided for in the Site Lease, and (ii) the subleasing of the Leased Property by the Authority from the Bank under the terms and conditions provided for in the Lease, are necessary, appropriate and in furtherance of the Authority's governmental purposes and are in the best interests of the Authority and its inhabitants. The Board further hereby finds, determines and declares, pursuant to the Constitution and laws of the State, that: (i) the Base Rentals payable under the Lease during the Lease Term, as defined and provided in the Lease, represent fair value to the Authority of its use of the Leased Property; (ii) the maximum term of the Lease does not exceed the useful life of the Leased Property; and (iii) the Option Price, as defined and provided in the Lease, represents the Authority's estimate of a fair purchase price to the Authority for the Leased Property at the time of exercise of the prepayment option. The Authority hereby determines that the Base Rentals do not exceed a reasonable amount so as to place the Authority under an economic compulsion to renew the Lease or to exercise its option to purchase the Leased Property thereunder. In making such determinations, the Board has given consideration to the estimated current value of the Leased Property, the uses and purposes for which the Leased Property will be employed by the Authority, the benefit to the inhabitants of the Authority by reason of the use and occupancy of the Leased Property pursuant to the terms and provisions of the Lease and the Site Lease and the Authority's option to terminate the Site Lease.

Section 6. The Board hereby elects to apply all of the provisions of the Supplemental Act to the Lease and in connection therewith delegates to the Chair of the Authority the authority to make any determination delegable pursuant to Section 11-57-205(1)(a-i), Colorado Revised Statutes, in relation to the Lease, subject to the following parameters and restrictions: (a) the aggregate principal amount of the Base Rentals payable by the Authority pursuant to the Lease shall not exceed \$7,000,000; (b) the Lease Term shall end no later than December 31, 2045; (c) the Lease shall be subject to optional prepayment as set forth therein; (d) the interest component of the Base Rentals shall not exceed 7.00% per annum (excluding any rate increases imposed following an event of default, a determination of taxability or otherwise) and/or a variable rate or rates, all as determined in accordance with the Lease; and (e) the term of the Site Lease shall not extend beyond December 31, 2055. The delegation set forth in this Section 6 shall be effective for one year following the date hereof.

Section 7. The Authority hereby approves of actions taken or to be taken by appropriate officers of the Authority to make or approve any alterations, changes or additions to the Lease or Site Lease, as may be necessary or appropriate to correct errors or omissions therein, to remove ambiguities therefrom, to conform the same to other provisions of said documents or instruments or to this resolution or any other resolutions of the Board, or to the provisions of applicable law.

Section 8. The Chair, Vice Chair, each of the Commissioners, and other appropriate officers and employees of the Authority are hereby authorized to execute and deliver, for and on behalf of the Authority, the Lease and the Site Lease, any and all additional certificates, documents, instruments and other papers (including amendments or modifications of any such documents consistent with this resolution), and to perform all other acts they may deem necessary or appropriate, in order to implement and carry out the matters authorized or contemplated by this resolution. The approval hereby given to the various documents referred to above includes an approval of such additional details therein as may be necessary and appropriate for their completion, deletions therefrom and additions thereto as may be approved by the Authority prior to the execution of the documents. The execution of any instrument by the appropriate officers of the Authority herein authorized shall be conclusive evidence of the approval by the Authority of such instrument in accordance with the terms hereof.

Section 7. If any section, paragraph, clause or provision of this resolution shall for any reason be held invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 8. All acts, orders and resolutions of the Authority, and parts thereof, inconsistent with this resolution be, and the same hereby are, repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any act, order or resolution, or part thereof, heretofore repealed.

Section 9. This resolution shall be in full force and effect immediately upon its passage and approval.

PASSED, ADOPTED AND APPROVED this October 19, 2023.

TOWN OF MOUNTAIN VILLAGE
HOUSING AUTHORITY, COLORADO

(SEAL)

Chair of the Board of Commissioners

ATTEST:

Vice Chair of the Board of Commissioners

Exhibit 2
Site and Improvement Lease

After recordation, please return to:
Cory Kalanick, Esq.
Sherman & Howard L.L.C.
675 Fifteenth Street, Suite 2300
Denver, Colorado 80203

SITE AND IMPROVEMENT LEASE AGREEMENT

This **SITE AND IMPROVEMENT LEASE AGREEMENT**, dated November [7], 2023 (this “Site Lease”), is by and between the **TOWN OF MOUNTAIN VILLAGE HOUSING AUTHORITY, COLORADO**, as lessor (the “Authority”), and **ZMFU II, INC.**, a wholly-owned subsidiary of Zions Bancorporation, N.A., as lessee (together with its successors and assigns, the “Bank”).

W I T N E S S E T H :

WHEREAS, the Authority is a duly and regularly created, organized and existing public body, corporate and politic, existing as such under and by virtue of the laws of the State of Colorado (the “State”); and

WHEREAS, the Board of Commissioners of the Authority (the “Board”) has the power, pursuant to the Housing Authorities Law, being Part 2 of Article 4 of Title 29, Colorado Revised Statutes, as from time to time supplemented and amended (the “Act”), to issue revenue bonds, notes or other obligations for the purpose of providing residential housing that substantially benefits persons and families of low income; and

WHEREAS, the Town of Mountain Village (the “Town”) is a Colorado home rule municipality organized pursuant to Article XX of the Colorado Constitution and the Town of Mountain Village Home Rule Charter; and

WHEREAS, the members of the Town Council (the “Town Council”) of the Town have been duly elected or appointed and qualified; and

WHEREAS, the Town Council has provided that in accordance with the Act, the members of the Town Council shall ex officio be appointed the Commissioners of the Board of Commissioners of the Authority (the “Board”); and

WHEREAS, the Board has the power, pursuant to Section 29-4-209 of the Act to sell, exchange, transfer, assign, or pledge any property, real or personal, or any interest therein to any person, firm, corporation, city, or government

WHEREAS, the Authority desires to acquire the real property described in Exhibit A attached hereto, together with any improvements located or to be located thereon (the “Leased Property”); and

WHEREAS, for the purpose of financing or reimbursing the same, the Authority desires to lease the Leased Property to the Bank pursuant to the terms of this Site Lease, and sublease the Leased Property back from the Bank pursuant to the terms of a Lease Purchase Agreement dated November [7], 2023 (the “Lease”) all for the purposes of acquiring land in order to construct, improve and equip a housing project that will substantially benefit people of low income (the “Project”); and

WHEREAS, pursuant to a resolution duly adopted by the Board on October 19, 2023, the Board has determined that it is in the best interests of the Authority and its inhabitants to: (a) execute and deliver this Site Lease and the Lease; and (b) pay the costs of executing and delivery of this Site Lease and the Lease.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise requires, capitalized terms used herein shall have the meanings ascribed to them herein and in the Lease.

Section 2. Site Lease and Term. The Authority hereby leases to the Bank and the Bank hereby leases from the Authority, on the terms and conditions hereinafter set forth, the Leased Property described in Exhibit A attached hereto and made a part hereof, subject to Permitted Encumbrances as defined in the Lease.

The term of this Site Lease shall commence on the date hereof and shall end on December 1, 2053 (the “Site Lease Termination Date”); provided that this Site Lease will terminate prior to the Site Lease Termination date if, and only if:

(a) all of the Leased Property has been conveyed to the Authority pursuant to the Lease as a result of the Authority’s payment of all Base Rentals and Additional Rentals as provided in Section 12.03 of the Lease; and

(b) the Lease has been discharged.

For the sake of clarity, an Event of Nonappropriation under the Lease will not act as an early termination of this Site Lease, it being the intent of the parties hereto, that this Site Lease will continue through the Site Lease Termination Date upon an Event of Nonappropriation.

Section 3. Site Lease Rental. The Authority acknowledges receipt from the Bank as and for rental hereunder for the entirety of the term hereof, the sum of \$7,000,000 and other good and valuable consideration. No further rental payments are due hereunder.

Section 4. Purpose. The Bank shall use the Leased Property solely for the purpose of leasing the Leased Property to the Authority pursuant to the Lease and for such purposes as may be incidental thereto; provided, that upon the occurrence of an Event of Nonappropriation or an Event of Default under the Lease, the Authority shall vacate the Leased Property in the manner provided in the Lease and the Bank may exercise the remedies provided in the Lease.

Section 5. Ownership. The Authority represents and warrants that it owns the Leased Property in fee simple, subject only to Permitted Encumbrances. The Authority shall defend its fee simple interest in and to the Leased Property, and the interests of the Bank herein pursuant to this Site Lease, against every person whomsoever claiming the same or any part thereof, subject to Permitted Encumbrances. Without limiting the generality of the foregoing, the Authority shall appear in and contest any action or proceeding purporting to affect (a) the leasehold granted hereby or (b) the rights, remedies, powers, and privileges of the Bank hereunder. The Authority shall not agree to or permit any additional liens or encumbrances upon the Leased Premises without the prior consent of the Bank.

Section 6. Assignments and Subleases. Unless an Event of Nonappropriation and an Event of Default under the Lease shall have occurred and except as may otherwise be provided in the Lease, the Bank may not assign its rights under this Site Lease or sublet the Leased Property without the written consent of the Authority.

In the event that (a) the Lease is not renewed for any reason; and (b) this Site Lease is not terminated, the Bank may sublease the Leased Property or any portion thereof, or sell an assignment of its interest in this Site Lease, pursuant to the terms of the Lease. The Authority and the Bank (or any assignee or sublessee of the Bank) agree that, except for Permitted Encumbrances (including purchase options under the Lease), neither the Authority, the Bank, nor any sublessee or assignee of the Bank will sell or mortgage or encumber (except the encumbrance represented by this Site Lease and any sale or assignment of the Bank's interest in this Site Lease) the Leased Property or any portion thereof during the term of this Site Lease.

Section 7. Right of Entry. The Authority reserves the right, so long as no Event of Nonappropriation or Event of Default shall have occurred under the Lease, for any of its duly authorized representatives to enter upon the Leased Property at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 8. Termination. The Bank agrees, upon the termination of this Site Lease, to quit and surrender the Leased Property and agrees that any permanent improvements and structures existing upon the Leased Property at the time of the termination of this Site Lease shall remain thereon and title thereto shall vest in the Authority.

Notwithstanding the provisions of Section 2 hereof, in the event that the Lease is held invalid or unenforceable as to one or more specific parts of the Leased Property leased hereunder by a final unappealable judgment which has the effect of terminating the entire Lease as to such parts of the Leased Property, such judgment shall also cause the termination of this Site Lease as to such parts of the Leased Property. To the extent necessary or advisable following any such judgment as to one or more specific parts of the Leased Property, the parties hereto shall execute and deliver such amendments and/or restatements to this Site Lease so as to carry out the intent hereof to such portion of the Leased Property unaffected by such judgment.

Section 9. Quiet Enjoyment and Acknowledgment of Ownership. The Bank at all times during the term of this Site Lease shall peaceably and quietly have, hold and enjoy the Leased Property subject to the provisions of the Lease.

Section 10. Waiver of Personal Liability. The rental payment obligation under Section 3 hereof on the part of the Bank is solely a liability of the Bank, and the Authority hereby releases each and every, member, director, employee and officer of the Bank of and from any personal or individual liability under this Site Lease. No member, director, employee or officer of the Bank shall at any time or under any circumstances be individually or personally liable for the rental payment obligation under Section 3 hereof.

Section 11. Taxes; Maintenance; Insurance. During the Lease Term and in accordance with the provisions of the Lease, the Authority covenants and agrees to pay any and all assessments of any kind or character and all taxes, including possessory interest taxes, levied or assessed upon the Leased Property, and all maintenance costs and utility charges in connection with the Leased Property. In the event that (a) the Lease is terminated for any reason, (b) this Site Lease is not terminated; and (c) the Bank leases all or any portion of the Leased Property or sells an assignment of its interest in the Site Lease, the Bank, or any lessee or assignee of the Bank shall pay or cause to be paid when due, solely from the proceeds of such leasing or sale, if any, all taxes and assessments imposed thereon and maintain the Leased Property in good condition.

The provisions of the Lease shall govern with respect to the maintenance of insurance hereunder during the Lease Term of the Lease. In the event that (a) the Lease is not renewed for any reason; (b) this Site Lease is not terminated; and (c) the Bank leases all or any portion of the Leased Property or sells an assignment of its interest in the Leased Property, the Bank, or any lessee or assignee of the Leased Property shall obtain and keep in force, solely from the proceeds of such leasing or sale and not otherwise, comprehensive general public liability insurance against claims for personal injury, death or damage to property of others occurring on or in the Leased Property in an amount not less than the limits set forth in the Colorado Governmental Immunity Act. All such insurance shall name the Bank, any lessee or assignee and the Authority as insured.

For the avoidance of doubt, the Bank and any lessee or assignee of the Bank shall have no affirmative obligation to pay any amounts described in this Section 11 except from monies received from the Authority or received from the proceeds of any lease of the Leased Property or sale of the Bank's leasehold interest in the Leased Property.

Section 12. Damage, Destruction or Condemnation. The provisions of the Lease shall govern with respect to any damage, destruction or condemnation of the Leased Property during the Lease Term of the Lease. In the event that (a) the Lease is not renewed for any reason; and (b) this Site Lease is not terminated, and either (i) the Leased Property or any portion thereof is damaged or destroyed, in whole or in part, by casualty; or (ii) title to or use of the Leased Property or any part thereof shall be taken under the exercise of the power of eminent domain, the Authority, the Bank and any lessee or assignee of the Bank shall cause the Net Proceeds of any insurance claim or condemnation award to be applied in accordance with the provisions of Article X of the Lease.

Section 13. Waiver of Jury Trial. The Authority and Bank hereby irrevocably waive all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Site Lease or the actions of the Authority or the Bank in the negotiation, administration, performance or enforcement hereof.

Section 14. Partial Invalidity; Integration. If any one or more of the terms, provisions, covenants or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law. This Site Lease contains the entire agreement between the Authority and the Bank concerning the subject matter hereof, and supersedes all prior agreements, whether written or oral, between such parties as to said subject matter.

Section 15. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed shall be made by United States registered mail, return receipt requested, postage prepaid, at the addresses indicated in the Lease, or to such other addresses as the respective parties may from time to time designate in writing.

Section 16. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site Lease.

Section 17. Execution. This Site Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute but one and the same Site Lease.

Section 18. No Merger. The Bank and the Authority intend that the respective interests created by this Site Lease and the Lease shall be separate and distinct and the Lease and this Site Lease shall not be deemed merged in any respect or for any purpose.

(Signature pages follow)

IN WITNESS WHEREOF, the Authority and the Bank have caused this Site Lease to be executed by their respective officers thereunto duly authorized all as of the day and year first above written.

TOWN OF MOUNTAIN VILLAGE,
HOUSING AUTHORITY, as lessor

Marti Prohaska, Chair

ZMFU II, INC., as lessee

By: _____
Ryan Morrill, Authorized Agent

STATE OF COLORADO)
) ss.
SAN MIGUEL COUNTY)

The foregoing instrument was acknowledged before me this ____ day of _____, 2023, by Marti Prohaska, Chair of the Board of Directors of the Town of Mountain Village Housing Authority.

WITNESS my hand and official seal.

[SEAL]

Notary Public

My Commission expires:

EXHIBIT A

LEGAL DESCRIPTION OF THE LEASED PROPERTY

[LEGAL DESCRIPTION TO BE ADDED]

Exhibit 3
Lease Purchase Agreement

After recordation, please return to:
Cory Kalanick, Esq.
Sherman & Howard L.L.C.
675 Fifteenth Street, Suite 2300
Denver, Colorado 80203

LEASE PURCHASE AGREEMENT

by and between

ZMFU II, INC.,
as Lessor

and

TOWN OF MOUNTAIN VILLAGE HOUSING AUTHORITY,
as Lessee

November [7], 2023

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This **LEASE PURCHASE AGREEMENT** (this “Lease”), dated November [7], 2023, is by and between **ZMFU II, INC.**, a wholly-owned subsidiary of Zions Bancorporation, N.A. (together with its successors and assigns, the “Bank”), as lessor, and the **TOWN OF MOUNTAIN VILLAGE HOUSING AUTHORITY** (the “Authority”), as lessee.

W I T N E S S E T H :

WHEREAS, the Authority is a duly and regularly created, organized and existing public body, corporate and politic, existing as such under and by virtue of the laws of the State of Colorado (the “State”); and

WHEREAS, the Board of Commissioners of the Authority (the “Board”) has the power, pursuant to the Housing Authorities Law, being Part 2 of Article 4 of Title 29, Colorado Revised Statutes (the “Act”), as from time to time supplemented and amended, to issue revenue bonds, notes or other obligations for the purpose of providing residential housing that substantially benefits persons and families of low income; and

WHEREAS, the Town of Mountain Village (the “Town”) is a Colorado home rule municipality organized pursuant to Article XX of the Colorado Constitution and the Town of Mountain Village Home Rule Charter; and

WHEREAS, the members of the Town Council (the “Town Council”) of the Town have been duly elected or appointed and qualified; and

WHEREAS, the Town Council has provided that in accordance with the Act, the members of the Town Council shall ex officio be appointed the Commissioners of the Board; and

WHEREAS, the Board has the power, pursuant to Section 29-4-209 of the Act to purchase, lease, obtain options upon, acquire, sell, exchange, transfer, assign, or pledge any property, real or personal, or any interest therein from or to any person, firm, corporation, city, or government; and

WHEREAS, the Authority desires to acquire the real property described in Exhibit A attached hereto, together with any improvements located or to be located thereon, for the governmental purposes of the Authority (the “Leased Property”); and

WHEREAS, for the purpose of financing or reimbursing the acquisition of the Leased Property, the Authority desires to lease the Leased Property to the Bank pursuant to the terms of a Site and Improvement Lease Agreement dated November [7], 2023 (the “Site Lease”), and sublease the Leased Property back from the Bank pursuant to this Lease Purchase Agreement (the “Lease”) all for the purposes of acquiring the Leased Property in order to construct, improve and equip a housing project that will substantially benefit people of low income (the “Project”); and

WHEREAS, pursuant to resolution duly adopted by the Board on October 19, 2023, the Board has determined that it is in the best interests of the Authority and its residents to: (a) execute and deliver the Site Lease and this Lease; and (b) pay the costs of executing and delivering the Site Lease and this Lease; and

WHEREAS, the Authority's obligation under this Lease to pay Base Rentals and Additional Rentals (both as defined herein) shall be from year to year only, shall constitute currently budgeted expenditures of the Authority, shall not constitute a mandatory charge or requirement in any ensuing budget year, and shall not constitute a general obligation or other indebtedness or multiple fiscal year financial obligation of the Authority within the meaning of any constitutional or statutory limitation or requirement concerning the creation of indebtedness or multiple fiscal year financial obligations, nor a mandatory payment obligation of the Authority in any ensuing fiscal year beyond any fiscal year during which this Lease shall be in effect; and

WHEREAS, pursuant to a resolution adopted by the Town Council on October 19, 2023, the Town made a non-binding statement of its intent to contribute sufficient funds to the Authority to satisfy its obligation to pay Base Rentals under the Lease in the event that the Authority lacks sufficient funds to satisfy the same; and

WHEREAS, the Town is not required to make any contribution to the Authority and any contribution made by the Town, if any, is subject to annual appropriation by the Town Council; and

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Terms Defined in Preamble and Recitals. The following terms shall have the meanings set forth in the preamble and recitals hereto:

Authority	Leased Property
Bank	Site Lease
Board	Town
Lease	Town Council

Section 1.02. Additional Definitions. The following additional terms shall have the meanings specified below:

“Additional Rentals” means the cost of all (a) reasonable expenses and fees of the Bank related to the performance of the provisions of this Lease or otherwise incurred at the request of the Authority; (b) taxes, insurance premiums, utility charges, maintenance, upkeep, repair, improvements and replacements in respect of the Leased Property; and (c) all other charges and costs (together with all interest and penalties that may accrue thereon in the event that the Authority shall fail to pay the same, as specifically set forth herein) which the Authority assumes or agrees to pay as Additional Rentals hereunder with respect to the Leased Property, including, without limitation, amounts payable pursuant to the provision included in the last paragraph of the definition of *“Determination of Taxability.”* Additional Rentals do not include Base Rentals.

“Annual Compliance Certificate” means the Annual Compliance Certificate attached hereto as Exhibit C.

“Authorized Officer” means (a) in the case of the Bank, the President, Vice President, any Assistant Vice President, Secretary-Treasurer, or Assistant Secretary and when used with reference to any act or document also means any other person authorized by resolution of the Bank to perform such act or execute such documents; and (b) in the case of the Authority, means any person authorized by a resolution adopted by the Board to perform any act or execute any document hereunder.

“Base Rentals” means the payments payable by the Authority during the Lease Term pursuant to Section 6.01 hereof, as set forth in Exhibit B, which constitute the payments payable by the Authority for and in consideration of the right to use the Leased Property during the Lease Term.

“Base Rental Payment Dates” means the 1st day of June and December in each Fiscal Year during the term of this Lease, commencing June 1, 2024.

“Bond Counsel” means Sherman & Howard L.L.C. or any other counsel experienced in matters of municipal law, satisfactory to the Authority and the Bank, and listed in the *“Red Book”* listing of municipal bond attorneys published semiannually by *The Bond Buyer* or any successor publication.

“*Code*” means the Internal Revenue Code of 1986, as amended and the Treasury regulations promulgated thereunder.

“*Commitment*” means the title policy commitment issued by Title Guarantee Company.

“*Counsel*” means an attorney at law or law firm (who may be counsel for the Bank or the Authority) who is not unsatisfactory to the Bank.

“*Determination of Taxability*” means and shall be deemed to have occurred on the first to occur of the following:

(a) on the date when the Bank files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(b) on the date when the Authority shall be advised in writing by the Commissioner of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the Authority, or upon any review or audit of the Authority or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(c) on the date when the Authority shall receive notice from the Bank that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Bank the Interest Component due to the occurrence of an Event of Taxability; *provided*, however, no Determination of Taxability shall occur under subparagraph (b) or (c) hereunder unless the Authority has been afforded the opportunity, at its expense, to contest any such assessment, which contest must commence within 60 days of an Event of Taxability, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, and irrespective of the forgoing contest rights, upon demand from the Bank, the Authority shall promptly reimburse, but solely from Additional Rental payments made by the Authority, the Bank for any payments, including any taxes, interest, penalties or other charges, the Bank shall be obligated to make as a result of the Determination of Taxability.

“*Environmental Laws*” means all federal, state and local laws, statutes, regulations, ordinances and other provisions having the force or effect of law, all judicial and administrative orders and determinations, all contractual obligations and all common law relating to public health and safety, worker health and safety, pollution, the environment, wetlands, the preservation and reclamation of natural resources or waste management, including without limitation all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control or cleanup of any hazardous materials, substances or wastes, chemical substances or mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, asbestos, solvents, urea formaldehyde, dioxins, polychlorinated biphenyls, noise or radiation, each as amended and as now or hereafter in effect. The term Environmental Law shall include (by way of illustration rather than limitation) the Clean Water Act, 33 U.S.C. Section 1251, et seq., the Clean

Air Act, 42 U.S.C. Section 7401, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601, et seq., the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. Section 135, et seq., and the Hazardous Materials Transportation Act, 39 U.S.C. Section 1801, et seq. and any regulations, guidelines, directives or other interpretations of any such enactment, all as amended from time to time.

“*Event of Default*” means one or more events of default as defined in Section 14.01 hereof.

“*Event of Nonappropriation*” means a failure to budget funds, or a decision by the Board not to budget funds for Base Rentals or Additional Rentals in the ensuing Fiscal Year, as applicable, as described in Section 6.01(a) and (g) hereof, as applicable.

“*Event of Taxability*” means a (i) change in law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Authority, or the failure to take any action by the Authority, or the making by the Authority of any misrepresentation herein or in any certificate required to be given in connection with the execution and delivery of this Lease) which has the effect of causing the Interest Component to become includable, in whole or in part, in the gross income of the Bank for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing the Interest Component to become includable, in whole or in part, in the gross income of the Bank.

“*Fiscal Year*” means the fiscal year of the Authority.

“*Hazardous Materials*” means any hazardous, dangerous or toxic chemical, waste, byproduct, pollutant, contaminant, compound, product or substance the manufacture, storage, transport, generation, use, treatment, exposure to, release, threatened release, discharge, remediation, cleanup, abatement, removal, possession, recycling, disposal or other disposition of which is prohibited or regulated (including without limitation, being subjected to notice, reporting, record keeping, or clean-up requirements) by any Environmental Law.

“*Independent Accountant*” means any certified public accountant, or any firm of such accountants, duly licensed to practice and practicing as such under the laws of the State, appointed and paid by the Authority, who (a) is, in fact, independent and not under the domination of the Authority or the Board; (b) does not have any substantial interest, direct or indirect, in any of the affairs of the Authority (including as a citizen of the Authority); and (c) is not connected with the Authority as a member, officer or employee of the Authority, but who may be regularly retained to make annual or similar audits of any books or records of the Authority.

“*Index Rate*” means the Federal Home Loan Bank (“FHLB”) Des Moines (or its successor in interest) one-year fixed advance rate plus ninety (90) basis points.

“*Initial Term*” means the period commencing on November [7], 2023 and ending on December 31, 2023.

“*Interest Component*” means the dollar amount calculated by applying the Interest Rate to the Lease Balance.

“*Interest Rate*” means the interest rate on the Lease Balance, which, prior to the occurrence of any Determination of Taxability, shall be at the rate of 5.08% per annum for all Base Rentals to and including December 1, 2038, and thereafter, for the remainder of the Lease Term, shall be the Index Rate taking effect on each Reset Date. The Index Rate shall be determined by the Bank five calendar days prior to each immediately succeeding Reset Date and shall go into effect on the related immediately succeeding Reset Date.

“*Lease Balance*” means the amount equal to \$7,000,000 less the aggregate amount of the principal portion of Base Rentals paid or prepaid by the Authority pursuant to this Lease, which amount is set forth in Exhibit B hereto in the column titled “Principal.”

“*Lease Effective Date*” means November [7], 2023.

“*Lease Remedy*” or “*Lease Remedies*” means any or all remedial steps provided in Section 14.02 hereof whenever an Event of Default or an Event of Nonappropriation hereunder has happened and is continuing.

“*Lease Term*” means the term of this Lease as provided in Sections 4.01 and 4.02 hereof.

“*Leased Property*” means, collectively, the real property described in Exhibit A attached hereto and the facilities, improvements, fixtures, equipment, furnishings and support facilities located thereon.

“*Maturity Date*” means December 1, 2043.

“*Net Proceeds*” when used with respect to any performance or payment bond proceeds, or proceeds of insurance, including self-insurance and title insurance, required by this Lease, or proceeds from any condemnation award, or any proceeds resulting from default or breaches of warranty under any contract relating to the Leased Property or proceeds from any Lease Remedy means the amount remaining after deducting from such proceeds all expenses (including, without limitation, attorneys’ fees and costs) incurred in the collection of such proceeds or award.

“*Option Price*” means the Lease Balance plus any accrued interest thereon, which is payable on any date, at the option of the Authority, for the purpose of terminating this Lease and purchasing the Leased Property pursuant to Article XII hereof, which amount shall be in addition to (a) any other amount for recording costs or other incidentals reasonably necessary to discharge the Authority’s obligations under this Lease; (b) all Additional Rentals; and (c) all other amounts, if any, due hereunder.

“*Permitted Encumbrances*” means, as of any particular time: (a) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pending contest pursuant to the provisions of Article VIII and Article IX hereof; (b) the Site Lease and this Lease; (c) utility, access and other easements and rights of way, restrictions and exceptions which an Authorized Officer of the Authority certifies will not interfere with or impair the Authority’s use of the Leased Property, including rights or privileges in the nature of easements as provided in Section 9.05

hereof; (e) any financing statements filed to perfect security interests pursuant to this Lease; and (f) such exceptions as set forth on the loan policy insuring the Bank's leasehold interest under the Site Lease and to be issued pursuant to the Commitment.

“*Project*” means the acquisition of the Leased Property for the purpose of constructing, improving and equipping a workforce housing project that will substantially benefit people of low income on the real property described in Exhibit A attached hereto.

“*Renewal Term*” means the twelve-month period, commencing on January 1 of each year and ending on December 31 of the same year, for which the Authority renews the Lease Term.

“*Reset Date*” means (a) initially December 1, 2034, and (b) following December 1, 2034, means each December 1 thereafter, commencing December 1, 2035, until the Maturity Date.

“*Site Lease*” means the Site and Improvement Lease Agreement dated November [7], 2023, by and between the Authority and the Bank, with respect to the Leased Property.

“*State*” means the State of Colorado.

“*Taxable Date*” means the date on which the component of the Base Rentals payable hereunder becomes includable, in whole or in part, in the gross income of the Bank as a result of an Event of Taxability as such date is determined pursuant to the definition of Determination of Taxability.

“*Taxable Interest Rate*” means, with respect to any Interest Component (including payments made prior to the Event of Taxability), the rate necessary to calculate a total payment in an amount sufficient such that the sum of the Interest Component plus an additional payment would, after being reduced by the federal tax (including interest and penalties) actually payable thereon, equal the amount of the Interest Component, such that the Bank would be made whole as if all Interest Component of the Base Rentals from the commencement of this Lease until it matures or is prepaid in full had been made at the rates as originally provided in Exhibit B, as adjusted.

“*Tenant Subleases*” means, all leases, subleases, tenancies and other use or occupancy agreements with residential tenants, or any part thereof, covering or affecting any or all of the Leased Property, all extensions and renewals thereof, and all modifications, amendments and guaranties thereof.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.01. Representations, Covenants and Warranties of the Authority. The Authority represents, covenants and warrants as follows:

(a) Authority is a duly and regularly created, organized and existing public body, corporate and politic, existing as such under and by virtue of the laws of the State. The Authority is authorized to enter into the transactions contemplated by this Lease and to carry out its obligations under this Lease, subject to all applicable statutory requirements.

The Authority has duly authorized and approved the execution and delivery of this Lease and all other documents necessary to be executed in connection with the execution of the Lease.

(b) The Leased Property will at all times be used in connection with the Authority's statutory and proprietary purposes and functions (except to the extent that subleasing of the Leased Property by the Authority is permitted by Section 13.01 hereof), and no portion of the Leased Property will be used directly or indirectly in any trade or business carried on by any person other than a governmental unit of the State.

(c) Neither the execution and delivery of this Lease, nor the fulfillment of or compliance with the terms and conditions of this Lease, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority or its property is bound, or violates any statute, regulation, rule, order of any court having jurisdiction, judgment or administrative order applicable to the Authority, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien or encumbrance whatsoever upon any of the property or assets of the Authority, except for Permitted Encumbrances.

(d) There is no litigation or proceeding pending or threatened against the Authority or any other person affecting the right of the Authority to execute this Lease or the ability of the Authority to make the budgetary commitment for payments required hereunder or to otherwise comply with the obligations contained herein.

(e) The officers of the Authority executing this Lease and any related documents have been duly authorized to execute and deliver this Lease and such related documents under the terms and provisions of resolutions duly adopted by the Board.

(f) This Lease is a legal, valid and binding obligation of the Authority, enforceable in accordance with its terms, except to the extent limited by bankruptcy, reorganization, express provisions of the statutes of the State, or other laws of general application relating to or affecting the enforcement of creditors' rights.

(g) This Lease will be secured by the payment of Base Rentals and Additional Rentals.

(h) The Authority will, at closing, transfer a leasehold interest in the Leased Property to the Bank pursuant to the Site Lease.

(i) The Authority shall submit to the Bank its annual audited financial statements on the earlier of two (2) weeks following completion of its audit or two hundred seventy (270) days after the end of its Fiscal Year.

(j) The Authority shall submit to the Bank its annual budget which shall include a line item for planned budgetary commitment of funds to pay the Base Rentals at least 60 days prior to its Fiscal Year end.

(k) Simultaneously with the delivery of the audited financial statements referred to in subsection (i) of this Section, the Authority shall submit an Annual Compliance Certificate signed by an Authorized Officer of the Authority in substantially the form attached hereto as Exhibit C: (i) stating that such officer has made a review of activities during the preceding period for the purpose of determining whether the Authority has complied with all of the terms, provisions and conditions of this Lease and (ii) attesting that, to the best of his/her knowledge, the Authority has kept, observed, performed and fulfilled each and every such covenant, provision and condition on its part to be performed and no Event of Default has occurred, or if an Event of Default has occurred such certificate shall specify such event or condition, the nature and status thereof and any remedial steps taken or proposed to correct such event or condition.

(l) The Authority shall promptly provide to the Bank any other financial or Project-related information reasonably requested by the Bank.

Section 2.02. Representations, Covenants and Warranties of the Bank. The Bank represents, covenants and warrants as follows:

(a) The Bank has all necessary power to enter into the transactions contemplated by this Lease and to carry out its obligations under this Lease, and the Bank has duly approved the execution and delivery of this Lease.

(b) Except as specifically provided in this Lease, the Bank will not pledge or assign its right, title and interest in and to this Lease (and the Base Rentals due hereunder) or any of its other rights under this Lease or assign, pledge, mortgage, encumber or grant a security interest in its right, title and interest in, to and under this Lease or the Leased Property, except for Permitted Encumbrances.

(c) The Bank agrees that the right to sell, assign, negotiate or otherwise transfer its interest in, to and under this Lease (including the Base Rentals due hereunder), shall be limited to the sale, assignment, negotiation or transfer to one or more of the following: (a) an affiliate of the Bank; (b) a “bank” as defined under Section 3(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), (c) a “qualified institutional buyer” as defined in Rule 144A under the Securities Act, or (d) an “accredited investor” as defined in Rule 501(a)(1), (2), (3), or (7) under the Securities Act.

(d) Neither the execution and delivery of this Lease nor the fulfillment of or compliance with the terms and conditions hereof and thereof, nor the consummation of the transactions contemplated hereby or thereby conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Bank is now a party or by which the Bank is bound, or constitutes a default under any of the foregoing.

(e) Except as specifically provided in this Lease, the Bank will not assign its duties and obligations under this Lease to any other person, firm or corporation in such a manner as would impair or violate the representations, covenants and warranties contained in this Section 2.02.

(f) There is no litigation or proceeding pending or threatened against the Bank affecting the right of the Bank to execute this Lease and to perform its obligations hereunder.

(g) The Bank acknowledges and agrees that the Base Rentals and Additional Rentals hereunder shall constitute currently budgeted expenditures of the Authority and may be paid from any legally available funds. The Authority's obligations under this Lease shall be from year to year only (as further provided in Article VI hereof), and shall not constitute a mandatory charge or requirement in any ensuing Fiscal Year beyond the then current Fiscal Year.

ARTICLE III

LEASE OF LEASED PROPERTY

The Bank demises and leases the Leased Property to the Authority, and the Authority leases the Leased Property from the Bank, in accordance with the provisions of this Lease, subject only to Permitted Encumbrances, to have and to hold for the Lease Term.

ARTICLE IV

LEASE TERM

Section 4.01. Duration of Lease Term. The Lease Term shall commence as of the date hereof. The Initial Term shall terminate on December 31, 2023. This Lease may be renewed, solely at the option of the Authority, provided, however, that the Lease Term shall terminate no later than December 31, 2043, except that the Renewal Term beginning on January 1, 2043 shall terminate upon the Authority's payment of the final Base Rental payment as set forth in Exhibit B. The Lease Term does not exceed the weighted average useful life or the estimated term of usefulness of the Leased Property.

Section 4.02. Expiration of Lease Term. The Lease Term shall expire (a) upon the termination of the Bank's leasehold interest upon payment of the Option Price or all Base Rentals and Additional Rentals as provided in Section 12.03 hereof and all other amounts, if any, due hereunder; or (b) at the option of the Bank, on December 31 of any year in which an Event of Nonappropriation occurs.

ARTICLE V

ENJOYMENT OF LEASED PROPERTY

Except as expressly required or as otherwise permitted by this Lease, the Bank will allow the Authority to peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble, or hindrance from the Bank during the Lease Term. The Bank shall, at the request of the

Authority and at the cost of the Authority, join and cooperate fully in any legal action in which the Authority asserts its right to such possession and enjoyment, or which involves the imposition of any taxes or other governmental charges on or in connection with the Leased Property. In addition, the Authority may at its own expense join in any legal action affecting its possession and enjoyment of the Leased Property and shall be joined in any action affecting its liabilities hereunder.

The provisions of this Article V shall be subject to the Bank's right to inspect the Leased Property. The Authority also hereby consents to the inspection by the Bank of all books, accounts and records maintained by the Authority with respect to the Leased Property and this Lease.

ARTICLE VI

PAYMENTS BY THE AUTHORITY

Section 6.01. Base Rentals and Additional Rentals; Annual Budgetary Commitment.

(a) The Authority shall pay all Base Rentals directly to the Bank, on the Base Rental Payment Dates and in amounts as set forth in Exhibit B attached hereto and made a part hereof. Five calendar days prior to each Reset Date, the Bank shall determine the Index Rate which will serve as the Interest Rate on the Lease Balance following the Reset Date and the Bank shall supply a revised Exhibit B to the Authority to account for the new Interest Rate. Notwithstanding any provisions to the contrary contained herein, neither the Bank nor any subsequent successor shall be required to present the Lease to the Authority to receive payment of any Base Rentals due hereunder.

(b) Notwithstanding subsection (a) of this Section 6.01, upon the occurrence of a Determination of Taxability, the Lease Balance shall bear interest at the Taxable Interest Rate from the Taxable Date and the Bank shall supply a revised Exhibit B to the Authority to account for the Interest Component at the Taxable Interest Rate from the Taxable Date. Any additional amount needed to pay additional interest due within the current Fiscal Year as a result of such Determination of Taxability shall be deemed an Additional Rental due hereunder. Additionally, to the extent there is a difference owed between (i) any interest paid on the Lease Balance by the Authority on any Base Rentals Payment Date occurring on and after the Taxable Date and (ii) the interest that would have otherwise been owed by the Authority on any such Base Rentals Payment Date if interest had accrued at the Taxable Interest Rate, the Authority shall pay such additional interest to the Bank as an Additional Rental hereunder within 60 days' of receipt of notice from the Bank detailing the same. Notwithstanding the forgoing, and for the avoidance of doubt, nothing in this subsection (b) shall obligate the Authority to budget monies for any ensuing Fiscal Year. Budgetary commitments for any ensuing Fiscal Year are expressly subject to the terms and provisions of subsection (g) of this Section 6.01.

(c) The Authority may pay the then applicable Option Price to the Bank for the purpose of terminating this Lease in whole and terminate the Bank's leasehold interest in

the Leased Property. The Authority shall give the Bank notice of its intention to exercise its option not less than 30 days in advance of the date of exercise.

(d) The Authority shall pay Additional Rentals during the Lease Term as herein provided. All Additional Rentals shall be paid by the Authority on a timely basis directly to the person or entity to which such Additional Rentals are owed.

(e) The Base Rentals, Additional Rentals and the other amounts, if any, due hereunder shall be payable from and limited to legally available funds or revenues of the Authority.

(f) It is the intention of the parties to this Lease that this Lease is subject to annual budgetary commitments by the Board. This Lease (and the Base Rentals due hereunder) do not constitute a debt or indebtedness or multiple-fiscal year debt or other financial obligation of the Authority within the meaning of any constitutional or statutory provision or limitation, and shall not be considered or held to be general obligations of the Authority.

(g) Not later than November 15 in each year, the Chair of the Authority, or other official charged with responsibility for preparation of the budget, shall include or cause to be included in the Authority's proposed budget for the ensuing Fiscal Year, for consideration by the Board, the amount of Base Rentals and Additional Rentals estimated to become due hereunder in such ensuing Fiscal Year. The Board shall determine in its absolute discretion whether such items shall be included in the final budget as adopted. In the event that the Board has either (i) not adopted a proposed budget for the ensuing Fiscal Year which includes such items by December 15 of the then current year; or (ii) notifies the Bank in writing of its intent not to budget for Base Rentals or Additional Rentals in the ensuing Fiscal Year, an Event of Nonappropriation shall be deemed to have occurred. If an Event of Nonappropriation occurs, the Authority shall not be obligated to make payment of Base Rentals or Additional Rentals for the ensuing Fiscal Year or thereafter; provided that the Authority shall continue to be liable for Base Rentals and Additional Rentals allocable to any period during which the Authority continues to occupy, use or retain possession of the Leased Property. The Authority shall in all events promptly notify the Bank of the Event of Nonappropriation (but not later than 30 days after the occurrence thereof pursuant to clause (i)) and promptly vacate (to the extent the Authority is then occupying any portion of the Leased Property) and surrender possession of the Leased Property, but not later than February 1 of the Fiscal Year as to which an Event of Nonappropriation has occurred; provided however that the Authority's obligation to vacate and surrender possession shall be subject to the Tenant Subleases as otherwise provided herein.

Section 6.02. Interest Component. A portion of the Base Rentals paid by the Authority on each Base Rental Payment Date is the Interest Component.

Section 6.03. Manner of Payment. The Base Rentals and, if paid, the Option Price, shall be paid or prepaid by the Authority by certified funds or other method of payment acceptable to the Bank in lawful money of the United States of America to the Bank at its principal office

located at 1 South Main Street, 17th Floor, Salt Lake City, Utah 84133, Attn: Kirsi Hansen, unless otherwise directed in writing by the Bank.

The obligation of the Authority to pay the Base Rentals and Additional Rentals during the Lease Term shall be absolute and unconditional, payable from all legally available sources, and payment of the Base Rentals and Additional Rentals shall not be abated through accident or unforeseen circumstances, or by the Bank under this Lease, or under any other agreement between the Authority and the Bank, or for any other reason, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Leased Property, commercial frustration of purpose, or failure of the Bank to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Lease, it being the intention of the parties that the payments required by this Lease will be paid in full when due without any delay or diminution whatsoever, subject only to the special and limited nature of the Authority's obligation to make payments hereunder and the right of the Board to decline to budget funds as set forth in Section 6.01 above, and further subject to the Authority's rights under Sections 8.02 and 9.03 hereof. Notwithstanding any dispute between the Authority and the Bank, the Authority shall, during the Lease Term, make all payments of Base Rentals and Additional Rentals when due and shall not withhold any Base Rentals or Additional Rentals pending final resolution of such dispute (except to the extent permitted by Sections 8.02 and 9.03 hereof with respect to certain Additional Rentals), nor shall the Authority assert any right of setoff or counterclaim against its obligation to make such payments required hereunder. No action or inaction on the part of the Bank shall affect the Authority's obligation to pay all Base Rentals and Additional Rentals (except to the extent provided by Sections 8.02 and 9.03 hereof with respect to certain Additional Rentals), during the Lease Term.

Section 6.04. Budget of Sums. No provisions of any constitution, charter, statute, ordinance, resolution, or other order or measure enacted after the execution and delivery of this Lease shall in any manner be construed as limiting or impairing the obligation of the Authority to keep and perform the covenants contained in this Lease so long as Base Rentals or Additional Rentals which have been budgeted for remain outstanding and unpaid.

ARTICLE VII

PAYMENT OF PURCHASE PRICE OF LEASED PROPERTY

Section 7.01. Transfer to the Authority. On the Lease Effective Date, an amount of proceeds equal to \$7,000,000 will be transferred to the Authority for use in financing or reimbursing the acquisition, constructing and equipping the Project.

Section 7.02. Costs of Issuance. [TBD] On the Lease Effective Date, an amount of proceeds equal to \$[] will be used to pay the costs of issuance in connection with execution of this Lease. The proceeds for the costs of issuance shall be disbursed in accordance with the instructions included in a closing memorandum to be dated the Lease Effective Date.

ARTICLE VIII

THE LEASED PROPERTY; LIMITATIONS ON ENCUMBRANCES

Section 8.01. The Leased Property. Pursuant to the Site Lease, the Bank shall have a leasehold interest in the Leased Property and any and all additions and modifications thereto and replacements thereof, including the buildings and improvements constructed as part of the Project.

Section 8.02. No Encumbrance, Mortgage or Pledge of Leased Property. The Authority shall not permit any mechanic's or other lien to remain against the Leased Property; provided that, if the Authority shall first notify the Bank of the intention of the Authority to do so, the Authority may in good faith contest any mechanic's or other lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom so long as the Authority provides the Bank with an opinion of Counsel stating that by nonpayment of any such items the Bank title to or lien on the Leased Property (or its leasehold rights therein) will not be materially endangered and sets aside on its books and records such reserves as may be required in accordance with applicable governmental accounting standards. Further, with regard to any dispute of any mechanics lien, the Bank may, in the Bank's discretion, require the Authority to obtain a lien release bond through a title company or other surety acceptable to the Bank in an amount up to 150% of the lien amount. The Bank will cooperate fully with the Authority in any such contest, upon the request and at the expense of the Authority. Except as may be permitted by this Lease, neither the Bank nor the Authority shall directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, except Permitted Encumbrances. The Authority and the Bank shall promptly, at their own respective expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above which each shall respectively have created, incurred, or suffered to exist. Nothing herein shall be interpreted to suggest or admit that the Property is not exempt from mechanic's liens.

ARTICLE IX

MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES

Section 9.01. Maintenance of the Leased Property by the Authority. The Authority agrees that at all times during the Lease Term the Authority will maintain, preserve and keep the Leased Property or cause the Leased Property to be maintained, preserved and kept, in good repair, working order and condition, and that the Authority will from time to time make or cause to be made all necessary and proper repairs, whether interior or exterior, structural or nonstructural, ordinary or extraordinary, or foreseen or unforeseen, except as otherwise provided in Section 10.03 of this Lease. The Bank shall not have any responsibility for such maintenance or repairs or for the making of any additions, modifications or replacements to the Leased Property.

Section 9.02. Modification of the Leased Property; Installation of Furnishings and Machinery of the Authority. The Authority shall have the privilege of making substitutions, additions, modifications and improvements to any portion of the Leased Property, at its own cost and expense (provided that any material substitutions, additions, modifications, or improvements require the prior consent of the Bank); and the same shall be subject to this Lease, and shall be included under the terms of this Lease; provided, however, that such substitutions, additions, modifications and improvements shall not in any way damage the Leased Property or cause the Leased Property to be used for purposes other than the affordable housing purpose of the Project and otherwise for lawful governmental or proprietary functions of the Authority (including subleasing permitted under Section 13.01 hereof); and provided that the Leased Property, as improved or altered, upon completion of such substitutions, additions, modifications and improvements, shall be of a value not less than the value of the Leased Property immediately prior to such making of substitutions, additions, modifications and improvements.

The Authority may also, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in or on any Leased Property consistent with the affordable housing purposes of the Project. All such machinery, equipment and other tangible property shall remain the sole property of the Authority in which the Bank shall not have any interests; provided, however, that any such machinery, equipment and other tangible property which becomes permanently affixed to any Leased Property shall be subject to this Lease, and shall be included under the terms of this Lease, in the event the Bank shall reasonably determine that such Leased Property would be materially damaged or impaired by the removal of such machinery, equipment or other tangible property.

Section 9.03. Taxes, Other Governmental Charges and Utility Charges. In the event that the Leased Property or any portion thereof shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body, the Authority shall pay the amount of all such taxes, assessments and governmental charges then due, as Additional Rentals. In the event that the Bank has exercised any remedy upon an Event of Default or an Event of Nonappropriation, the Authority agrees that it shall treat the Leased Property as property owned by the Authority (or its enterprise, the Authority) for the purposes of Authority taxation, assessments or other governmental charges. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the Authority shall be obligated to provide for Additional Rentals only for such installments as are

required to be paid during the upcoming Fiscal Year. Except for Permitted Encumbrances, the Authority shall not allow any liens for taxes, assessments or governmental charges to exist with respect to the Leased Property or any portion thereof (including, without limitation, any taxes levied upon the Leased Property or any portion thereof which, if not paid, will become a charge on the rentals and receipts from the Leased Property or any portion thereof, or any interest therein, including the interest of the Bank), or the rentals and revenues derived therefrom or hereunder. The Authority shall also pay as Additional Rentals, as the same respectively become due, all utility and other charges incurred in the maintenance and upkeep of the Leased Property.

The Authority may, at its expense, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments, utility or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom so long as the Authority provides the Bank with an opinion of Counsel stating that the nonpayment of any such items will not materially endanger the security of the Leased Property (or its leasehold rights therein), the Leased Property be not subject to loss or forfeiture and the Bank will not be subject to liability, and if such opinion of Counsel is not provided, such taxes, assessments, utility or other charges shall be paid forthwith (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such taxes, assessments, utility or other charges). During the occurrence of such contest, the Authority shall set aside on its books and records such reserves in connection with such contested taxes, assessments, utility and other charges as may be required in accordance with applicable governmental accounting standards. Nothing herein shall be interpreted to suggest or admit that the Property is not exempt from taxation.

Section 9.04. Provisions Regarding Liability, Property and Workers' Compensation Insurance. During any material alteration, modification, or renovation of the Leased Property (including during the Project construction), the Authority shall maintain or cause to be maintained builder's completed value risk insurance against "all risks of physical loss", including collapse coverage, in non-reporting form and with deductibles not to exceed \$50,000. Such policy must (a) be in an amount not less than the then Outstanding Balance and (ii) name the Bank as an additional insured and the sole loss payee pursuant to a standard mortgagee clause (or a lender loss payable clause) or endorsement. For the sake of clarity, coverage provided by the policy(ies) required by this paragraph must not be impaired by an act, omission, or default of the Bank or any other person.

The Authority shall, at its own expense, cause casualty and/or property insurance to be carried and maintained with respect to the Leased Property in an amount equal to the full insurable value of the Leased Property on a cost basis. Such insurance policy may have a deductible clause in an amount not to exceed \$50,000. The Authority may, in its discretion, insure the Leased Property under blanket insurance policies which insure not only the Leased Property, but other property as well, as long as such blanket insurance policies comply with the requirements hereof. Any property insurance policy required by this Section 9.04 shall be so written or endorsed as to show the Bank as the sole loss payee, under a standard loss payable or mortgagee clause or endorsement and/or additional insureds and to make losses exceeding \$50,000, if any, payable to the Bank as its interests may appear. For the sake of clarity, coverage provided by the policy(ies) required by this paragraph must not be impaired by any act, omission, or default of the Authority or any other person.

Upon the execution and delivery of this Lease, the Authority shall, at its own expense, cause public liability insurance, including blanket contractual liability or specific contractual liability insurance for this agreement; and public officials' errors and omissions coverage to be carried and maintained with respect to the activities to be undertaken by the Authority and its officers, officials, agents and employees in connection with the use and possession of the Leased Property. Without limiting the generality of the foregoing, agents of the Authority include the Authority and the Authority's employees and agents, in each such person's capacity(ies) as manager and operator of the Leased Property. All such policies (other than errors and omissions) shall show the Authority and all officers and employees thereof, and the Bank as additional insureds. Such coverage shall be in amounts not less than the limits of liability per occurrence set by the Colorado Governmental Immunity Act as the same may from time to time be amended, for claims to which the defense of sovereign immunity applies. The public liability insurance required by this Section 9.04 may be by blanket insurance policy or policies.

The Authority shall, at its own expense, cause worker's compensation insurance to be procured and maintained covering employees of the Authority working in or on the Leased Property. Such insurance, if issued by a private carrier, shall contain a provision that such coverage shall not be canceled without 10 days' prior written notice to the Authority and the Bank. A certificate issued by the Colorado State Insurance Fund or a private carrier evidencing such coverage shall be provided by the Authority to the Bank. The worker's compensation insurance required by this Section 9.04 may be by blanket insurance policy or policies.

If, at any time during the term of this Lease, it is determined that any part of the Leased Property is located in a flood zone, as determined in accordance with 12 CFR Chapter 1, Part 22 or its successor (the "Flood Insurance Regulations"), the Authority, at its own expense, shall obtain and maintain for the entire term of this Lease, flood insurance covering the Leased Property in such form and amount as is required under the Flood Insurance Regulations. If at any time during the term of this Lease the Authority shall fail to maintain such adequate flood insurance, the Bank may, to the extent permitted by law, purchase such insurance on the Authority's behalf, and the cost thereof shall be deemed to be Additional Rentals payable by the Authority on the Bank's demand as specified in this Lease. The Authority shall provide evidence of the renewal or replacement of such flood insurance at least 15 days prior to its expiration.

Each property and liability insurance policy provided for in this Section 9.04 shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interests of the Bank without first giving written notice thereof to the Authority and the Bank at least 30 days in advance of such cancellation or modification. In the event that the Authority has received such notice of cancellation or modification, it shall immediately furnish to the Bank a new insurance policy or certificate evidencing such policy replacing the canceled or modified policy and effective on or before the effective date of such cancellation or modification.

The Authority shall provide certified copies of all insurance policies required under this Section or certificates of insurance with appropriate endorsements attached evidencing that the parties have been named as loss payee and/or additional insureds and that the 30 days' notice of cancellation provision is in effect. A certificate of insurance will be acceptable evidence of insurance at closing. All insurance policies issued pursuant to this Section 9.04 or certificates

evidencing such policies, shall be deposited with the Bank. No agent or employee of the Authority shall have the power to adjust or settle any loss with respect to the Leased Property, whether or not covered by insurance, without the prior written consent of the Bank; except that losses not exceeding \$50,000 may be adjusted or settled by the Authority without the Bank's consent.

Notwithstanding any other provision of this Section 9.04 to the contrary, to the extent that the Authority does not have an insurable interest in the Leased Property on the basis that the Leased Property is titled with the Authority, then the terms hereof shall apply as necessary and appropriate to provide the insurance required hereby to the Authority, and the Authority shall cause the Authority to provide and maintain such insurance in the name of the Authority but otherwise upon the terms as set forth in this Section 9.04.

Nothing herein shall be construed as a waiver or limitation of the Authority's governmental immunity.

Section 9.05. Granting of Easements. As long as no Event of Default or Event of Nonappropriation shall have happened and be continuing, the Bank may in its discretion at any time or times, but only upon the request of the Authority, grant easements, licenses, rights-of-way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property or rights included in this Lease, free from this Lease and any security interest or other encumbrance created hereunder or thereunder, and the Bank may in its discretion release existing easements, licenses, rights-of-way, and other rights and privileges with respect to such property or rights, with or without consideration, and shall execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other grant or privilege upon receipt of (a) a copy of the instrument of grant or release; and /or (b) a written application signed by an Authorized Officer of the Authority requesting such instrument and stating that such grant or release will not impair the Bank's leasehold rights in and to the Leased Property or the effective use or interfere with the operation of the Leased Property.

ARTICLE X

DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

Section 10.01. Damage, Destruction and Condemnation. If, during the Lease Term, (a) the Leased Property or any portion thereof shall be destroyed, in whole or in part, or damaged by fire or other casualty; (b) title to, or the temporary or permanent use of, the Leased Property or any portion thereof or the estate of the Authority or the Bank in the Leased Property or any portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority; (c) a breach of warranty or a material defect in the construction, manufacture or design of the Leased Property shall become apparent; or (d) title to or the use of all or any portion of the Leased Property shall be lost by reason of a defect in title thereto; then the Authority shall continue to be obligated to continue to pay the amounts specified in Section 6.01 of this Lease.

Section 10.02. Obligation of the Authority To Repair and Replace the Leased Property. The Authority and, to the extent such Net Proceeds are within its control, the Bank shall cause the Net Proceeds of any insurance policies, performance bonds or condemnation awards, to be deposited in a separate trust fund. All Net Proceeds so deposited shall be applied, at the option of the Bank, either (1) to the payment of the Option Price or (2) to the prompt repair, restoration, modification, improvement or replacement of the Leased Property by the Authority upon receipt of requisitions acceptable to the Bank, and with the written approval of the Bank, signed by an Authorized Officer of the Authority (a) stating with respect to each payment to be made, (i) the requisition number; (ii) the name and address of the person, firm or corporation to whom payment is due; (iii) the amount to be paid; (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against such funds and has not been the basis of any previous withdrawal; (v) that all conditions required by this Lease to be met prior to such payment have been satisfied; and (vi) that the disbursement requested will be used for the cost of such repair, restoration, modification, improvement or replacement of the Leased Property; (b) specifying in reasonable detail the nature of the obligation; and (c) accompanied by a bill, invoice or a statement of account for such obligation. If the Bank shall choose under clause (1) above to apply Net Proceeds to the payment of the Option Price, then (y) this Lease and the Site Lease shall terminate, even if the Net Proceeds are less than the full amount of the Option Price, and (z) to the extent of any Net Proceeds in excess of the Option Price, such Net Proceeds will be disbursed to the Authority.

For the purpose of effecting the collection of Net Proceeds, the Authority and the Bank agree to cooperate and use their best reasonable efforts to enforce claims which may arise in connection with material defects in the construction, manufacture or design of the Leased Property or otherwise. In carrying out any of the provisions of this Section 10.02, the Authority shall have all power and authority granted under this Lease; and the Bank shall cooperate with the Authority in the administration of such fund and shall not unreasonably withhold its approval of requisitions under this Section 10.02. The balance of any such Net Proceeds remaining after such repair, restoration, modification, improvement or replacement has been completed shall be applied to the payment of Base Rentals. Any repair, restoration, modification, improvement or replacement paid for in whole or in part out of such Net Proceeds shall be the property of the Authority, subject to this Lease and shall be included as part of the Leased Property under this Lease.

To the extent that the Authority has any interest in the Net Proceeds as a result of title in the Leased Property being in the name of the Authority, then the Authority shall cause the Authority to cooperate with the Authority and the Bank in the performance of the covenants as set forth in this Section 10.02.

Section 10.03. Insufficiency of Net Proceeds. If the Bank shall make Net Proceeds available to the Authority pursuant to Section 10.02, and such Net Proceeds plus any amounts withheld from such Net Proceeds by reason of any deductible clause shall be insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Leased Property required under Section 10.02 of this Lease, the Authority may elect to:

- (a) complete the work or replace such Leased Property, or portion thereof, with similar property of a value equal to or in excess of such portion of the Leased Property and pay as Additional Rentals, to the extent amounts for Additional Rentals which have been

specifically budgeted by the Authority are available for payment of such cost, any cost in excess of the amount of the Net Proceeds, and the Authority agrees that, if by reason of any such insufficiency of the Net Proceeds, the Authority shall make any payments pursuant to the provisions of this Section 10.03(a), the Authority shall not be entitled to any reimbursement therefor from the Bank, nor shall the Authority be entitled to any diminution of the Base Rentals and Additional Rentals payable under Section 6.02 of this Lease; or

(b) apply the Net Proceeds to the payment of the Option Price in accordance with Article XII of this Lease. In the event of an insufficiency of the Net Proceeds for such purpose, the Authority shall pay such amounts as may be necessary to equal the then applicable Option Price; and in the event the Net Proceeds shall exceed the Option Price, such excess shall be retained by the Authority.

The above referenced election shall be made by the Authority within 90 days of the occurrence of an event specified in Section 10.01 of this Lease.

Section 10.04. Cooperation of the Bank. At the expense of the Authority, the Bank shall cooperate fully with the Authority in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in Section 10.01 of this Lease and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Leased Property or any portion thereof and in the prosecution of any action relating to the enforcement of all warranties relating to the Leased Property. In no event shall the Bank voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim performance or payment bond claim, prospective or pending condemnation proceeding, or any action with respect to the Leased Property or any portion thereof without the written consent of the Authority, which consent shall not be unreasonably withheld, conditioned, or delayed.

ARTICLE XI

DISCLAIMER OF WARRANTIES; OTHER COVENANTS

Section 11.01. Disclaimer of Warranties. The Bank does not make any warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for a particular purpose or fitness for use of the Leased Property or any other representation or warranty with respect to the Leased Property (including any warranty or representation relating to the title of the Leased Property), and the Authority disclaims for itself and for the Authority any right to any such implied warranty. The Authority hereby acknowledges and declares that the Authority is solely responsible for the design, construction, acquisition, installation, maintenance and operation of the Leased Property, and that the Bank shall have no responsibility therefor. For the purpose of enabling the Authority to discharge such responsibility, the Bank constitutes and appoints the Authority as its attorney in fact for the purpose of asserting and enforcing, at the sole cost and expense of the Authority, all manufacturer's warranties and guaranties, express or implied, with respect to the Leased Property, as well as any claims or rights the Bank may have in respect of the Leased Property against any manufacturer, supplier, contractor or other person. In no event shall the Bank be liable for any direct or indirect, incidental, special or consequential

damage in connection with or arising out of this Lease or the existence, furnishing, functioning or use by the Authority of any item, product or service provided for herein.

Section 11.02. Further Assurances and Corrective Instruments. The Bank and the Authority (for itself and for the Authority) agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be, or for otherwise carrying out the intention hereof.

Section 11.03. Compliance With Requirements. During the Lease Term, the Authority and the Bank shall observe and comply promptly to the extent possible with all current and future orders of all courts having jurisdiction over the Leased Property or any portion thereof; provided that the Authority or the Bank may contest or appeal such orders so long as they are in compliance with such orders during the contest or appeal period, and all current and future requirements of all insurance companies writing policies covering the Leased Property or any portion thereof. The covenants of the Authority in this Section 11.03 are for itself and for the Authority.

Section 11.04. Covenant To Comply With Internal Revenue Code. The Authority certifies and covenants that it will not knowingly direct or otherwise cause the investment or use of any moneys in any fund or account in connection with this Lease (including any moneys reasonably expected to be used to pay the Base Rentals thereon, whether or not held by the Bank; and regardless of whether any such moneys were derived from the proceeds disbursed by the Bank in connection with this Lease or from any other source), in a manner which will cause this Lease to be classified as an “arbitrage bond” within the meaning of the Code.

The Authority further covenants that it will perform all acts within its power which are or may be necessary to insure that the Interest Component will at all times remain excludable from gross income for federal income tax purposes under the laws and regulations of the United States of America as presently enacted and construed or as hereafter amended.

Section 11.05. Access To Leased Property. The Authority agrees that the Bank and any authorized representative of the Bank shall have the right at all reasonable times to examine and inspect the Leased Property and all of Authority’s books and records with respect thereto. The Authority further agrees that the Bank and any such representative shall have such rights of access to the Leased Property as may be reasonably necessary to cause the proper maintenance of the Leased Property in the event of failure by the Authority to perform its obligations under this Lease.

Section 11.06. Further Assurances. At any and all times the Authority shall, so far as it may be authorized by law, pass, make, do execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents, and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, and any other funds hereby pledged or assigned, or intended so to be, or which the Authority may hereafter become bound to pledge or assign, or as may be reasonable and required to carry out the purposes of this Lease. The Authority, acting by and through its officers, or otherwise, shall at all times, to the extent permitted by law,

defend, preserve and protect the pledge of all funds and accounts pledged hereunder and all the rights of the Bank against all claims and demands of all persons.

Section 11.07. Conditions Precedent. Upon the date of execution and delivery of this Lease, all conditions, acts and things required by the Constitution or laws of the United States of America, the Constitution or laws of the State, the Code and this Lease to exist, to have happened, and to have been performed precedent to or in the execution and delivery of this Lease shall exist, have happened and have been performed, and this Lease, together with all other obligations of the Authority, shall not contravene any debt or other limitation prescribed by the Constitution or laws of the United States of America, the Constitution or laws of the State, or the Code.

Section 11.08. Records and Accounts. The Authority will keep proper books of record and account, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the funds referred to herein.

Section 11.09. Rules, Regulations and other Details. The Authority shall observe and perform all of the terms and conditions contained in this Lease and shall comply with all valid acts, rules, regulations, orders and directives of any legislative, executive, administrative or judicial body applicable to the Authority.

Section 11.10. Payment of Governmental Charges. The Authority shall pay or cause to be paid all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Authority, or upon any part thereof, when the same shall become due, and shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to the Authority, or any part thereof, except for any period during which the same are being contested in good faith by proper legal proceedings. The Authority shall not create or suffer to be created any lien or charge upon the Authority, or any part thereof, except as herein otherwise permitted. The Authority shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within 90 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Authority, or any part thereof, but nothing herein requires the Authority to pay or to cause to be discharged or to make provision for any such tax, assessment, lien or charge, so long as the validity thereof is contested in good faith and by appropriate legal proceedings. Nothing in this Section 11.10 shall be deemed to limit the covenants and obligations of the Authority as set forth in Sections 8.02 and 9.03.

Section 11.11. Federal Income Tax Exclusion.

(a) **General.** The Authority intends that the Interest Component shall be excludable from gross income for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable Income Tax Regulations (the "Regulations"). The Authority covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the Interest Component to be includable in gross income, as defined in Section 61 of the Code, for federal income tax purposes. In particular, the Authority covenants and agrees to comply with each requirement of this Section 11.11; provided, however, that the Authority shall not be required to comply with

any particular requirement of this Section 11.11 if the Authority has received an opinion of nationally recognized bond counsel (“Counsel’s Opinion”) that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of Interest Component or if the Authority has received a Counsel’s Opinion to the effect that compliance with some other requirement set forth in this Section 11.11 will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement specified in such Counsel’s Opinion shall constitute compliance with the corresponding requirement specified in this Section 11.11. Any such Counsel’s Opinion will also be addressed to (or may otherwise be relied upon by) the Bank.

(b) ***No Private Use or Payment and No Private Loan Financing.*** The Authority covenants and agrees that it will make such use of the proceeds of the Site Lease including interest or other investment income derived from Site Lease proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that this Lease will not be “private activity bonds” within the meaning of Section 141 of the Code and the Regulations promulgated thereunder. Moreover, the Authority shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date this Lease is delivered, that the proceeds of the Site Lease will not be used in a manner that would cause this Lease to be “private activity bonds” within the meaning of Section 141 of the Code and the Regulations promulgated thereunder.

(c) ***No Federal Guarantee.*** The Authority covenants and agrees that it has not taken and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause this Lease to be “federally guaranteed” within the meaning of Section 149(b) of the Code and the applicable Regulations thereunder, except as permitted by Section 149(b)(3) of the Code and such Regulations.

(d) ***No Hedge Bonds.*** The Authority covenants and agrees that it has not taken and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause this Lease to be considered a “hedge bond” within the meaning of Section 149(g) of the Code and the applicable Regulations thereunder.

(e) ***No Arbitrage.*** The Authority covenants and agrees that it will make such use of the proceeds of the Site Lease including interest or other investment income derived from Site Lease proceeds, regulate investments of proceeds of the Site Lease, and take such other and further action as may be required so that this Lease will not be considered an “arbitrage bond” within the meaning of Section 148(a) of the Code and the applicable Regulations promulgated thereunder. Moreover, the Authority shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date this Lease is delivered, the Authority will reasonably expect that the proceeds of the Site Lease will not be used in a manner that would cause this Lease to be considered an “arbitrage bond” within the meaning of Section 148(a) of the Code and the applicable Regulations promulgated thereunder.

(f) **Arbitrage Rebate.** If the Authority does not qualify for an exception to the requirements of Section 148(f) of the Code relating to the required rebate to the United States, the Authority will take all necessary steps to comply with the requirement that certain amounts earned by the Authority on the investment of the “gross proceeds” of the Site Lease (within the meaning of Section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the Authority will (i) maintain records regarding the investment of the gross proceeds of the Site Lease as may be required to calculate the amount earned on the investment of the gross proceeds of the Site Lease separately from records of amounts on deposit in the funds and accounts of the Authority allocable to other bond issues or lease obligations of the Authority or moneys which do not represent gross proceeds of any bond issues or lease obligations of the Authority; (ii) calculate at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Site Lease which is required to be rebated to the federal government; and (iii) pay, not less often than every fifth anniversary date of the delivery of the Site Lease or on such other dates as may be permitted under applicable Regulations, all amounts required to be rebated to the federal government. Further, the Authority will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Site Lease that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm’s length and had the yield on the issue not been relevant to either party.

(g) **Information Reporting.** The Authority covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the fifteenth day of the second calendar month after the close of the calendar quarter in which this Lease is executed, an information statement concerning the Site Lease and this Lease, all under and in accordance with Section 149(e) of the Code and the applicable Regulations promulgated thereunder.

(h) **Continuing Obligation.** Notwithstanding any other provision of this Lease, the Authority’s obligations under the covenants and provisions of this Section 11.11 shall survive the defeasance and discharge of this Lease.

Section 11.12. Financial Reporting. The Authority, annually following the close of each Fiscal Year, shall order an audit for the Fiscal Year of the books and accounts pertaining to the Authority to be made forthwith by an Independent Accountant, and order an audit report showing the receipts and disbursements for each fund or account pertaining to the Authority. During the Lease Term, the Lessee covenants and agrees to provide the Bank: (i) a copy of the Lessee’s final annual budget for each fiscal year within two (2) weeks of completion, but not later than 270 days prior to its Fiscal Year end; and (ii) any other financial reports the Bank may reasonably request from time to time.

Section 11.13. Environmental Matters. The real property included in the Leased Property is properly zoned for its current and anticipated use and such use will not violate any applicable zoning, land use, Environmental Laws or similar law or restriction. The Authority has

all licenses and permits to use the Leased Property or will obtain the same as part of the construction of, and prior to occupancy in, the Leased Property. The Authority shall comply with all Environmental Laws and shall not store, dispose, use, generate, or manufacture any Hazardous Materials at, on or near the Leased Property or in connection with the operation of its Leased Property other than in accordance with Environmental Laws. The Authority and all activities of the Authority at its facilities comply with all Environmental Laws and with all terms and conditions of any required permits, licenses and authorizations applicable to the Authority with respect thereto. The Authority is also in compliance with all limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in Environmental Laws or contained in any plan, order, decree, judgment or notice of which the Authority is aware. The Authority is not aware of, nor has the Authority received notice of, any events, conditions, circumstances, activities, practices, incidents, actions or plans which may interfere with or prevent continued compliance with, or which may give rise to any liability under, any Environmental Laws.

Section 11.14. Fees, Expenses and Indemnification. The Lessee, shall, to the extent permitted by applicable law, indemnify and hold harmless the Bank, its directors, officers, shareholders, employees, agents, and successors from and against any loss, claim, damage, expense, and liability resulting from or attributable to the acquisition, construction, or use of the Leased Property. Notwithstanding the foregoing, the Bank shall not be indemnified for any liability resulting from the negligence or willful misconduct of the Bank as determined by a court of competent jurisdiction.

ARTICLE XII

CONVEYANCE OF THE LEASED PROPERTY

Section 12.01. Prepayment. The Lease Balance is prepayable in whole or in part at any time, without premium, subject to the following terms:

(a) The Authority shall provide the Bank with at least 30 days' notice of prepayment (or such lesser time period as the Bank may permit).

(b) Any partial prepayment shall be applied to the Lease Balance in the inverse order of maturity of Base Rental payments, and no change in the amount of the remaining Base Rental payments will occur as a result thereof.

(c) The prepayment amount for any prepayment of the Lease Balance will equal (i) the principal component of such Lease Balance, plus (ii) the Interest Component applicable to the principal component of such Lease Balance.

Section 12.02. Option. The Authority shall have the option to terminate the Bank's leasehold interest in the Leased Property at any time by paying the Option Price. The Authority shall give the Bank notice of its intention to exercise its option to terminate the Bank's leasehold interest in the Leased Property not less than 30 days in advance of the date of exercise (or such lesser time period as the Bank may permit).

Section 12.03. Conveyance of the Leased Property. The Bank shall transfer, convey and release the Leased Property to the Authority in the manner provided for in Section 12.04 of this Lease; provided, however, that prior to such transfer, conveyance and release, either:

(a) the Authority shall have paid the then applicable Option Price; or

(b) the Authority shall have paid all Base Rentals set forth in Exhibit B, all then current Additional Rentals required to be paid hereunder and all other amounts, if any, due hereunder, in which case the Bank shall transfer, convey and release the Leased Property to the Authority by releasing the Lease.

The Authority is hereby granted the option to terminate this Lease from time to time upon payment by the Authority of the then applicable Option Price pursuant to Section 12.02 hereof.

Section 12.04. Manner of Conveyance. At the closing of any release of the Leased Property pursuant to Section 12.03 of this Lease, the Bank shall execute and deliver to the Authority such releases of the Lease and other documents necessary to terminate the Bank's leasehold interest under the Site Lease and any other rights or interests in the Leased Property maintained pursuant hereto.

ARTICLE XIII

ASSIGNMENT AND SUBLEASING

Section 13.01. Assignment and Subleasing by the Authority. This Lease may not be assigned by the Authority for any reason other than to a successor by operation of law, however, the Authority may enter Tenant Subleases in furtherance of the workforce housing purposes of the Project without the consent of the Bank. "Workforce housing purposes" shall include, without limitation, subleases to other governmental or private entities in connection with providing utility services to the Property. This Lease, and the obligations of the Authority hereunder, shall, at all times during the Lease Term, remain obligations of the Authority subject to Section 6.01 hereof, and the Authority shall maintain its direct relationships with the Bank, notwithstanding any Tenant Sublease.

ARTICLE XIV

EVENTS OF DEFAULT AND REMEDIES

Section 14.01. Events of Default Defined. Any one of the following shall be an Event of Default under this Lease:

(a) failure by the Authority to pay any Base Rentals or Additional Rentals when the same become due;

(b) failure by the Authority to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder or under any certificates

executed and delivered by the Authority in connection with the delivery of this Lease, other than as referred to in clause (a), (c), or (d), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall be given to the Authority by the Bank, unless the Bank shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Bank shall not withhold its consent to an extension of such time (but not more than an additional 60 days) if, in the Bank's judgment, corrective action can be instituted by the Authority within the additional period without risking the Bank's rights hereunder and diligently pursued until the default is corrected. Such consent by the Bank shall not be unreasonably withheld;

(c) failure by the Authority, for a period of 10 days after written notice, specifying such failure and requesting that it be remedied, shall be given to the Authority by the Bank, to maintain insurance as required hereunder;

(d) the Authority assigns this Lease or subleases the Leased Property in violation of its covenants as set forth herein;

(e) any representation or warranty made by the Authority herein or in any other document or certificate provided by the Authority to the Bank proves to have been untrue in any material respect when made; or

(f) the filing by the Authority of a petition in bankruptcy, or failure by the Authority promptly to lift any execution, garnishment or attachment of such consequence as would impair the ability of the Authority to carry on its governmental functions or assignment by the Authority for the benefit of creditors, or the entry by Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of any adjustment of indebtedness of the Authority, or the dissolution or liquidation of the Authority.

Section 14.02. Remedies on Default or Event of Nonappropriation. Whenever any Event of Default or Event of Nonappropriation shall have happened:

(a) The Authority shall, upon demand of the Bank, immediately assign and surrender the possession and management of the Leased Property, subject to any outstanding Tenant Subleases, to the Bank or its assignees or lessees.

(b) Following any such surrender of possession, the Bank may lease or sublease the Leased Property or any portion thereof or sell an assignment of any interest the Bank has in the Leased Property; provided, however, that such lease, sublease, sale, or assignment shall be subject to any then-existing Tenant Subleases.

(c) The Bank may proceed by appropriate court action to enforce specific performance by the Authority of the covenants herein or to recover for the breach thereof, include the payment of all amounts due from the Authority.

Section 14.03. Limitations on Remedies; No Remedy Exclusive. A judgment requiring the payment of money may be entered against the Authority by reason of an Event of Default only

for the amount of Base Rentals and Additional Rentals (a) which would otherwise have been payable hereunder during any period in which the Authority continues to occupy, use or possess the Leased Property, whether directly or via Tenant Subleases; or (b) which would otherwise have been payable during the Fiscal Year in which such Event of Default occurs. A judgment requiring the payment of money may be entered against the Authority by reason of an Event of Nonappropriation only for the amount of Base Rentals and Additional Rentals (i) which would otherwise have been payable hereunder, or (ii) accruing to the extent that the Authority fails to vacate and surrender possession of the Leased Property as required by Section 6.01(f) of this Lease. No remedy herein conferred upon or reserved to the Bank is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Bank to exercise any remedy reserved in this Article XIV, it shall not be necessary to give any notice, other than such notice as may be required in this Article XIV.

Section 14.04. Waivers. The Bank may waive any Event of Default under this Lease and its consequences. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 14.05. Agreement To Pay Attorneys' Fees and Expenses. To the extent permitted by law, in the event that either party hereto shall default under any of the provisions hereof and the nondefaulting party shall employ attorneys or incur other expenses for the collection of Base Rentals and Additional Rentals, or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it shall on demand therefor pay to the nondefaulting party the fees of such attorneys and such other expenses so incurred by the nondefaulting party, to the extent that such attorneys' fees and expenses may be determined to be reasonable by a court of competent jurisdiction.

Section 14.06. Waiver of Jury Trial. The Authority and Bank hereby irrevocably waive all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the actions of Authority or Bank in the negotiation, administration, performance or enforcement hereof.

ARTICLE XV

MISCELLANEOUS

Section 15.01. Sovereign Powers of Authority. Subject to the provisions of Section 11.14 hereof, nothing in this Lease shall be construed as diminishing, delegating or otherwise restricting any of the sovereign powers of the Authority. Nothing in this Lease shall be construed to require the Authority to exercise its right to terminate the Bank's leasehold interest in the Leased Property as provided in Article XIII hereof.

Section 15.02. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail, postage prepaid, addressed as follows: if to the Authority, to Authority of Mountain Village, 455 Mountain Village Blvd. Suite A, Mountain Village, CO 81435, Attention: Assistant Town Manager, and if to the Bank, to Zions Bancorporation, N.A. 1 South Main Street, 17th Floor, Salt Lake City, Utah 84133, Attention: Kirsi Hansen. The Authority and the Bank may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 15.03. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Bank and the Authority and their respective successors and assigns, subject, however, to the limitations contained in Article XIV of this Lease.

Section 15.04. Net Lease. This Lease shall be deemed and construed to be a “net lease,” and the Authority shall pay absolutely net during the Lease Term, the Base Rentals, Additional Rentals and all other payments required hereunder or in the construction and operation of the Leased Property, free of any deductions, and without abatement, deduction or setoff (other than credits against Base Rentals expressly provided for in this Lease).

Section 15.05. Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Lease, shall be a day other than a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Lease.

Section 15.06. Severability; Integration. In the event that any provision of this Lease, (other than the requirement of the Authority to pay Base Rentals in accordance with Section 6.01 and the requirement of the Bank to provide quiet enjoyment of the Leased Property under the conditions set forth in Article V of this Lease, and the requirement that the obligation of the Authority to pay Base Rentals and Additional Rentals under this Lease are subject to the limitations of Section 6.01 hereof) shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

This Lease, together with certain terms of the Site Lease, constitutes the entire agreement between the Authority and the Bank concerning the subject matter hereof, and supersedes all prior agreements, whether written or oral, between such parties as to such subject matter.

Section 15.07. Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15.08. Applicable Law; Uniform Commercial Code Security Agreement. This Lease shall be governed by and construed in accordance with the laws of the State. This Lease shall be deemed a security agreement for purposes of the Colorado Uniform Commercial Code with respect to any filings of financing statements covering the Leased Property.

Section 15.09. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease.

Section 15.10. No Merger. The Authority and the Bank intend that the respective interests created by the Site Lease and this Lease shall be separate and distinct, and this Lease and the Site Lease shall not be deemed merged in any respect or for any purpose.

Section 15.11. Patriot Act Notice. The Bank hereby notifies the Authority that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Authority, which information includes the name and address of the Authority and other information that will allow the Bank to identify the Authority in accordance with the Patriot Act. The Authority hereby agrees that it shall promptly provide such information upon request by the Bank.

Section 15.12. No Rating, CUSIP Number or Securities Depository. The Lease has not been and will not be rated by a nationally recognized organization which regularly rates such obligations, assigned a CUSIP number or registered with or made eligible for registration with any securities depository, including but not limited to the Depository Trust Company, New York, New York.

(Signature page follows)

WITNESS the due execution hereof as of the day and the year first mentioned above.

ZMFU II, INC., as lessor

By: _____
Ryan Morrill, Authorized Agent

TOWN OF MOUNTAIN VILLAGE
HOUSING AUTHORITY, as lessee

By: _____
Marti Prohaska, Chair

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of November, 2023 by Ryan Morrill, an Authorized Agent of ZMFU II, Inc.

WITNESS my hand and official seal.

[SEAL]

Notary Public

My commission expires:

EXHIBIT A

LEGAL DESCRIPTION OF THE LEASED PROPERTY

EXHIBIT B
BASE RENTALS SCHEDULE

EXHIBIT C

FORM OF ANNUAL COMPLIANCE CERTIFICATE

For the Fiscal Year Ended December 31, 20__

The undersigned, as an authorized officer of and on behalf of the Town of Mountain Village Housing Authority, a duly and regularly created, organized and existing municipal corporation, existing as such under and by virtue of the Constitution and laws of the State of Colorado (the “Town”), in connection with the Lease Purchase Agreement dated November [7], 2023 (the “Lease”), between the Authority, as lessor, and ZMFU II, Inc., as lessee (the “Bank”), hereby attests as follows (capitalized terms used herein and not defined shall have the meanings ascribed thereto in the Lease Purchase Agreement):

1. The undersigned is an authorized officer of the Town.
2. The undersigned has made a review of activities during the preceding period for the purpose of determining whether the Town has complied with all of the terms, provisions and conditions of the lease documents to which the Town is a party, except as described below, if applicable.
3. To the best of his/her knowledge, the Town has kept, observed, performed and fulfilled each and every such covenant, provision and condition on its part to be performed and no Event of Default or noncompliance has occurred.

[or]

An Event of Default or noncompliance under the Lease has occurred and is continuing. Such Event of Default or noncompliance and the actions the Town is taking to remedy or terminate such Event of Default or noncompliance are described below:

[description of Event of Default and remedial actions being taken]

[description of noncompliance, if any]

IN WITNESS WHEREOF, I have hereunto subscribed my name as of the _____ day of _____, _____.

**TOWN OF MOUNTAIN VILLAGE
HOUSING AUTHORITY**

By: _____

Title: _____

Exhibit 4
Proposed Rental Payment Schedule

BOND DEBT SERVICE

**Town of Mountain Village Housing Authority
Direct Lease, Series 2023 (20-Year)
Preliminary Numbers as of October 9, 2023**

Period Ending	Principal	Coupon	Interest	Debt Service
12/01/2024	180,000	5.500%	410,666.67	590,666.67
12/01/2025	210,000	5.500%	375,100.00	585,100.00
12/01/2026	225,000	5.500%	363,550.00	588,550.00
12/01/2027	235,000	5.500%	351,175.00	586,175.00
12/01/2028	250,000	5.500%	338,250.00	588,250.00
12/01/2029	265,000	5.500%	324,500.00	589,500.00
12/01/2030	275,000	5.500%	309,925.00	584,925.00
12/01/2031	295,000	5.500%	294,800.00	589,800.00
12/01/2032	310,000	5.500%	278,575.00	588,575.00
12/01/2033	325,000	5.500%	261,525.00	586,525.00
12/01/2034	345,000	5.500%	243,650.00	588,650.00
12/01/2035	365,000	5.500%	224,675.00	589,675.00
12/01/2036	385,000	5.500%	204,600.00	589,600.00
12/01/2037	405,000	5.500%	183,425.00	588,425.00
12/01/2038	425,000	5.500%	161,150.00	586,150.00
12/01/2039	450,000	5.500%	137,775.00	587,775.00
12/01/2040	475,000	5.500%	113,025.00	588,025.00
12/01/2041	500,000	5.500%	86,900.00	586,900.00
12/01/2042	525,000	5.500%	59,400.00	584,400.00
12/01/2043	555,000	5.500%	30,525.00	585,525.00
	7,000,000		4,753,191.67	11,753,191.67

Notes:

1. Rate is fixed for 10 years, then resets annually in years 11-20.
2. Lease may be prepaid, in whole or in part, anytime at par plus accrued interest with 30 days' prior written notice.
3. Cost of issuance will be paid separately by the Town.

BOND DEBT SERVICE

**Town of Mountain Village Housing Authority
Direct Lease, Series 2023 (20-Year)
Preliminary Numbers as of October 9, 2023**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2024			218,166.67	218,166.67	
12/01/2024	180,000	5.500%	192,500.00	372,500.00	590,666.67
06/01/2025			187,550.00	187,550.00	
12/01/2025	210,000	5.500%	187,550.00	397,550.00	585,100.00
06/01/2026			181,775.00	181,775.00	
12/01/2026	225,000	5.500%	181,775.00	406,775.00	588,550.00
06/01/2027			175,587.50	175,587.50	
12/01/2027	235,000	5.500%	175,587.50	410,587.50	586,175.00
06/01/2028			169,125.00	169,125.00	
12/01/2028	250,000	5.500%	169,125.00	419,125.00	588,250.00
06/01/2029			162,250.00	162,250.00	
12/01/2029	265,000	5.500%	162,250.00	427,250.00	589,500.00
06/01/2030			154,962.50	154,962.50	
12/01/2030	275,000	5.500%	154,962.50	429,962.50	584,925.00
06/01/2031			147,400.00	147,400.00	
12/01/2031	295,000	5.500%	147,400.00	442,400.00	589,800.00
06/01/2032			139,287.50	139,287.50	
12/01/2032	310,000	5.500%	139,287.50	449,287.50	588,575.00
06/01/2033			130,762.50	130,762.50	
12/01/2033	325,000	5.500%	130,762.50	455,762.50	586,525.00
06/01/2034			121,825.00	121,825.00	
12/01/2034	345,000	5.500%	121,825.00	466,825.00	588,650.00
06/01/2035			112,337.50	112,337.50	
12/01/2035	365,000	5.500%	112,337.50	477,337.50	589,675.00
06/01/2036			102,300.00	102,300.00	
12/01/2036	385,000	5.500%	102,300.00	487,300.00	589,600.00
06/01/2037			91,712.50	91,712.50	
12/01/2037	405,000	5.500%	91,712.50	496,712.50	588,425.00
06/01/2038			80,575.00	80,575.00	
12/01/2038	425,000	5.500%	80,575.00	505,575.00	586,150.00
06/01/2039			68,887.50	68,887.50	
12/01/2039	450,000	5.500%	68,887.50	518,887.50	587,775.00
06/01/2040			56,512.50	56,512.50	
12/01/2040	475,000	5.500%	56,512.50	531,512.50	588,025.00
06/01/2041			43,450.00	43,450.00	
12/01/2041	500,000	5.500%	43,450.00	543,450.00	586,900.00
06/01/2042			29,700.00	29,700.00	
12/01/2042	525,000	5.500%	29,700.00	554,700.00	584,400.00
06/01/2043			15,262.50	15,262.50	
12/01/2043	555,000	5.500%	15,262.50	570,262.50	585,525.00
	7,000,000		4,753,191.67	11,753,191.67	11,753,191.67

Notes:

1. Rate is fixed for 10 years, then resets annually in years 11-20.
2. Lease may be prepaid, in whole or in part, anytime at par plus accrued interest with 30 days' prior written notice.
3. Cost of issuance will be paid separately by the Town.

Exhibit 5
Town of Mountain Village Moral Obligation Resolution

STATE OF COLORADO)
)
COUNTY OF SAN MIGUEL) SS.
)
TOWN OF MOUNTAIN VILLAGE)

The Town Council of the Town of Mountain Village, San Miguel County, Colorado met in public, regular session in full conformity with law and the ordinances and rules of the Town at 455 Mountain Village Boulevard, Suite A in the Town, on Thursday, October 19, 2023 at 2:00 p.m. Upon roll call, the following were found to be present, constituting a quorum:

Present:

Mayor:	Marti Prohaska
Mayor Pro Tem:	Scott Pearson
Council Members	Patrick Berry
	Peter Duprey
	Jack Gilbride
	Harvey Mogenson
	Tucker Magid

Absent:

There were also present:

Town Manager:	Paul Wisor
Town Clerk:	Susan Johnston

Thereupon, the following proceedings, among others, were had and taken.

The following resolution was then introduced, copies of which had previously been distributed to each Council Member and to those persons in attendance at the Council meeting, whereupon the resolution was read by title only:

RESOLUTION NO. _____

A RESOLUTION CONCERNING THE TOWN OF MOUNTAIN VILLAGE HOUSING AUTHORITY AND ITS EXECUTION AND DELIVERY OF A SITE AND IMPROVEMENT LEASE AGREEMENT, A LEASE PURCHASE AGREEMENT, AND OTHER DOCUMENTS INCIDENTAL THERETO; AUTHORIZING AND DIRECTING ACTIONS BY THE TOWN MANAGER IN CONNECTION WITH THE LEASE FINANCING; AND RATIFYING PRIOR ACTIONS TAKEN IN CONNECTION THEREWITH.

WHEREAS, the Town of Mountain Village, San Miguel County, Colorado (the “Town”) is a municipal corporation duly organized and existing under the laws of the State of Colorado (the “State”) and in particular under the provisions of Article XX of the Constitution of the State and the Town of Mountain Village Home Rule Charter; and

WHEREAS, the Town of Mountain Village Housing Authority (the “Authority”) has previously determined that it is in the best interest of the Authority and its inhabitants to acquire the real property and related improvements thereon described in Exhibit A to the below-defined Site Lease (the “Leased Property”); and

WHEREAS, to finance the costs of acquiring the Leased Property, the Authority will lease the Leased Property to ZMFU II, Inc., a wholly-owned subsidiary of Zions Bancorporation, N.A., or one of its affiliates (the “Bank”), pursuant to a Site and Improvement Lease Agreement (the “Site Lease”), and concurrently thereof the Bank will sublease the Leased Property back to the Authority pursuant to a Lease Purchase Agreement (the “Lease”), all for the purpose of financing the acquisition of approximately 55-acres of property for the purpose of developing, constructing and equipping residential workforce housing (the “Project”); and

WHEREAS, pursuant to the Lease, and subject to the right of the Authority to terminate the Lease and other limitations as therein provided, the Authority will pay certain Base Rentals and Additional Rentals (as such terms are defined in the Lease) in consideration for the right of the Authority to use the Leased Property; and

WHEREAS, the Authority’s obligation under the Lease to pay Base Rentals and Additional Rentals shall be from year to year only; shall constitute currently budgeted expenditures of the Authority; shall not constitute a mandatory charge or requirement in any ensuing budget year; and shall not constitute a general obligation or other indebtedness or multiple fiscal year financial obligation of the Authority within the meaning of any constitutional or statutory limitation or requirement concerning the creation of indebtedness or multiple fiscal year financial obligation, nor a mandatory payment obligation of the Authority in any ensuing fiscal year beyond any fiscal year during which the Lease shall be in effect; and

WHEREAS, the Town Council wishes to make a non-binding statement of its intent to consider annually, in each fiscal year the Lease is outstanding, an appropriation in a total amount equal to the amount necessary to satisfy the Base Rentals due under the Lease in the

event that the Authority lacks sufficient funds to satisfy the Base Rentals due during such fiscal year, and to direct the Town Manager to make certain actions for the purpose of causing requests for such appropriations to be presented to the Town Council for consideration; and

WHEREAS, terms not otherwise defined herein shall have the meanings given to such terms in the Lease.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF MOUNTAIN VILLAGE, THAT:

Section 1. Declaration of Intent; Direction to Town Manager. For so long as the Lease is outstanding or any amounts remain due and owing to the Bank thereunder the Town Council hereby agrees during any fiscal year in which the Authority lacks sufficient funds to satisfy the Base Rentals due during such fiscal year to contribute sufficient funds to the Authority to satisfy the Authority's obligation to pay Base Rental due under the Lease, as provided under the Lease. The Town Manager shall ask the Town Council to supplement its then existing budget for such fiscal year to appropriate moneys required to satisfy this intent, from any legally available source. It is the present intention and expectation of the Town Council to appropriate such funds as requested, within the limits of available funds and revenues, but this declaration of intent shall not be binding upon the Town Council or any future Town Council in any future fiscal year. The Town Council hereby agrees to consider, and may in its sole discretion determine to make such an appropriation, but is never required to do so. Nothing provided in this Section shall create or constitute a debt, liability or multiple fiscal year financial obligation of the Town.

Section 2. Ratification. All actions (not inconsistent with the provisions of this resolution) heretofore taken by the Town Council or the officers, employees or agents of the Town directed toward the acquisition of the Leased Property and the entrance into the Lease and Site Lease by the Authority are hereby ratified, approved and confirmed.

Section 3. General Authorization. The Mayor and other appropriate officers of the Town are hereby authorized to execute and deliver, for and on behalf of the Town, and the Town Clerk is authorized to attest and to place the seal of the Town on, any and all certificates, documents, instruments and other papers (including amendments or modifications of any such documents consistent with this resolution), and to perform all other acts they may deem necessary or appropriate, in order to implement and carry out the matters authorized or contemplated by this resolution.

Section 4. Repealer. All bylaws, orders, resolutions or ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order, resolution or ordinance or part thereof.

Section 5. Effectiveness. This Resolution shall take effect immediately upon its passage.

ADOPTED AND APPROVED ON OCTOBER 19, 2023.

Mayor

(SEAL)

Attest:

Town Clerk

(Signature page to Town of Mountain Village Resolution.)

Whereupon it was duly moved and seconded that the foregoing resolution is now adopted. The question being upon the approval of said motion and the adoption of the resolution, the roll was called with the following result:

Those Voting Yes:

Those Voting No:

Those Absent:

The presiding officer thereupon declared that there having been an affirmative vote of at least seven members of the Council, the resolution was duly adopted.

Mayor

(SEAL)

Attest:

Town Clerk

STATE OF COLORADO)
)
COUNTY OF SAN MIGUEL) SS.
)
TOWN OF MOUNTAIN VILLAGE)

I, Susan Johnston, Town Clerk of the Town of Mountain Village, Colorado (the “Town”), do hereby certify:

1. The foregoing pages numbered 1 through 5, constitute a true, correct, complete and compared copy of the proceedings of the Town Council insofar as such minutes relate to Resolution No. _____ (the “Resolution”), a copy of which is set forth in such minutes.

2. The Mayor and other members of the Town Council were present at such meeting and voted on the passage of the Resolution as in such minutes set forth. All members of the Town Council were given due and proper notice of such meeting. Such meeting was a public meeting.

3. No other proceedings were adopted nor were any other action taken or considered at such meeting pertaining to the Resolution therein authorized.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Town on October 19, 2023.

Susan Johnston, Town Clerk

(SEAL)



AGENDA ITEM 18
PLANNING & DEVELOPMENT SERVICE
PLANNING DIVISION
455 Mountain Village Blvd.
Mountain Village, CO 81435
(970) 728-1392

TO: Mountain Village Town Council
FROM: Amy Ward, Community Development Director
FOR: Town Council Public Hearing; October 19, 2023
DATE: October 12, 2023
RE: Work session regarding a road right of way encroachment at Lot 7, TBD Vischer Drive, Mountain Village

APPLICATION OVERVIEW: Road Right-of-way Encroachment - Lot 7

PROJECT GEOGRAPHY

Legal Description: LOT 7 TELLURIDE MOUNTAIN VILLAGE FILING 1 CONT .29 AC

Address: TBD Vischer Drive

Applicant/Agent: Chris Hawkins, Alpine Planning, LLC

Owner: Gary Olin Giles Living Trust

Zoning: Single-Family

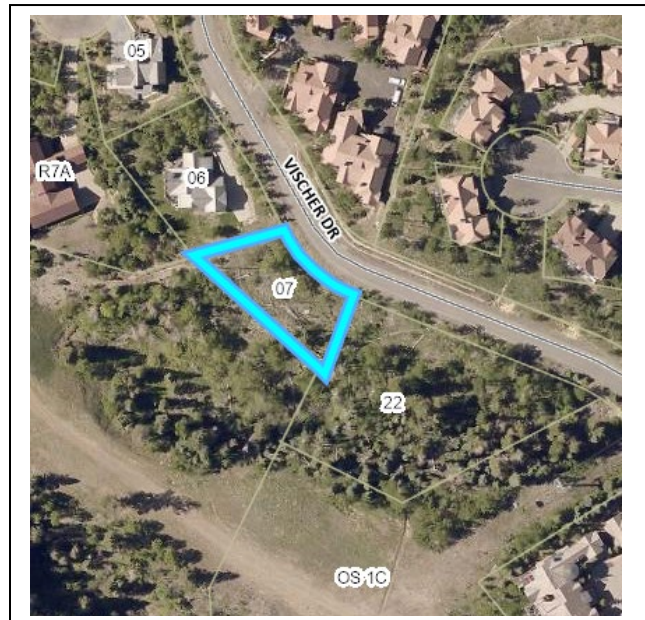
Existing Use: Vacant

Proposed Use: Single-Family

Lot Size: .29 acres

Adjacent Land Uses:

- **North:** Multi-family
- **South:** Active Open Space
- **East:** Single Family
- **West:** Active Open Space/Multi Family



ATTACHMENTS

Exhibit A: Applicant Narrative dated 9.08.23
Exhibit B: Plan Set Dated 9.13.23

Figure 1: Vicinity Map

Case Summary: Chris Hawkins of Alpine Planning, on behalf of the owner, Gary Olin Giles Living Trust is requesting a work session to discuss an encroachment into the road right-of-way for a portion of driveway with associated retaining walls and soil nails at Lot 7, TBD Vischer Drive. The Design Review Board has not reviewed an application for this

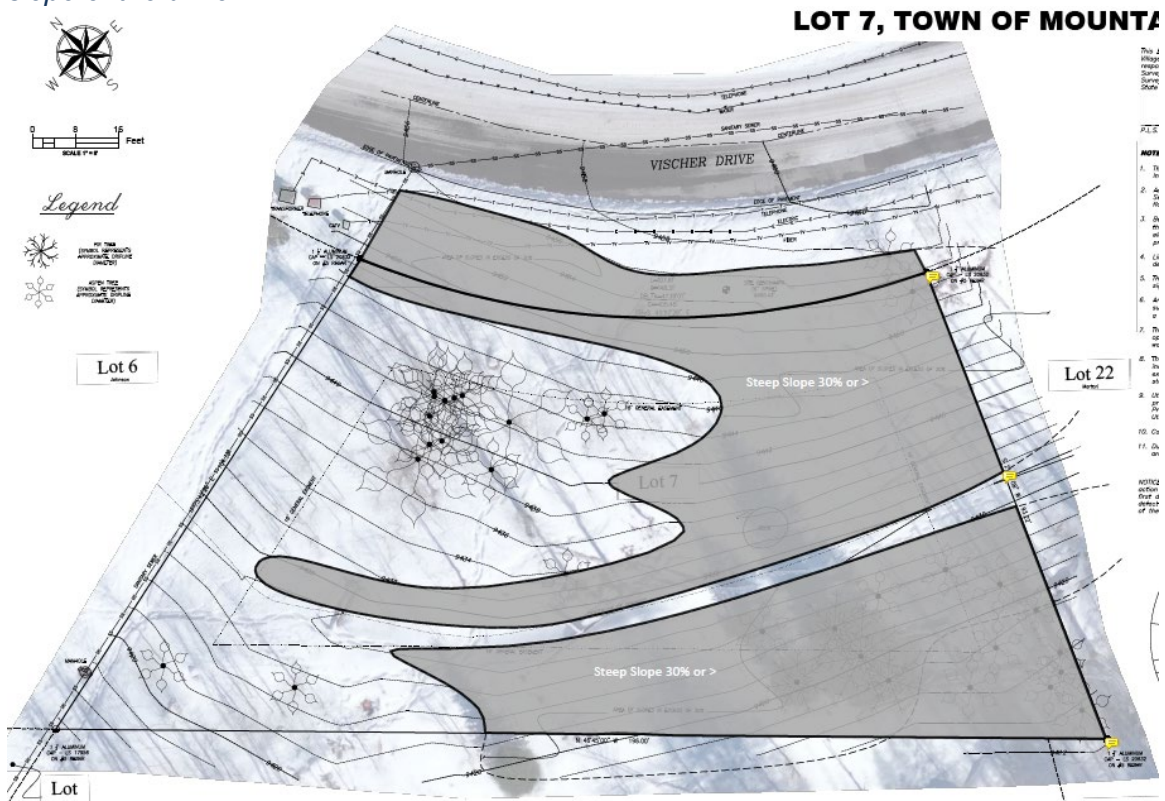
lot yet, the applicant wanted to better understand the opinion of Town Council regarding the encroachment before moving ahead with any further development of the design drawings necessary for a full architectural review.

The Lot lies to the SW and downhill from Vischer Drive. A significant portion of the lot has steep slopes over 30% which further complicates the design considerations for this site.

Alternatives were considered, such as pushing the home further west (downhill), but the further down the hill the home goes, the steeper the driveway would get. The driveway as currently proposed has a maximum 12% grade. A 12% slope is the maximum allowable with specific approval by the Fire Marshall, otherwise a maximum of 8% would be allowable per the CDC. Coming straight off of Vischer to a raised structure would likely cause conflicts with height restrictions.

The regulations state that if staff determines a road right-of-way encroachment to be substantial then it should be reviewed by Town Council for approval as a Class 5 Review. The CDC also outlines that the application would be referred to the public works director or fire marshal, as applicable. Other criteria are listed at 17.3.22.1-5. The CDC states that if approved the lot owner must enter into a license agreement in the form and manner set forth by the Town, to capture all encroachments.

Staff: This lot is challenging for development. Steep slopes cover much of the lot. The small size of the lot doesn't allow for multiple switchbacks in the driveway to lessen the slope of the drive.



The following shows the area of encroachment requested in blue. The thicker dashed line indicates the property boundary and the start of road right of way. Not shown, is the soil nails which would extend from the property underneath Vischer Drive.



RECOMMENDATION

A conceptual work session is a process that allows for the Town Council to provide an informal, non-binding review of a conceptual development proposal. The Council shall evaluate a proposed concept based on the applicable criteria for decision in the future. Any comments or general direction given by the Council shall not be considered binding or represent any warranties or guarantees of approval of any kind. No formal action is taken by the Town Council on conceptual work sessions.

Staff recommends the Council review and evaluate the proposed concept plans based on the applicable criteria for decision for the future development application and provide non-binding feedback and direction to the applicant regarding the encroachment request being made.

/aw

EXHIBIT A

Lot 7 Right-of-Way Encroachment Work Session



September 8, 2023



Background

The Gary Olin Giles Living Trust dated 8/26/2021 (“**Owner**”) is the owner of property that is legally described as Lot 7, Town of Mountain Village Filing No. 1 (“**Property**”). The Property vicinity map is shown in Figure 1.

The Property is small containing 0.29 acres (12,632.4 sq. ft.). The Property has a high USGS elevation of approximately 9456 in the eastern corner adjacent to the Visher Drive Right-of-Way and a low USGS elevation of approximately 9412 in the southern corner for an overall elevation change of 44 feet in a distance of 93 feet and a grade of 47% on the southeast side of the Property. The grade on the northwest side is 32%. Thus, most of the Property contains steep slopes that are 30% or greater.

These steep slopes make accessing the small property very difficult and requires the driveway and associated retaining wall to be designed within most of the abutting right-of-way as shown in Figure 2. The Owner is therefore requesting a work session with the Town Council on the needed driveway improvements in the right-of-way pursuant to Community Development Code (“**CDC**”) Section 17.3.22, Right-of-Way and Town-Owned Access Tract Encroachment Agreement Requirements.

CDC Section 17.3.22 states:

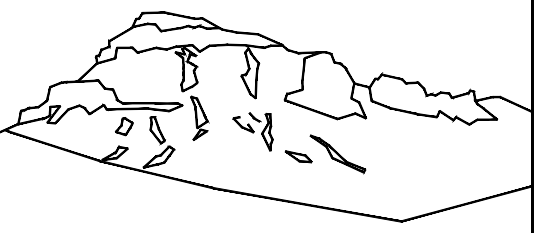
1. “For any new development on a privately owned lot that includes ancillary and associated improvements proposed to be located on or projecting into and/or over right-of-way or Town-owned access tracts, the review authority shall first review, and if approved, require the lot owner to enter into a Revocable Encroachment Agreement with the Town that includes indemnification for the Town from liability that may arise from such encroachments.
2. The Planning Division shall be responsible for referring development applications with ancillary or associated improvement encroachments into the right-of-way or Town-owned access tracts to the Town Public Works Department and Fire Department, as applicable. If it is determined by Town staff that the encroachment is insubstantial, then the Planning Division shall finalize the Revocable Encroachment Agreement with the applicant. If the encroachments are determined to be substantial by Town Staff, the Lot owner shall request approval from Town Council, as a Class 5 application, to allow the encroachments to be approved and for the Lot owner to enter into a Revocable Encroachment Agreement with the Town.
3. The encroachment agreement shall be in form and manner set forth by the Town and shall be recorded in the San Miguel County Clerk and Recorder’s Office at the applicant’s expense.
4. The encroachment agreement shall be executed and recorded prior to the Final Planning Inspection for any building permit or development permit...”

Town staff determined the needed encroachments are substantial and therefore must be approved by the Town Council per CDC Section 17.2.22 (2).

Encroachments Justification

The driveway and retaining wall encroachments are needed because the steep slopes and small lot size require the driveway to switchback down the hillside towards the building site that is framed by the Property’s 16-foot General Easements. Steep slopes do not allow a driveway to be designed perpendicular to the right-of-way. The driveway must also be designed with tall retaining walls that will also necessitate soil nailing into the right-of-way below the Town’s deep utilities. Thus, there are three proposed encroachment: (1) driveway; (2) retaining walls; and (3) soil nailing for the retaining walls.





Uncompahgre Engineering, LLC

P.O. Box 3945
Telluride, CO 81435
970-729-0683

SUBMISSIONS:
Town Council Worksession 2023-09-13

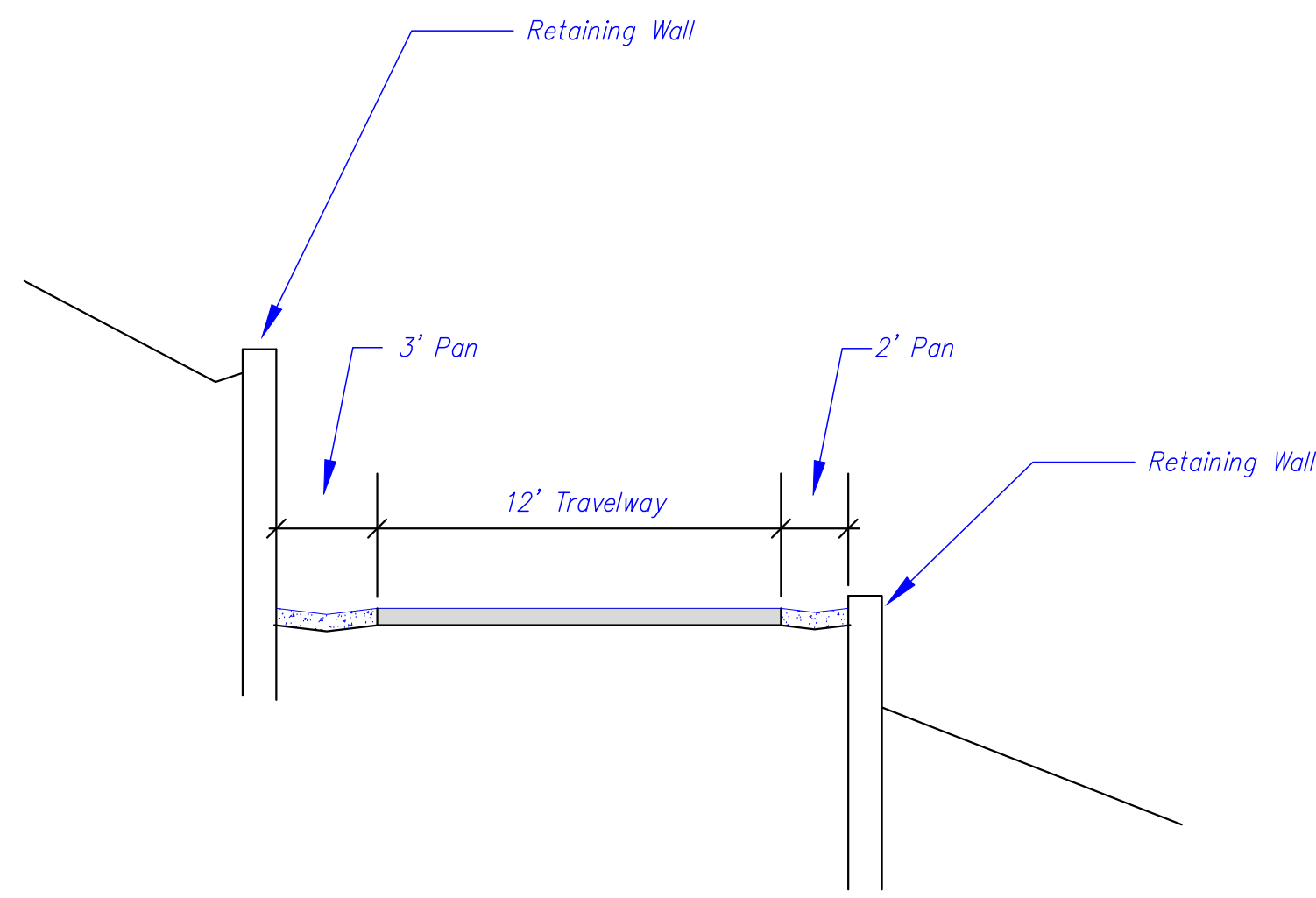
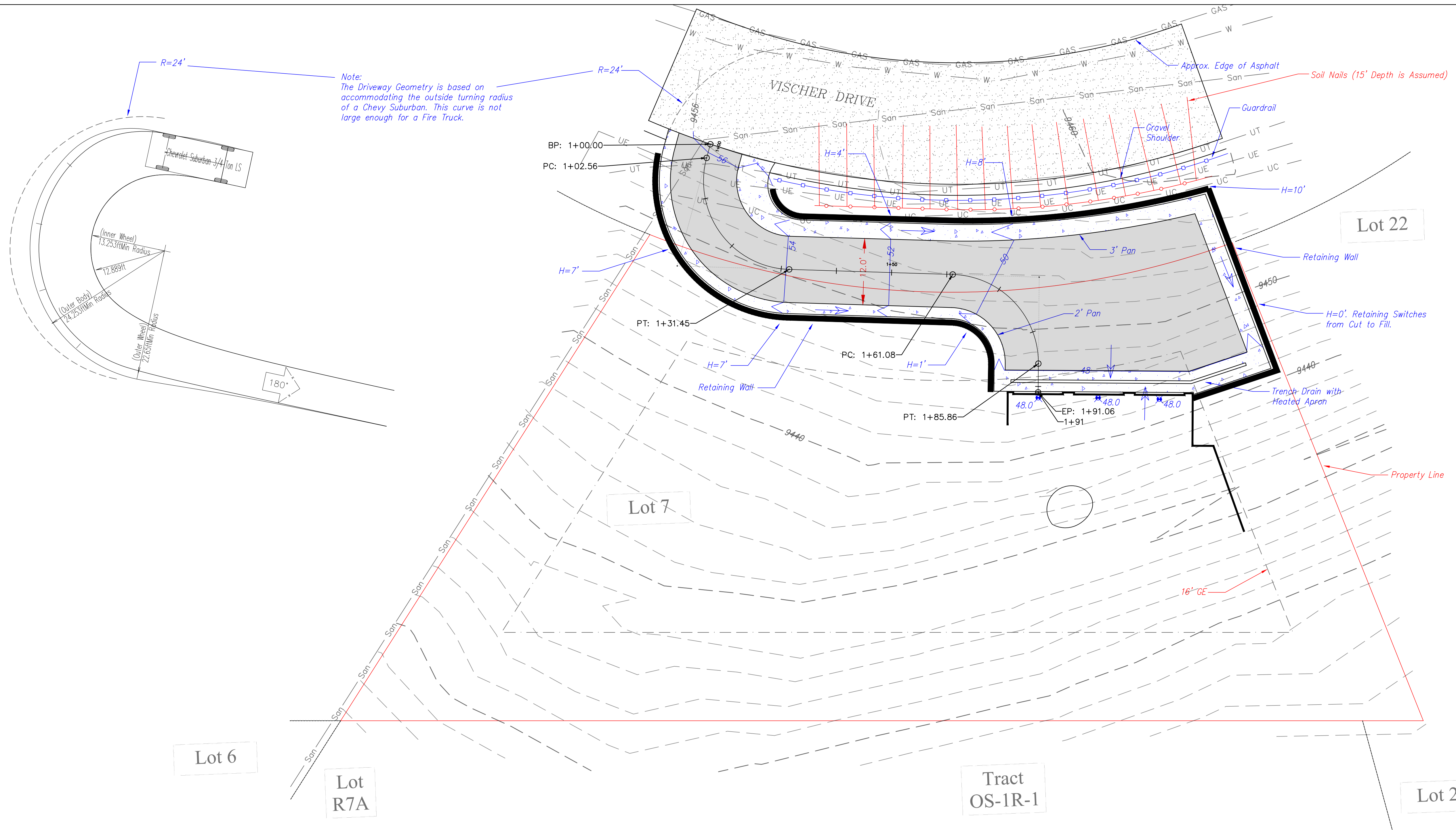
Giles Residence
Lot 7
Vischer Drive
Mtn. Village, CO



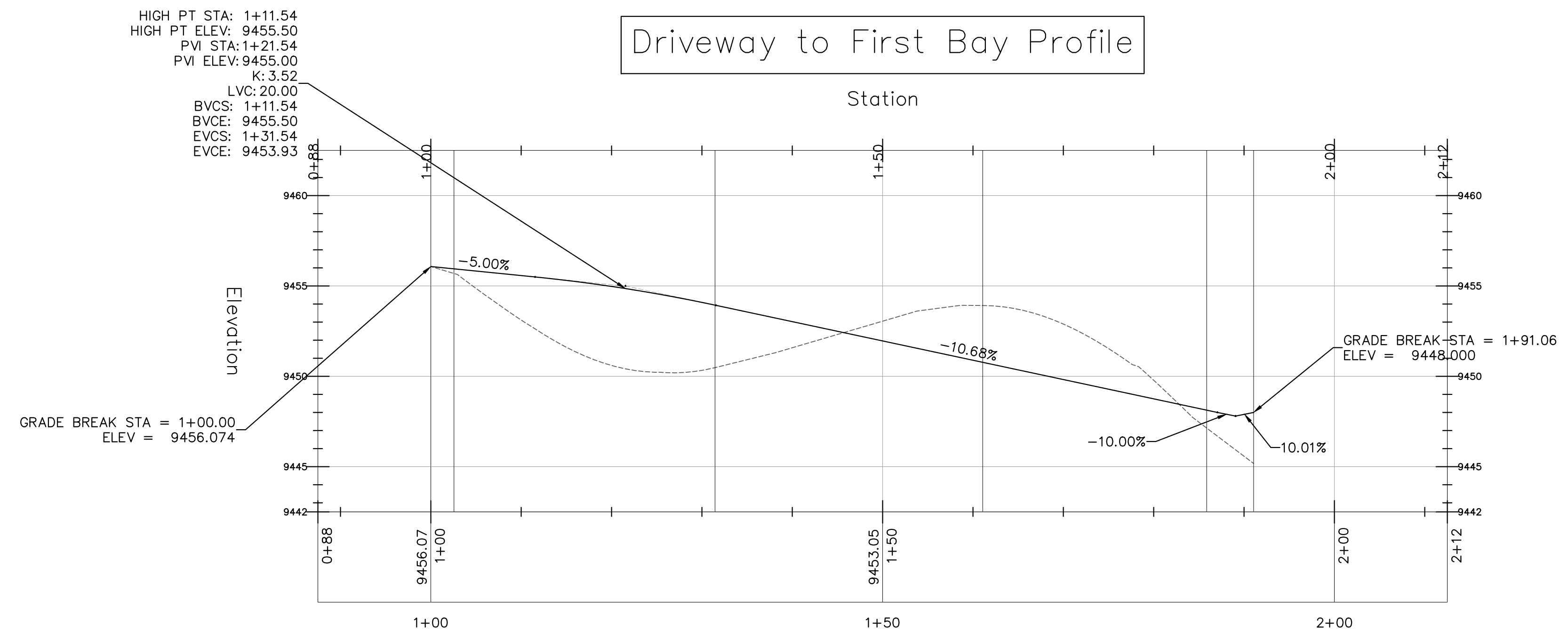
CONTRACTOR TO REVIEW AND COMPARE ALL CHAPTERS AND INTERDISCIPLINARY DRAWINGS AND REPORT ANY DISCREPANCIES TO THE ARCHITECT PRIOR TO ANY FIELD WORK BEING DONE IN ACCORDANCE WITH AIA DOCUMENT A201

Driveway
Plan
and
Profile

C2



Driveway
Typical Section at Minimum Width



2024 Proposed Regular Town Council Meeting Schedule

January 18th

February 15th

March 21st

April 18th (Spring Break is April 8-19)

May 16th

June 20th (Telluride Bluegrass Festival is June 20-23 and CML Conference in Loveland is June 18-22)

July 18th

August 15th

September 19th (Telluride Blues & Brews Festival is September 13-15)

October 9th (Wednesday Budget Meeting)

October 17th

November 21st (Thanksgiving is November 28th)

December 12th (Second Thursday so budget is adopted by December 13th)

TOWN OF MOUNTAIN VILLAGE



WATER AND SEWER RATE AND TAP FEE STUDY

Kim Riddle, EI
Bailey Leppek, PE
Chris Lehrman, PE

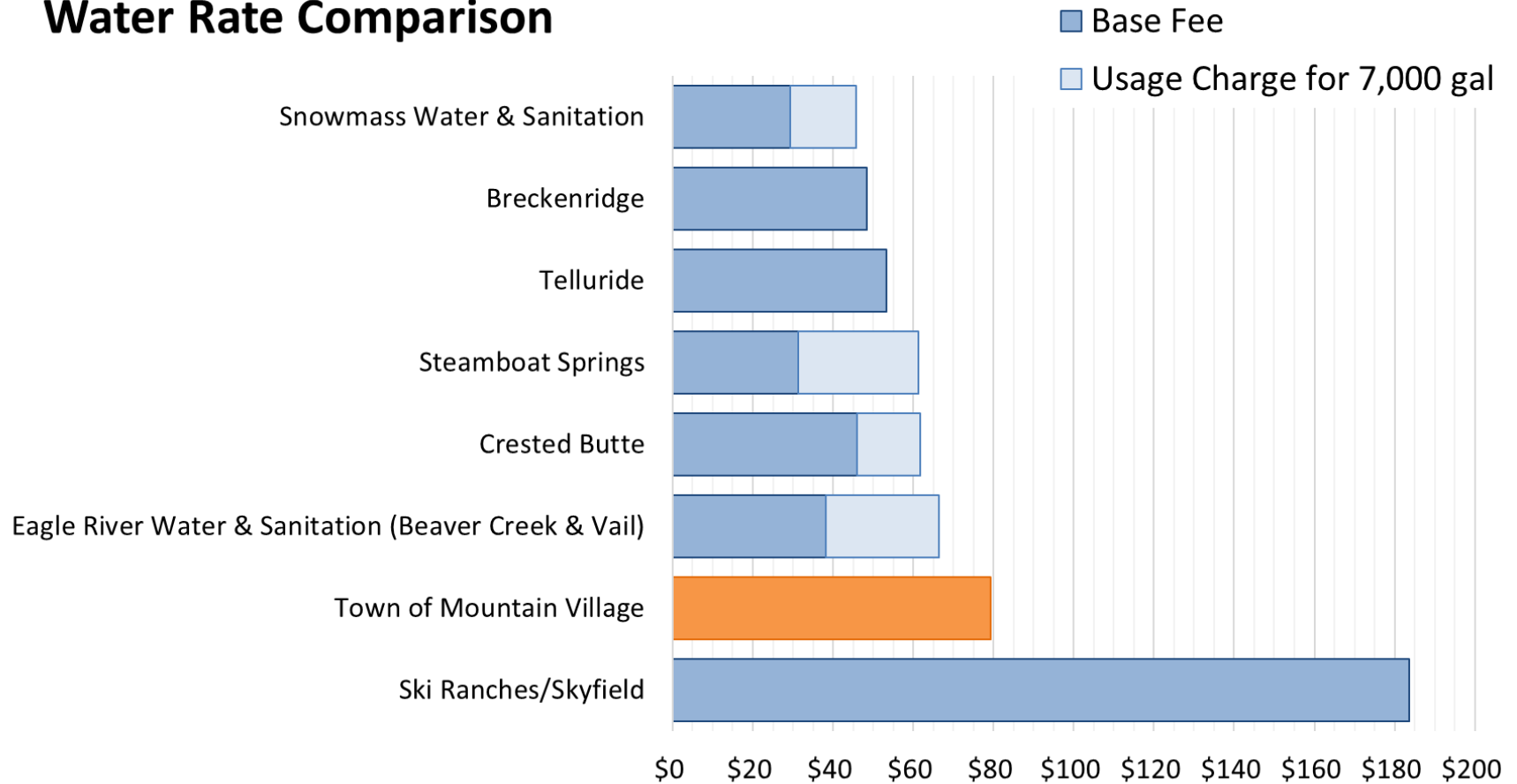
Current Rates

- Water customers are charged a flat monthly Base Fee plus usage charges
- Base Fee includes a different amount of usage
 - Varies by customer location, type, and season
- Water usage charges use increasing block rate structure with six tiers.
 - Varies by customer location, type, and season
- Sewer service only to TMV.
 - Ski Ranches & Skyfield are on septic.

Customer Category Name	Sewer	Water
Town of Mountain Village Single Family	\$ 79.24 / month	\$ 79.24/month + usage charges

Water Rate Comparison

Water Rate Comparison



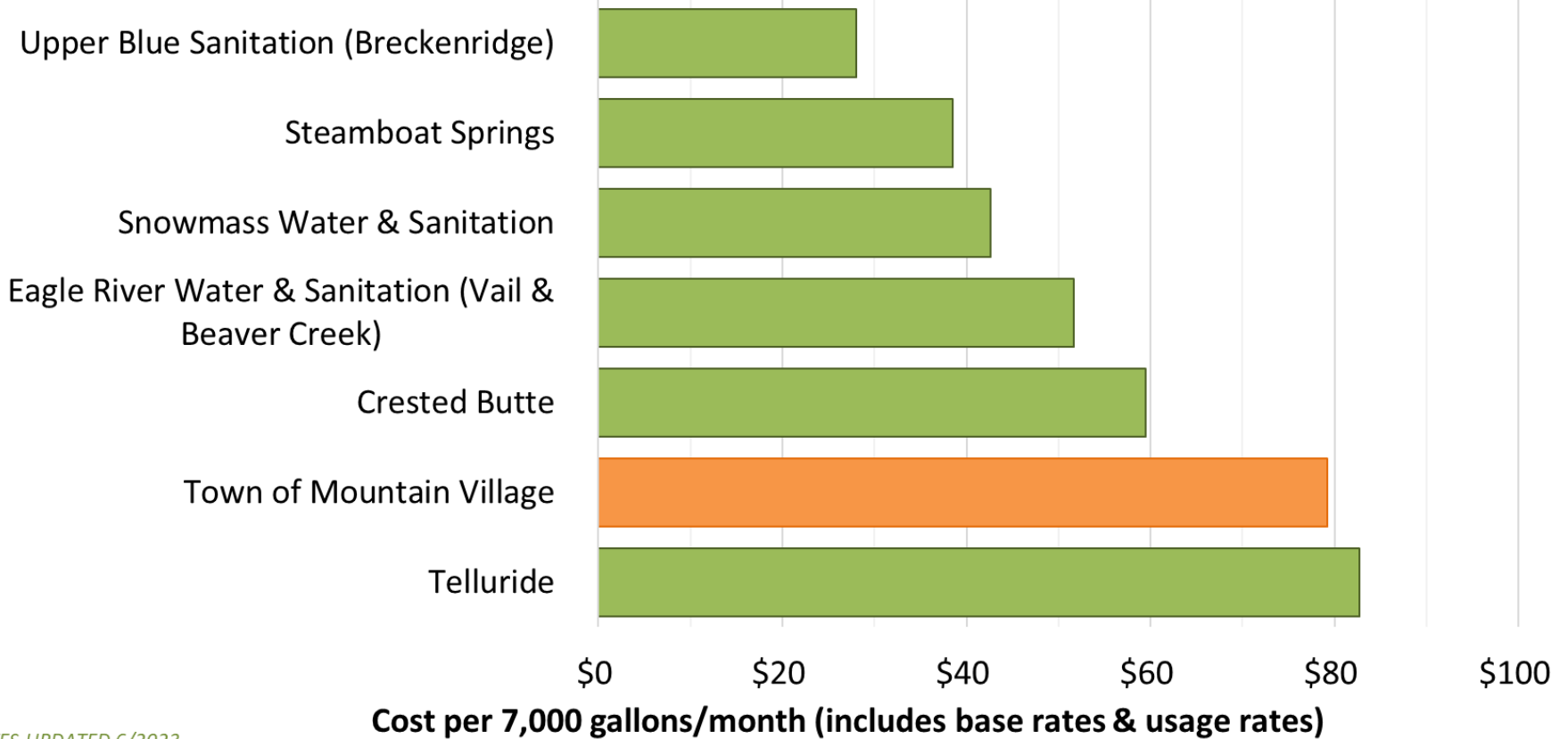
Cost per 7,000 gallons/month (includes base rates & usage rates)

RATES UPDATED 6/2023

Note: - These rates do not take into account mill levies, special assessments, etc. This summary should be used as an overview, NOT to set rates. All providers on quarterly billing have been converted to a monthly basis for this comparison.

Sewer Rate Comparison

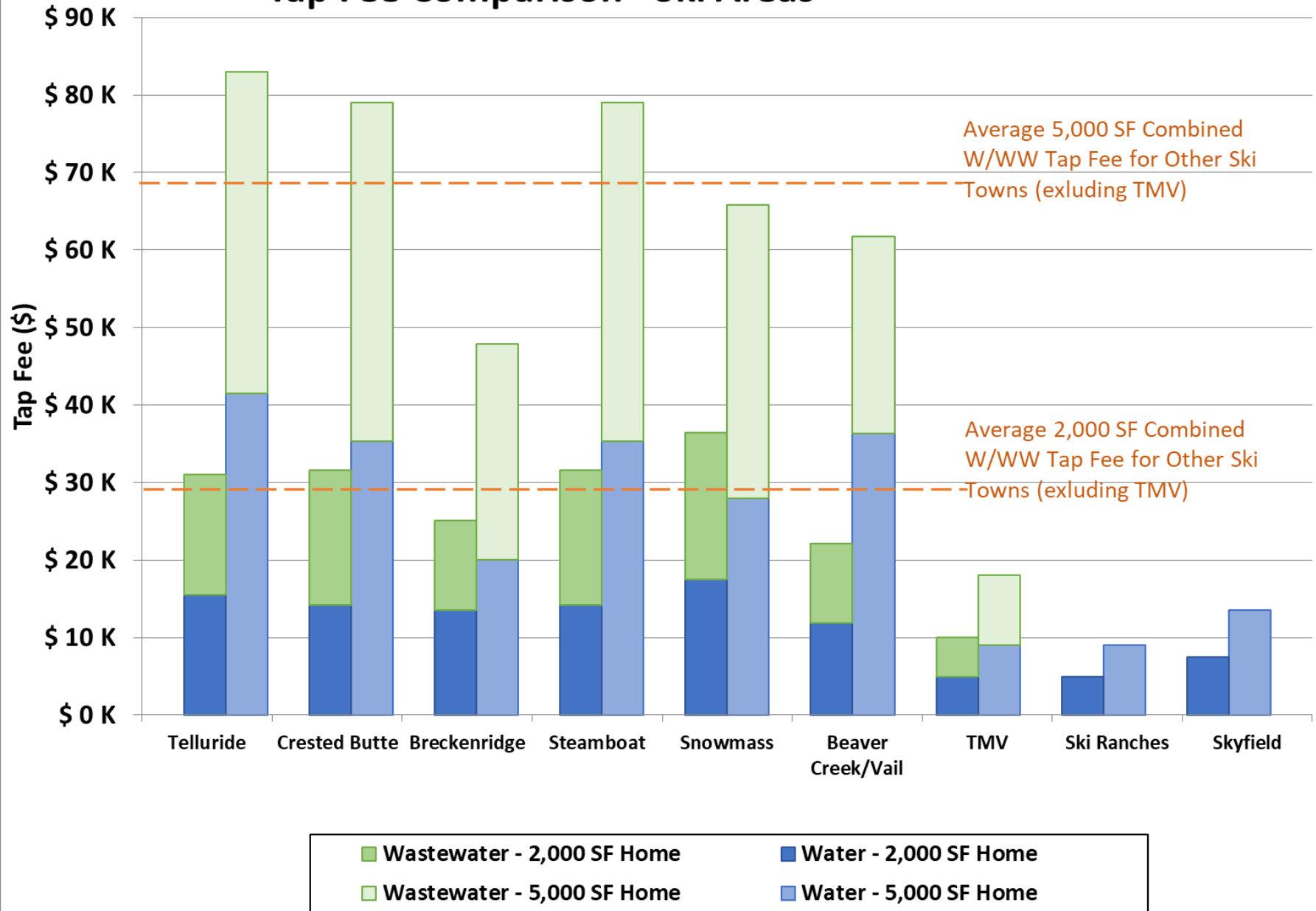
Sewer Rate Comparison



RATES UPDATED 6/2023

Note: - These rates do not take into account mill levies, special assessments, etc. This summary should be used as an overview, NOT to set rates. All providers on quarterly billing have been converted to a monthly basis for this comparison.

Tap Fee Comparison - Ski Areas



Tap Fee Methodology

- Tap fee goal: provide buy-in to existing wholesale infrastructure.
- **Wholesale infrastructure** is what is used by entire customer base.
- Tap fee = (wholesale infrastructure cost) / (buildout EBUs)
 - Cost to replace existing assets
 - Asset inventory supplied by Town staff

What's Included

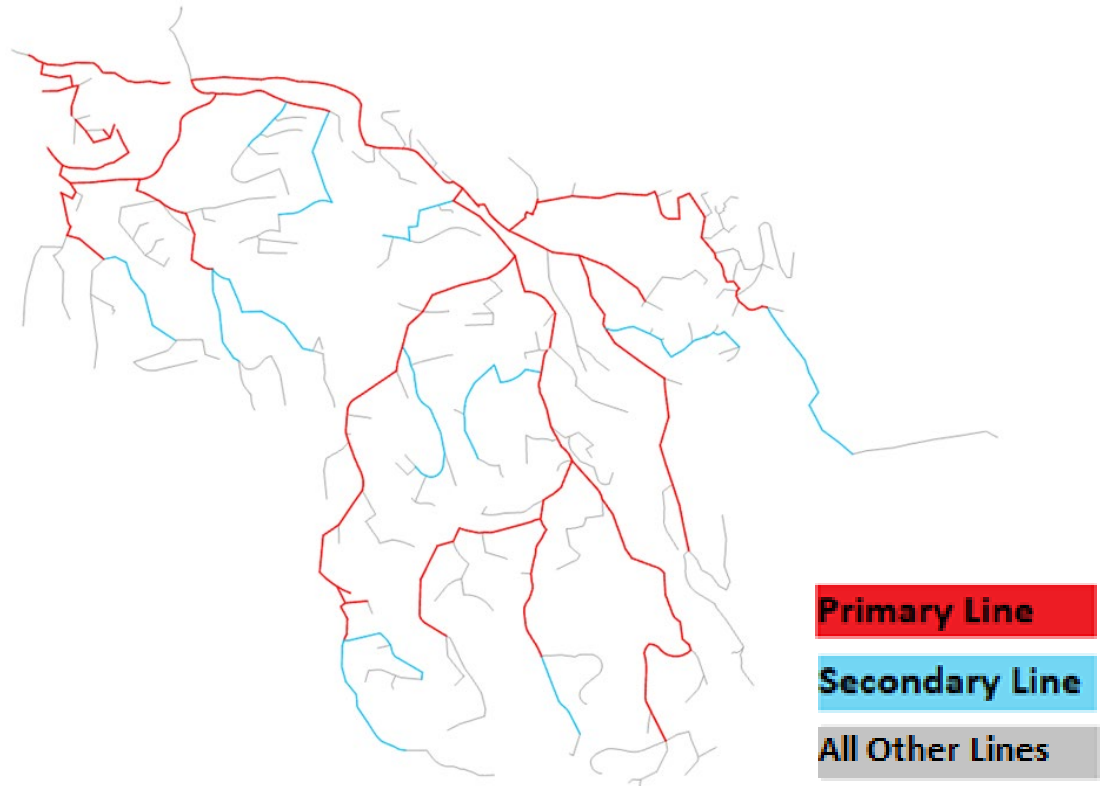
- Water Tanks
- Pump Stations
- Hydrants
- Manholes
- Primary & Secondary Sewer Mains
- Treated Water Distribution Lines:
 - 12" lines & 10" lines,
 - Varying amounts of 8" based on option

What's Not Included

- Water service lines that serve customers directly, < 6 inches
- Tertiary sewer lines
- Raw water system infrastructure.
- Existing water and wastewater treatment facilities
- The cost of the Telluride WWTP

Tap Fee Methodology

- Primary and secondary sewer lines: most important main lines
- Based on GIS asset information, most sewer lines are 8" lines (size could not be used to differentiate)



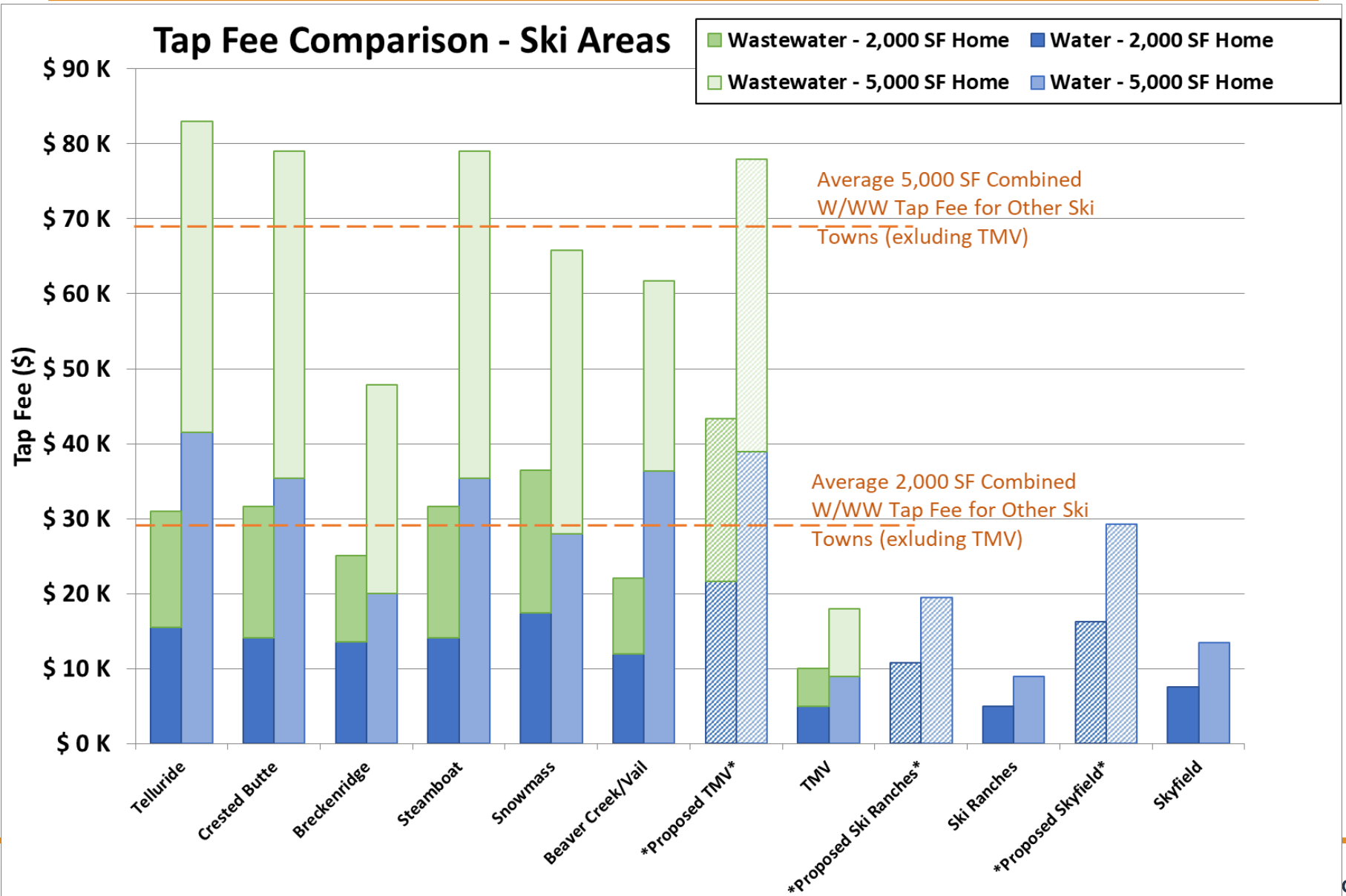
Tap Fee Recommendations

	Tap fee per tap up to 3,000 square feet	Extra Square Footage Cost	% of Water Distribution Lines*	% of Sewer Collection Lines*
2023 Tap Fee	\$10,000	\$2,000/500 SF	4%	0%
Option 1	\$24,500	\$4,900/500 SF	16%	50%
Option 2	\$30,800	\$6,160/500 SF	33%	50%
★ Option 3 (Recommendation)	\$43,300	\$8,660/500 SF	68%	50%
Note: Each option includes 100% of the tanks, pumps, hydrants, and manholes.				

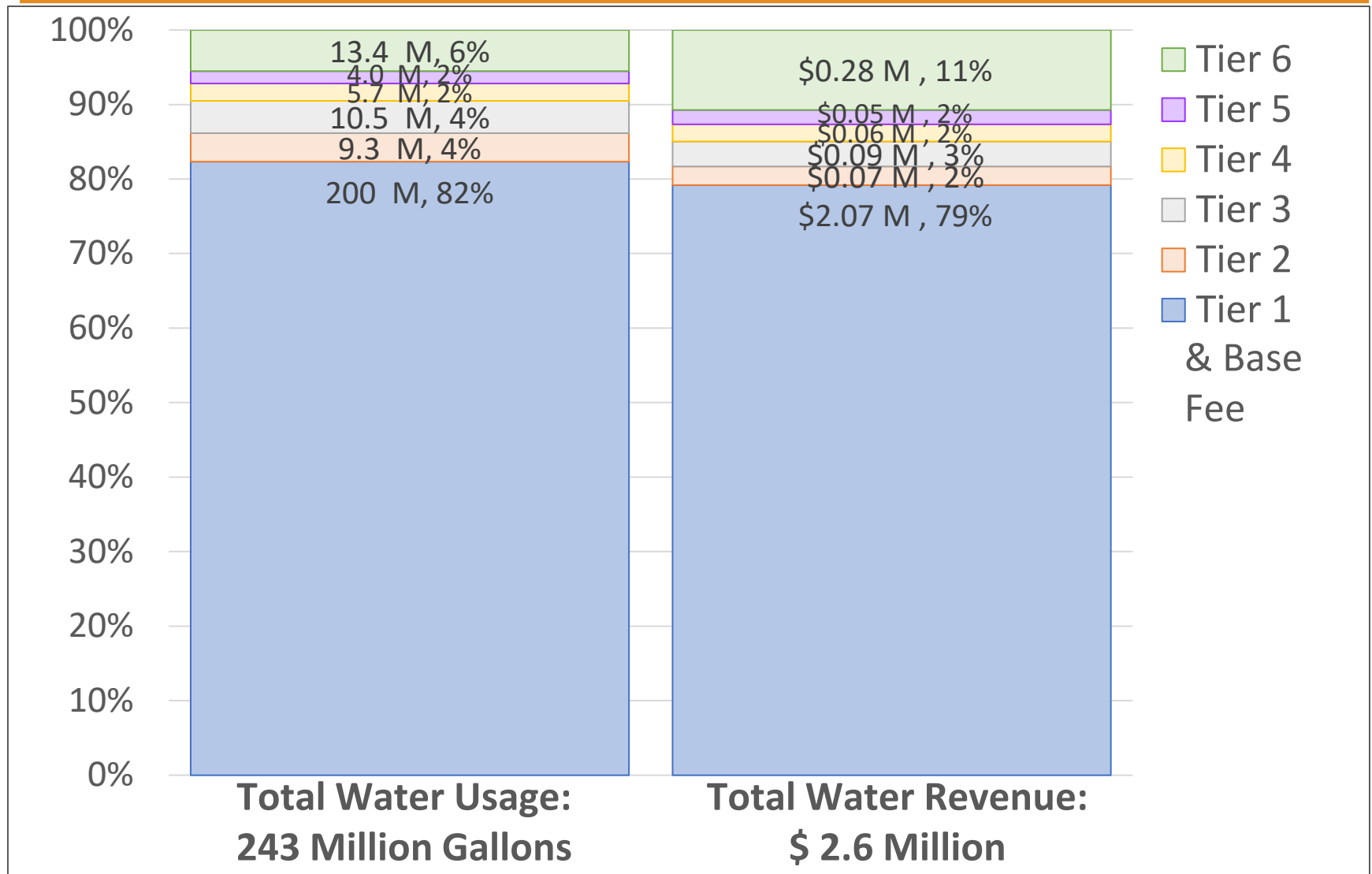
- SGM recommends Option 3, or at a minimum Option 2.
- Both options balance the Town's goals for allowing development to pay its own way without discouraging development with excessive tap fees.

Tap Fee Recommendations

SGM recommends Tap Fee Option 3, which is comparable to other ski towns



Analysis of Water Usage and Rate Revenues



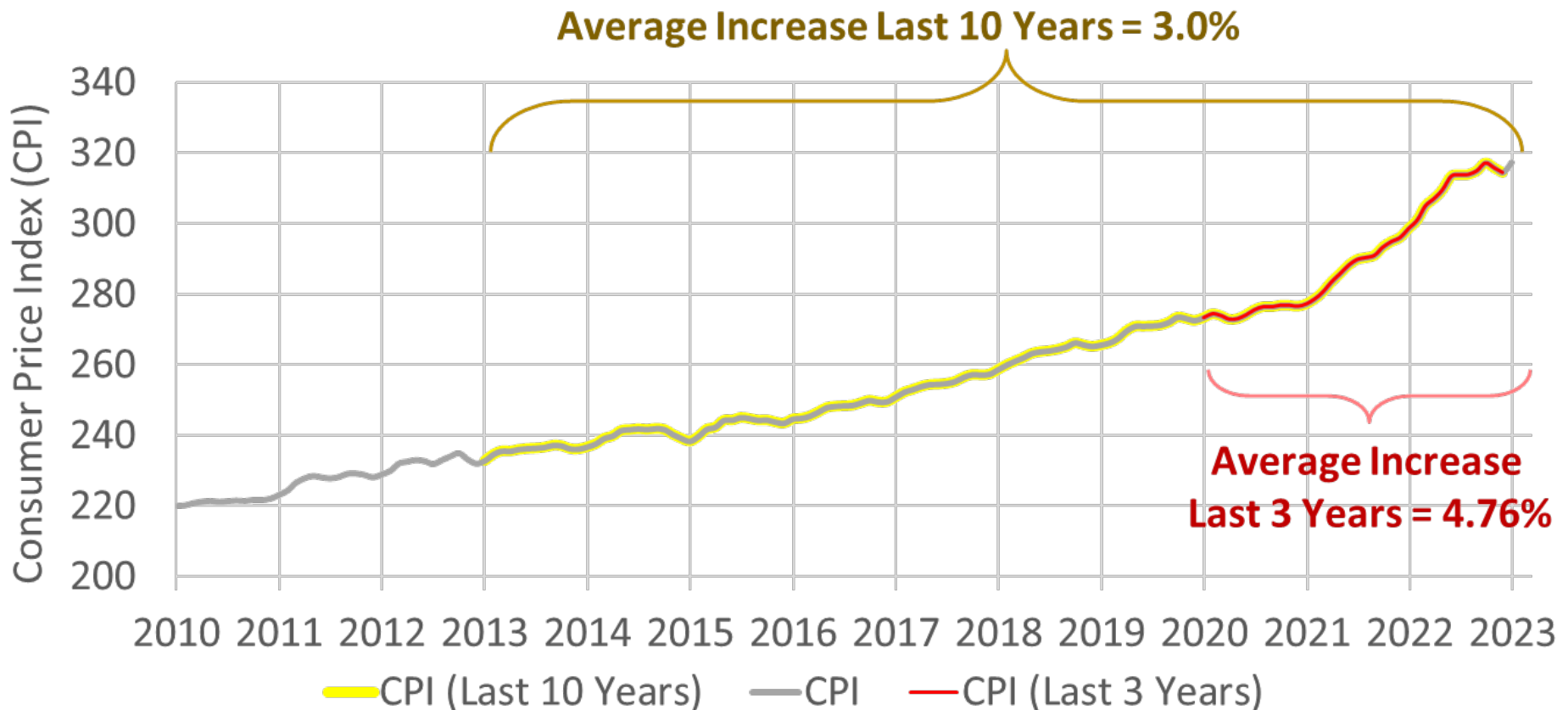
Growth Assumptions

Reliance on Tap Fee Revenue*	50% thru 2028 0% after 2028
Default Growth Rate**	0.50%

- Development is unpredictable, so a 50% reliance on tap fee revenue was implemented
- A growth rate of 0.5% was used for the rate study model. Staff found this assumption representative.

Inflation Assumptions

- Consumer price index (CPI) for Western United States



Inflation Assumptions

- The cash flow model assumes an inflation rate of 4.76% for 2024-2027 based on the average CPI over the last 3 years, and 3% inflation long-term (based on 10-year average) for all Capital Improvement Projects
- All other expenses (e.g. O&M) assume an inflation rate of 3%

Year	Inflation	Explanation
2024	4.76%	* 4.76% = Avg. increase in consumer price index (CPI) in Western US over last 3 years (2020-2022)
2025	4.76%	
2026	4.76%	
2027 on	3.00%	* 3.0% = Avg. increase in CPI in Western US over last 10 years (2013-2022)

Capital Improvement Plan (CIP)

Year	Water Capital Projects Estimated Total Cost in 2023 Dollars	Wastewater Capital Projects Estimated Total Cost in 2023 Dollars
2023	\$901,500	3,801,818
2024	\$926,602	531,657
2025	\$458,192	556,964
2026	\$401,822	8,623
2027	\$38,135	-
2028	\$365,980	-
2029	-	-
2030	\$530,672	-
2031	\$666,591	-

Notes: * Costs are escalated at 4.76% for 2024-2026, then 3% annually

The complete capital projects list will be included in the report.

Debt Service

- Total cost of the WWTP ~ \$90 Million
- TMV cost for WWTP ~ \$31.5 Million (35%)
- Assumed 20-yr SRF loan for TMV, with 3% interest rate

	WWTP Loan
TOTAL PRINCIPAL	\$31,500,000
Start Year (Jan)	2025
End Year (Dec)	2044
# Payments Periods	20
Finance Rate	3.0%
Annual Payment	\$2,117,295

Key Takeaway: WWTP cost is still largely unknown, the debt service serves as a placeholder for the potential cost so TMV can start building appropriate reserves.

Reserve Account Balance

- **Debt Service Reserve:** One year of annual debt service payment
- **Operations & Maintenance (O&M) Reserve:** 6 months O&M expenses
- **Emergency & Loan Reserve:** Cost to replace pump station

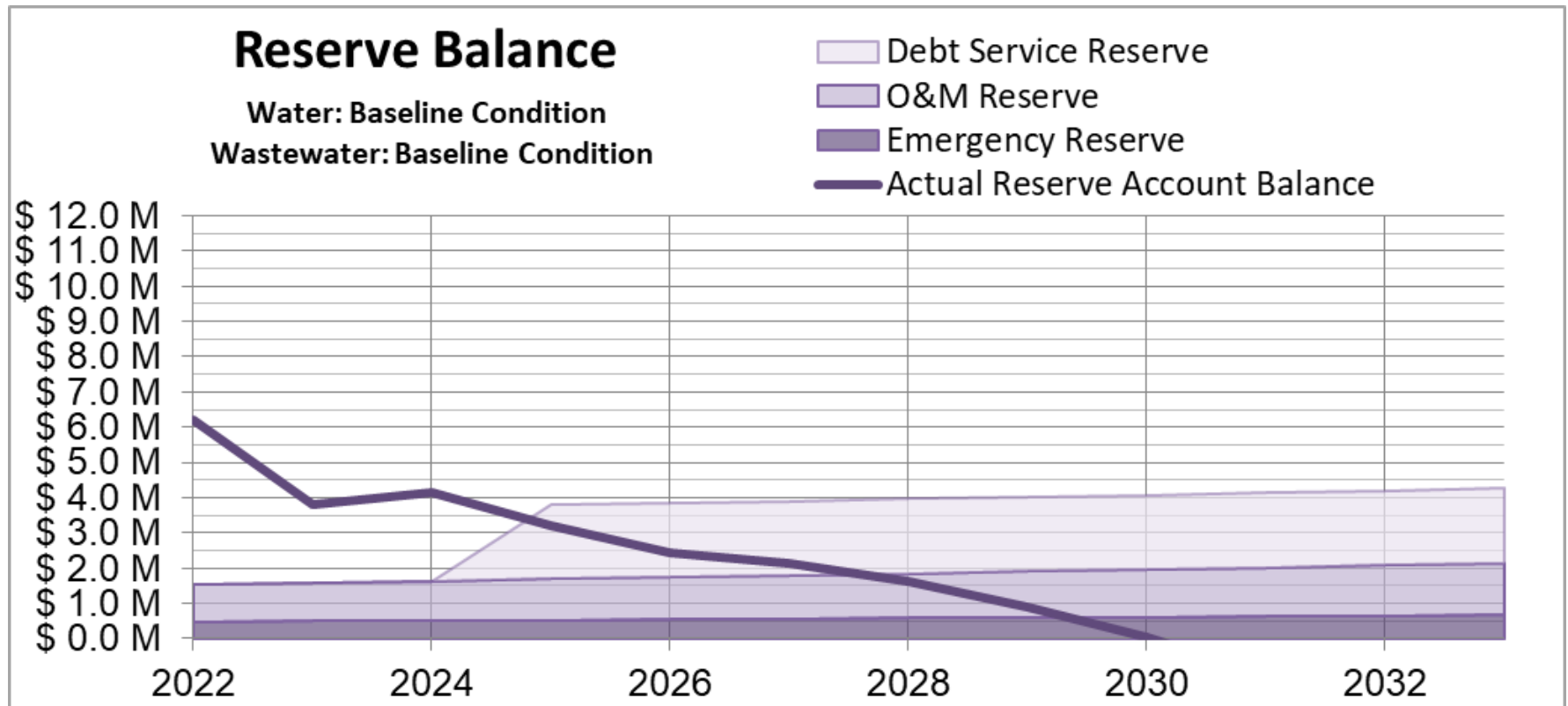
Reserve Balance (2023\$)		Description
Debt Service Reserve	\$ 2,117,295	One year of annual debt service payment for WWTP (2025-2044)
O&M Reserve	\$ 1,095,561	6 months O&M for water & sewer
Emergency Reserve	\$ 500,000	Single most expensive piece of equipment (pump station)
Total	\$ 3,712,856	Debt Service + O&M Reserve + Emergency Reserve
Escalation Rate	3%	Inflation rate (typical inflation rate)

Rate Revenue Alternative

SGM developed multiple rate revenue alternatives to show options for how the Town can raise rates to meet its goals of:

- Meeting expected operations and maintenance costs
- Funding the Town's Capital Improvements Plan to replace aging infrastructure and make necessary upgrades
- Keeping a reserve balance to maintain operational flexibility
- Preparing a reserve balance for funding the WWTP

Baseline Conditions (No Rate Increases)

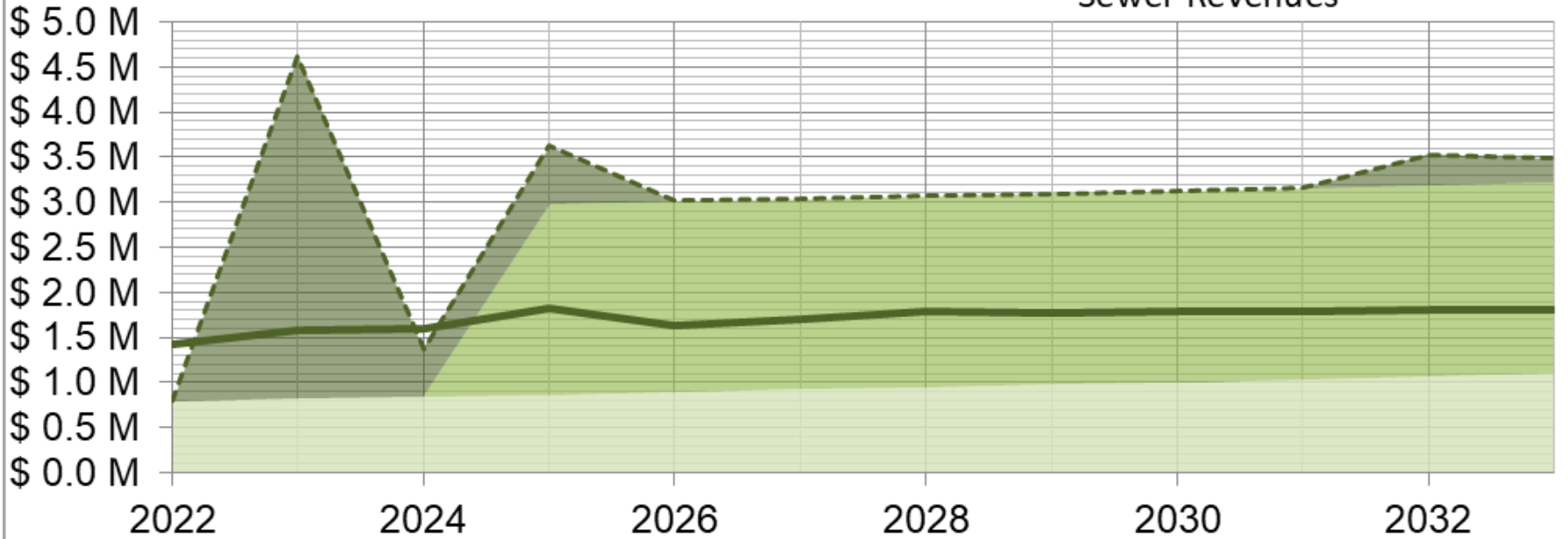


Key Takeaway: Rate increases are needed to cover operations & maintenance (O&M) expenses, cover planned capital projects, and keep the reserve account balance.

Baseline Conditions (No Rate Increases)

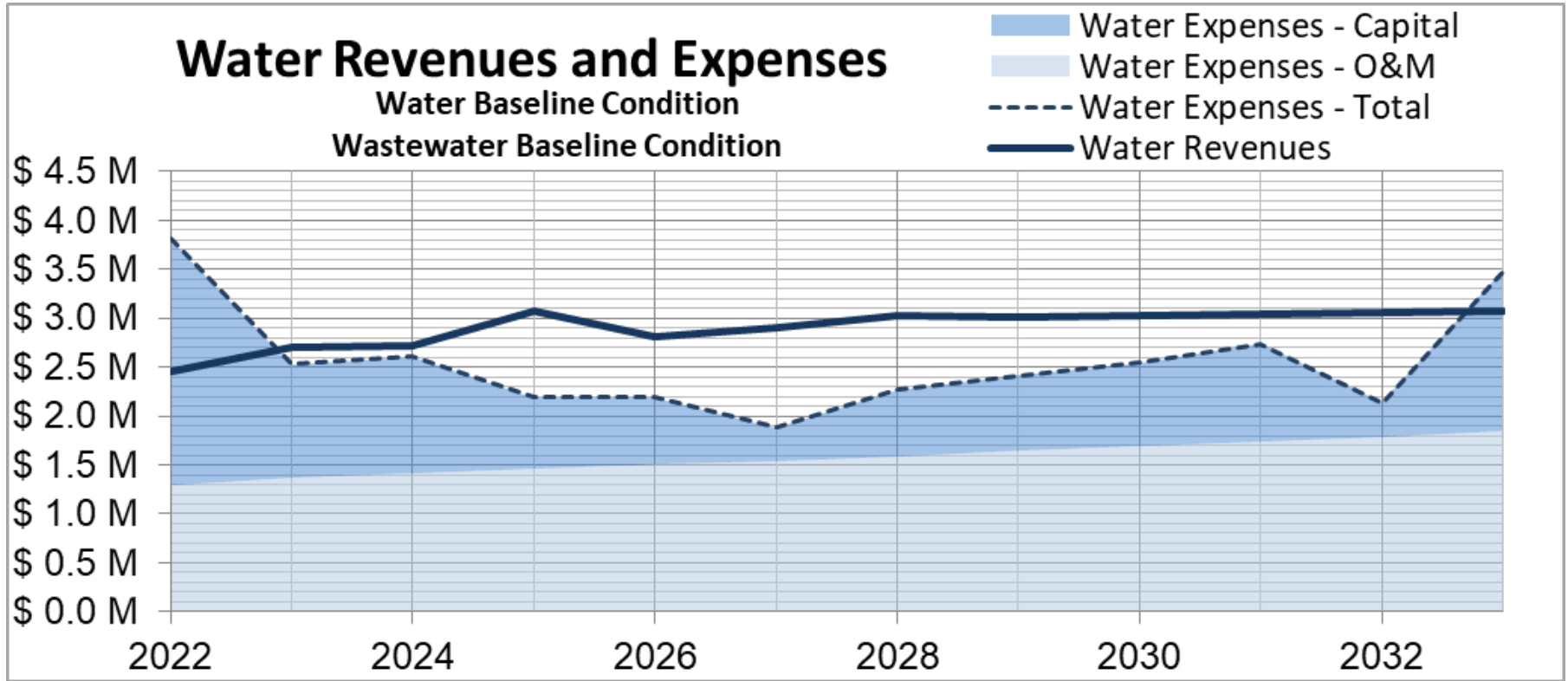
Sewer Revenues and Expenses

Water Baseline Condition
Wastewater Baseline Condition



Key Takeaway: Inflation-based rate increases only are not sufficient to meet goals. Rate increases will be needed to cover capital expenses and the debt service for the new WWTP

Baseline Conditions (No Rate Increases)



Key Takeaway: Few planned capital projects, rate increases recommended to keep pace with inflation and to prepare for future capital projects. In the meantime, excess water rate revenue helps fund WWTP.

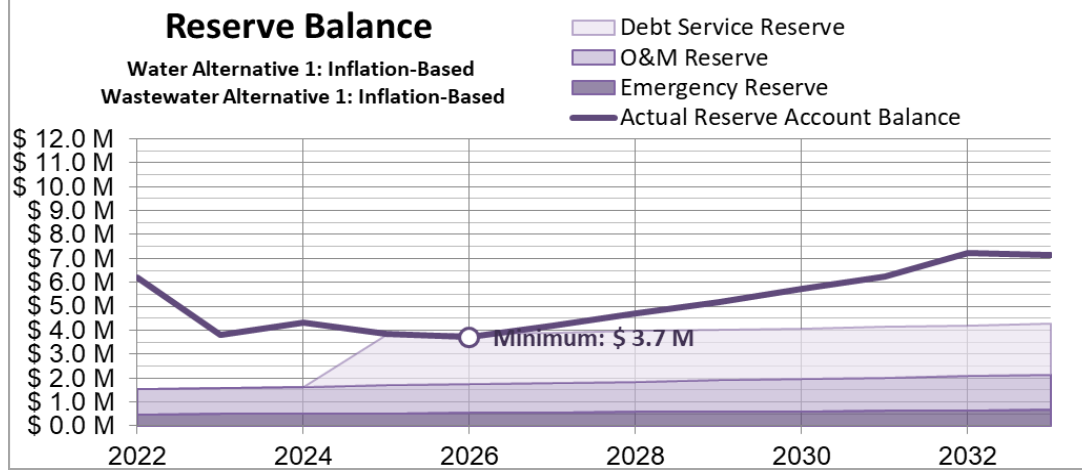
Rate Alternatives Analyzed

- **Water Rates:** inflation-based rate increases for all alternatives

Adjustments assume excess water revenue will be available for funding excess sewer expenses; however, unforeseen water expenses could result in the need to further raise sewer rates

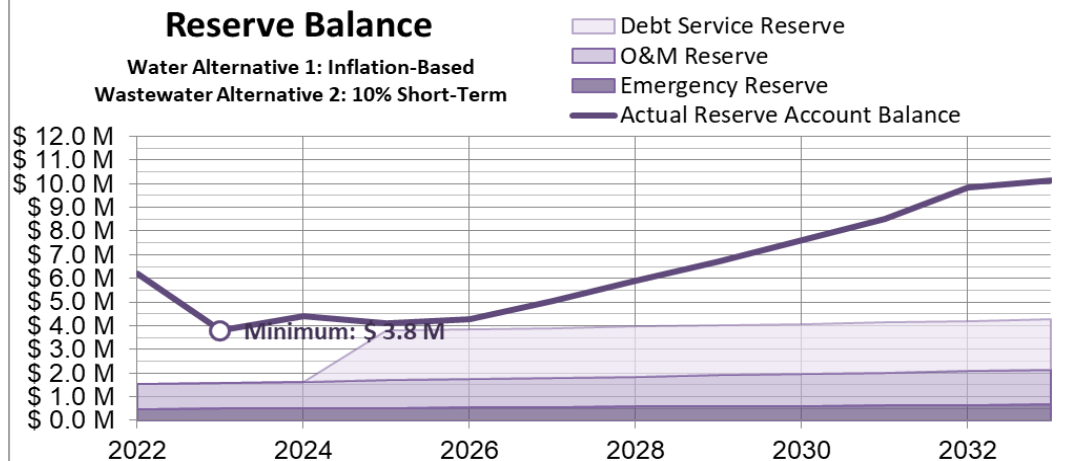
Rate Increase Alternative (Alt)		Temporary Rate Increase			Default (Long-term) Rate Increase %	Annual WWTP Surcharge	Notes	
		Increase %	Start Year (Jan)	End Year (Dec)				
Water	Alt. 1	4.76%	2023	2027	3.00%	N/A	Inflation-Based Rate Increase	
	Sewer	Alt. 1	4.76%	2023	2027	3.00%	-	Inflation-Based Rate Increase
		Alt. 2	10.00%	2023	2027	3.00%	-	Short-Term Steep Rate Increase
★ Alt. 3	4.76%	2023	2027	3.00%	\$120	Inflation-based rate increase + \$10/EBU /month surcharge		

Reserve Balances



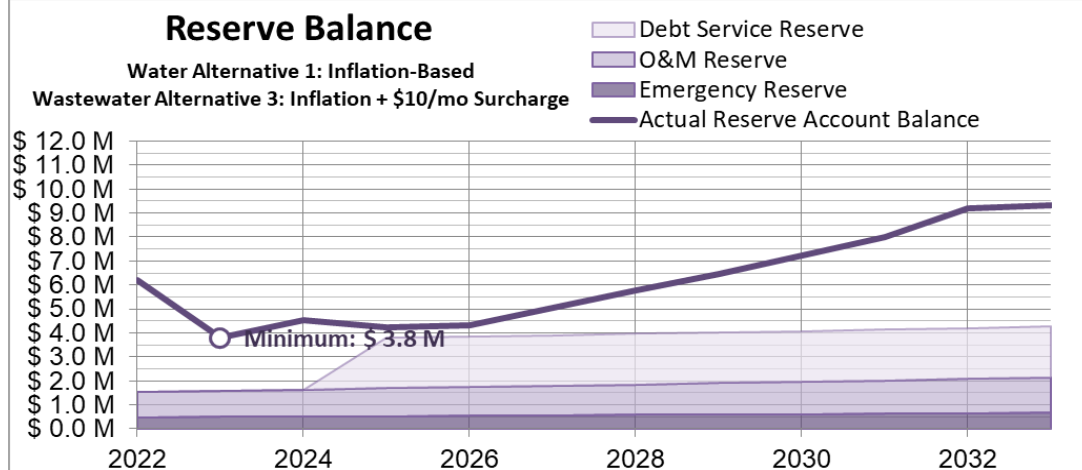
Alternative 1

Inflation-based rate increases for water/sewer



Alternative 2

Inflation-based rate increases for water, short-term rate increase of 10% for sewer



Alternative 3 (recommended)

Inflation-based rate increases for water/sewer, surcharge of \$10/EBU/month for sewer

Rate Increase Recommendation

- **Recommend Alternative 3:** Inflation-based rate increases + \$10/EBU/month surcharge
 - Easy to adjust surcharge for unplanned expenses



Water Rates

Increase rates by 4.76% from 2024-2027 and 3% 2027 on



Sewer Rates

Increase rates by 4.76% from 2024-2027 and 3% 2027 on

Add a \$10/EBU monthly surcharge to resident sewer bills to help fund WWTP plant



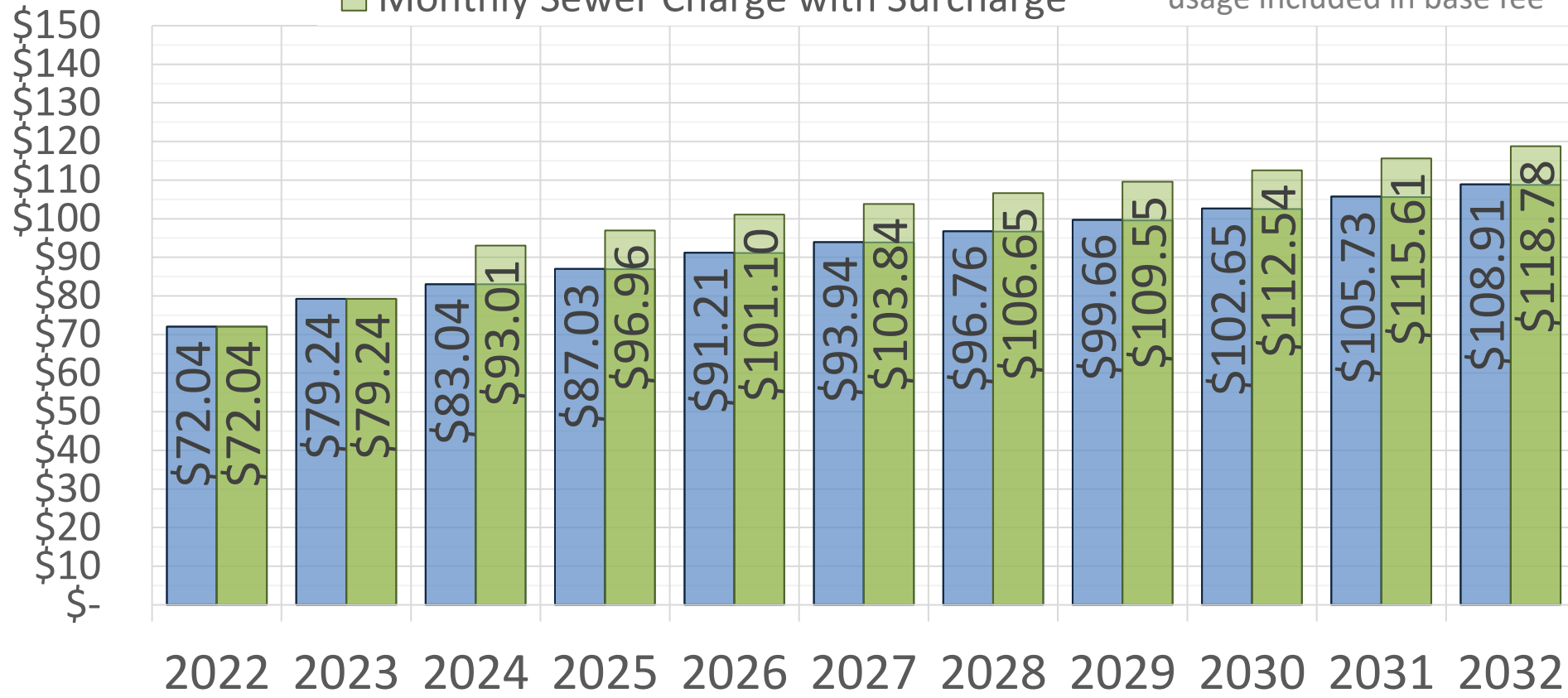
Long-Term

Continue increasing rates and tap fees annually based on inflation

Monthly Customer Bill for Single Family Residence

**Alternative 3
(recommended)**

- Monthly Water Charge for Single Family Residence using 3,000 gal
 - Sewer Base Fee - Single Family Residence
 - Water Base Fee - Single Family Residence
 - Monthly Sewer Charge with Surcharge
- *Average summer and winter usage falls within usage included in base fee



A scenic mountain landscape with a cable car in the foreground and a large white text overlay reading "QUESTIONS?". The background features snow-capped mountains under a clear blue sky, with a valley below showing autumn-colored trees and a large multi-story building. A cable car is visible in the lower left, and another is partially visible on the right. The text "QUESTIONS?" is centered in a large, white, sans-serif font.

QUESTIONS?

Current Rates– Base Fee

- Water customers are charged a flat monthly Base Fee plus usage charges
- Sewer service only to TMV. Ski Ranches & Skyfield are on septic.

	Customer Category Name	Sewer Monthly Base Fee per EBU	Water Monthly Base Fee per EBU
Town of Mountain Village	Single Family, Duplex – 2 taps, Condo, Commercial (per 2,000sf)	\$ 79.24	\$ 79.24
	Guesthouse	\$ 39.62	\$ 39.62
	Combined Rate Table (Main + Guest)	\$ 118.87	\$ 118.87
	Hotel	\$ 15.85	\$ 15.85
	Hotel Eff	\$ 23.77	\$ 23.77
	Lodge Efficiency (Kitchen)	\$ 19.81	\$ 19.81
	Emp Condo/Apartment	\$ 39.62	\$ 39.62
	Emp Dorm	\$ 19.81	\$ 19.81
	Common Irrigation (May thru Oct)	N/A	\$ 79.24
	Common Irrigation – year round	N/A	\$ 79.24
	SR & SF	Single Family	N/A
Guesthouse		Sewer service not provided	\$ 91.84
Common Irrigation (May thru Oct)			\$ 183.68

Current Rates– Usage Charges

- Water usage charges use increasing block rate structure with six tiers.

Tier	Usage Charge (\$/1,000 gal)	Town of Mountain Village Block Tier Water Usage Breaks (in Gallons)						
		Residential or Commercial (per EBU)		Deed Restricted (per EBU)		Irrigation		Construction Year-Round
		Winter (Oct-May)	Summer (Jun-Sep)	Winter (Oct-May)	Summer (Jun-Sep)	Seasonal (May-Oct)	Year-Round Irrigation	
1	\$ 0.00 (Base)*	1 - 8,000	1 - 12,000	1 - 4,000	1 - 7,000	1 - 12,000	1 - 10,000	1 - 4,000 (\$3.50)*
2	\$ 6.00	8,001 - 16,000	12,001 - 16,000	4,001 - 8,000	7,001 - 8,000	12,001 - 16,000	10,001 - 16,000	4,001 - 8,000
3	\$ 8.00	16,001 - 24,000		8,001 - 16,000		16,001 - 24,000		8,001 - 12,000
4	\$ 10.00	24,001 - 32,000		16,001 - 24,000		24,001 - 32,000		12,001 - 16,000
5	\$ 12.00	32,001 - 40,000		24,001 - 32,000		32,001 - 40,000		16,001 - 20,000
6	\$ 20.00	40,001 +		32,001 +		40,001 +		20,001+

Current Rates– Usage Charges

- Water usage charges use increasing block rate structure with six tiers.

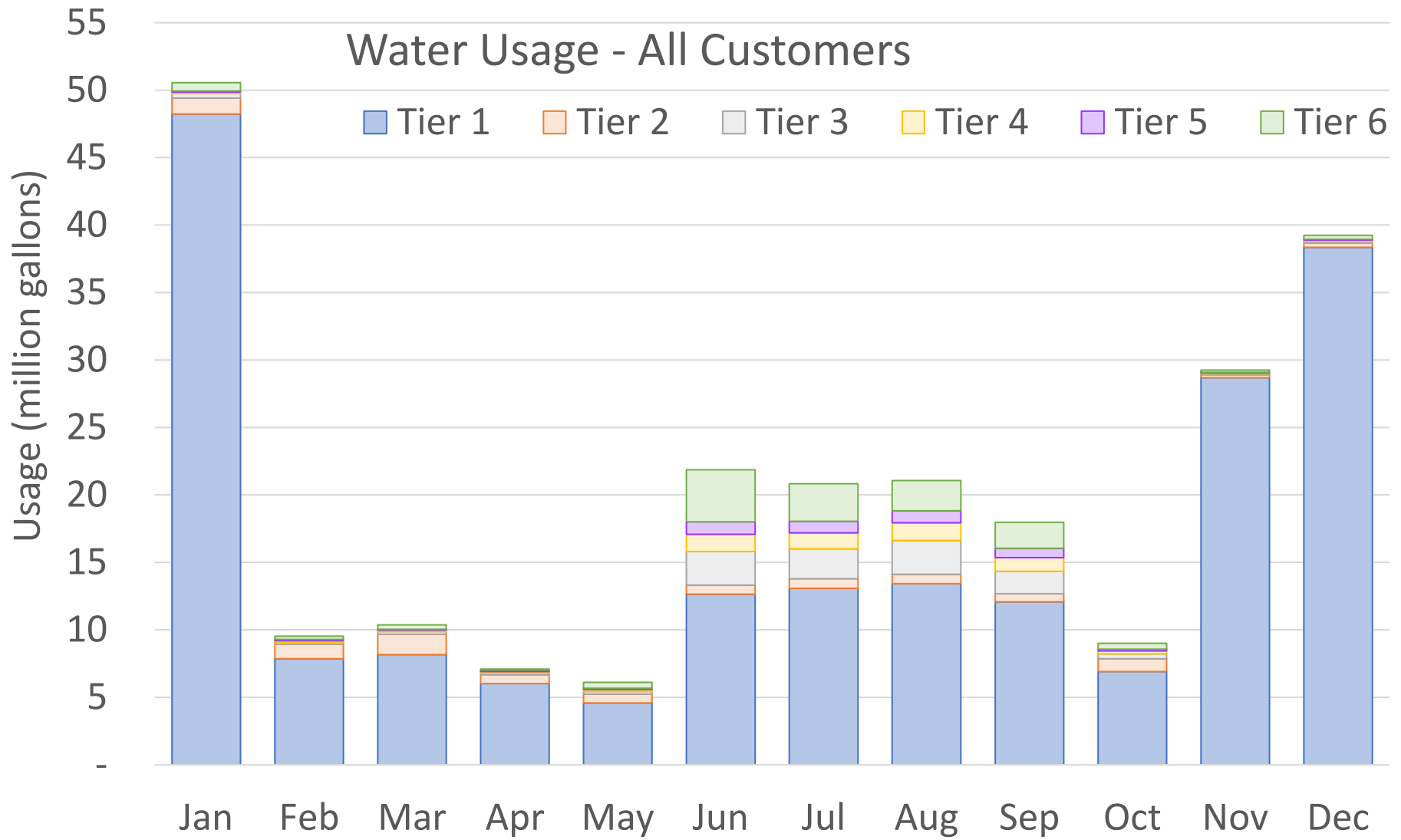
Tier	Usage Charge (\$/1,000 gal)	Ski Ranches and Skyfield Block Tier Water Usage Breaks (in Gallons)			
		Residential or Commercial (per EBU)		Year-Round Irrigation	Construction Year-Round
		Winter (Oct - May)	Summer (June - Sept)		
1	\$ 0 (Base) *	1 - 8,000	1 - 14,000	1 - 12,000	1 - 10,000 (\$5.25)*
2	\$ 9.00	8,001 - 16,000	14,001 - 16,000	12,001 - 16,000	10,001 - 16,000
3	\$ 12.00	16,001 - 24,000		16,001 - 24,000	16,001 - 24,000
4	\$ 15.00	24,001 - 32,000		24,001 - 32,000	24,001 - 32,000
5	\$ 18.00	32,001 - 40,000		32,001 - 40,000	32,001 - 40,000
6	\$ 30.00	40,001 +		40,001 +	40,001 +

Tap Fee Options

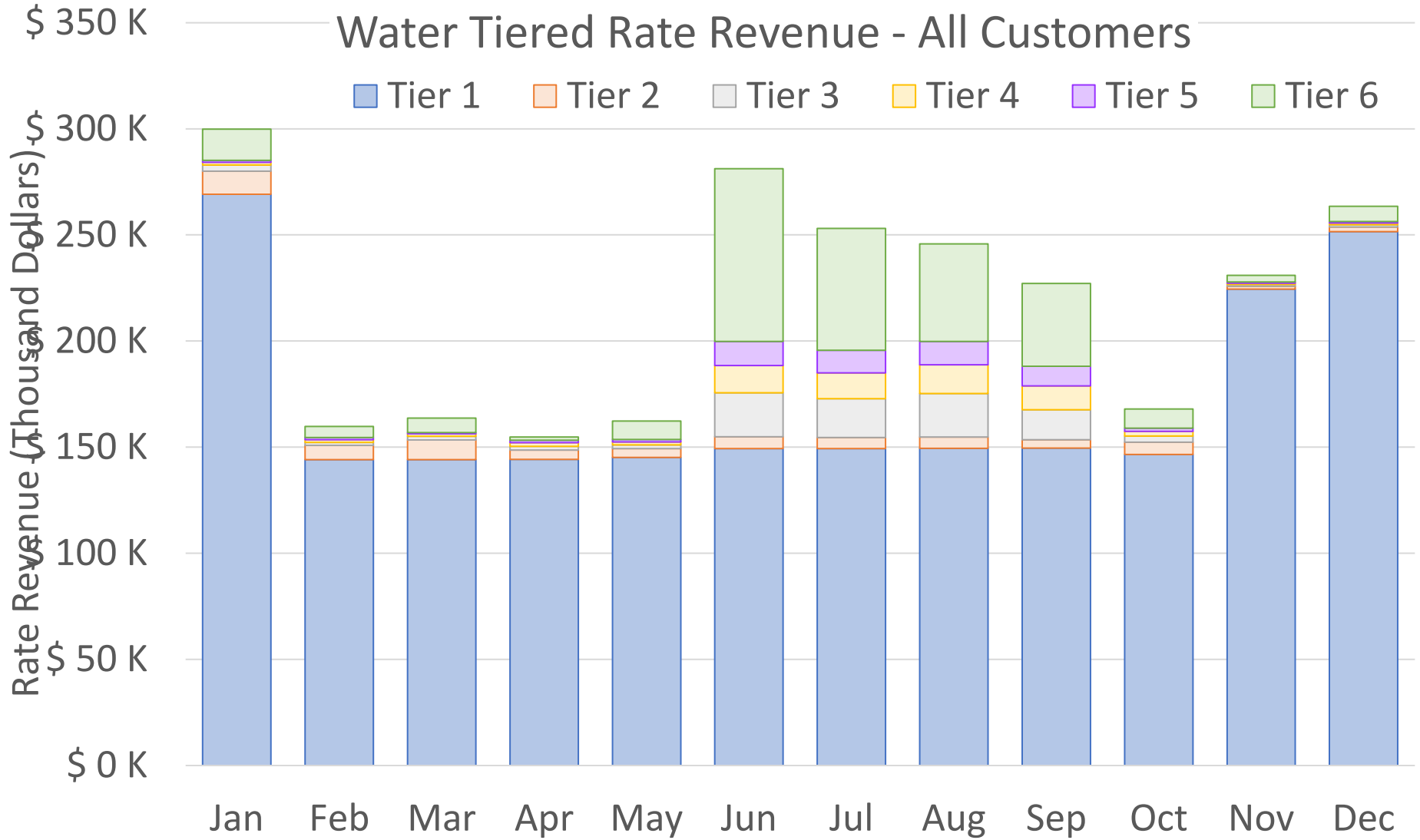
<i>Option 1</i> 10-in & 12-in Water Mains (16% of lines), Primary & Secondary Sewer Mains (50% of lines), Tanks, Pumps, Manholes, Hydrants				<i>Option 2</i> 25% of the 8-in all of the 10-in and 12-in Water Mains (33% of lines), Primary & Secondary Sewer Mains (50% of lines), Tanks, Pumps, Manholes, Hydrants				<i>Option 3</i> 75% of the 8-in & all of the 10-in and 12-in Water Mains (68% of lines), Primary & Secondary Sewer Mains (50% of lines), Tanks, Pumps, Manholes, Hydrants			
System Component		% Included	Cost	System Component		% Included	Cost	System Component		% Included	Cost
Water Mains	3-in	0%	\$0	Water Mains	3-in	0%	\$0	Water Mains	3-in	0%	\$0
	4-in	0%	\$0		4-in	0%	\$0		4-in	0%	\$0
	6-in	0%	\$0		6-in	0%	\$0		6-in	0%	\$0
	8-in	0%	\$0		8-in	25%	\$19,525,471		8-in	75%	\$58,576,412
	10-in	100%	\$10,496,477		10-in	100%	\$10,496,477		10-in	100%	\$10,496,477
	12-in	100%	\$8,391,974		12-in	100%	\$8,391,974		12-in	100%	\$8,391,974
Sewer Mains (8-in)	Primary Lines	100%	\$21,296,551	Sewer Mains (8-in)	Primary Lines	100%	\$21,296,551	Sewer Mains (8-in)	Primary Lines	100%	\$21,296,551
	Secondary Lines	100%	\$8,813,025		Secondary Lines	100%	\$8,813,025		Secondary Lines	100%	\$8,813,025
	All Other Lines	0%	\$0		All Other Lines	0%	\$0		All Other Lines	0%	\$0
Tanks	100%	\$16,895,000	Tanks	100%	\$16,895,000	Tanks	100%	\$16,895,000			
Pumps	100%	\$500,000	Pumps	100%	\$500,000	Pumps	100%	\$500,000			
Hydrants	100%	\$3,960,000	Hydrants	100%	\$3,960,000	Hydrants	100%	\$3,960,000			
Manholes	100%	\$5,835,090	Manholes	100%	\$5,835,090	Manholes	100%	\$5,835,090			
Total			\$76,188,117	Total			\$95,713,588	Total			\$134,764,529

<i>EBUs at Buildout</i>	<i>3113</i>	<i>EBUs at Buildout</i>	<i>3113</i>	<i>EBUs at Buildout</i>	<i>3113</i>
Proposed Tap Fee	\$24,500	Proposed Tap Fee	\$30,800	Proposed Tap Fee	\$43,300

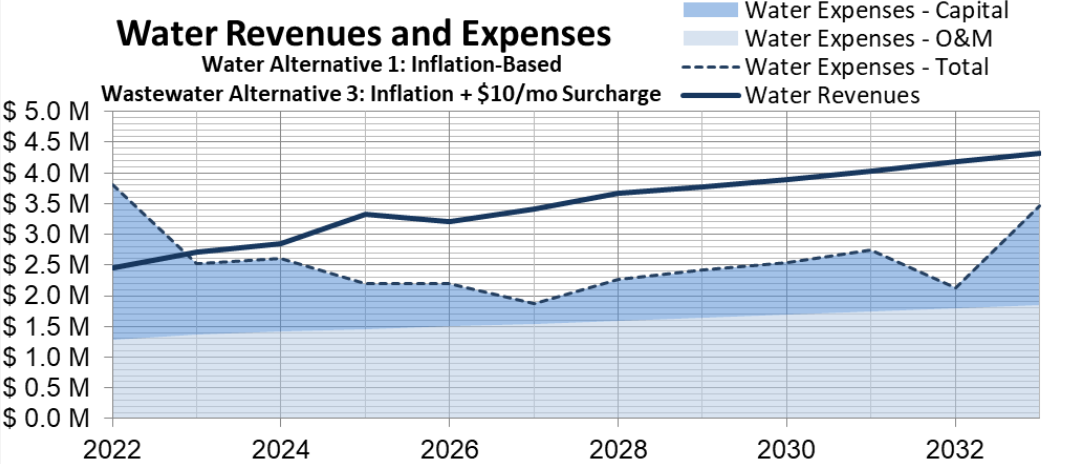
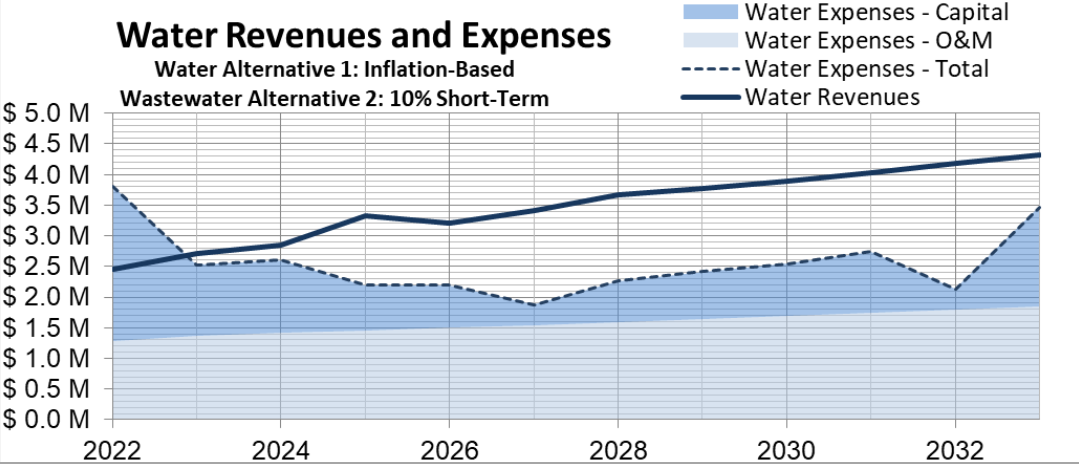
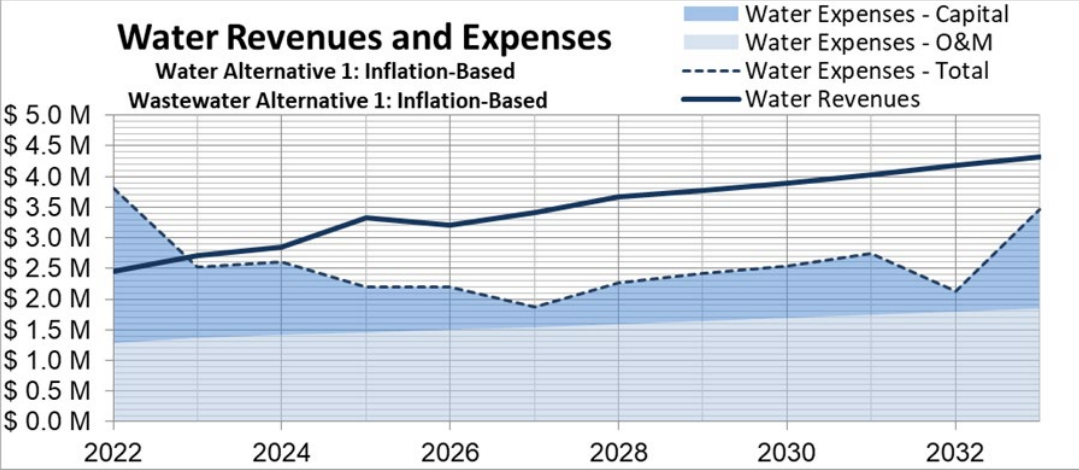
Analysis of Water Usage and Rate Revenues



Analysis of Water Usage and Rate Revenues

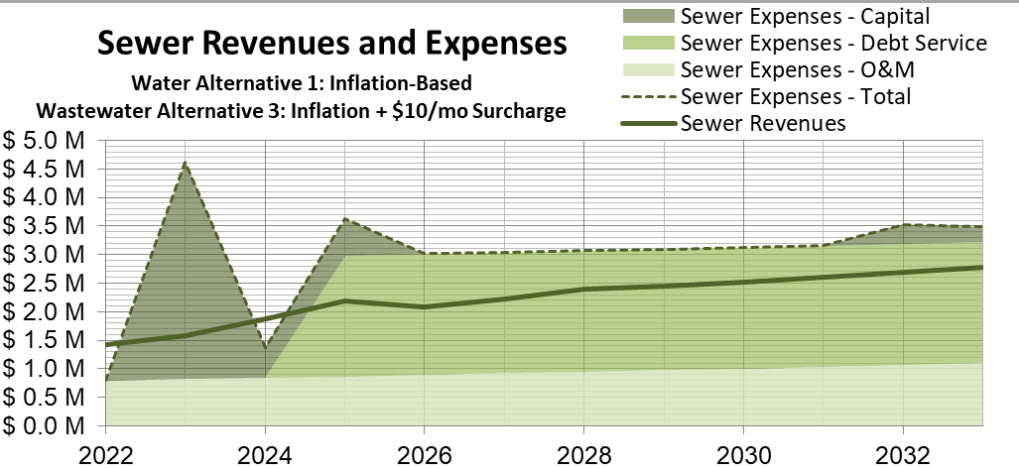
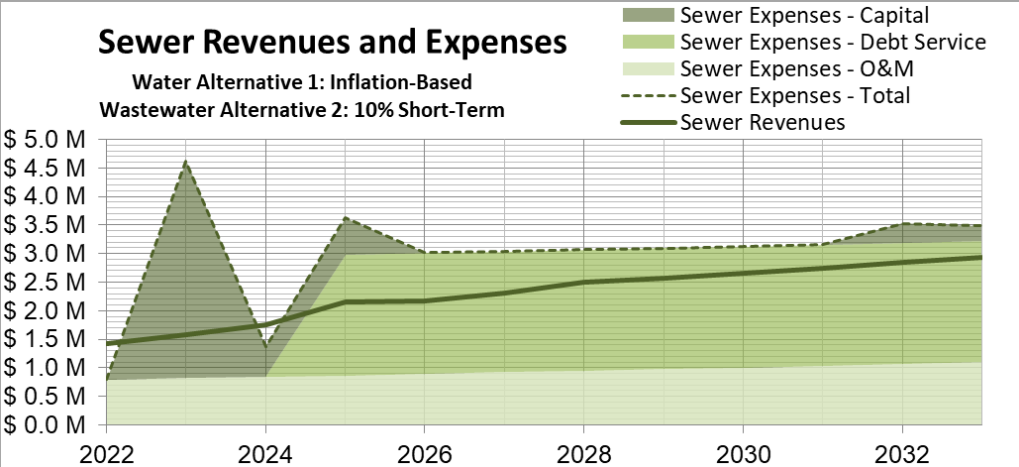
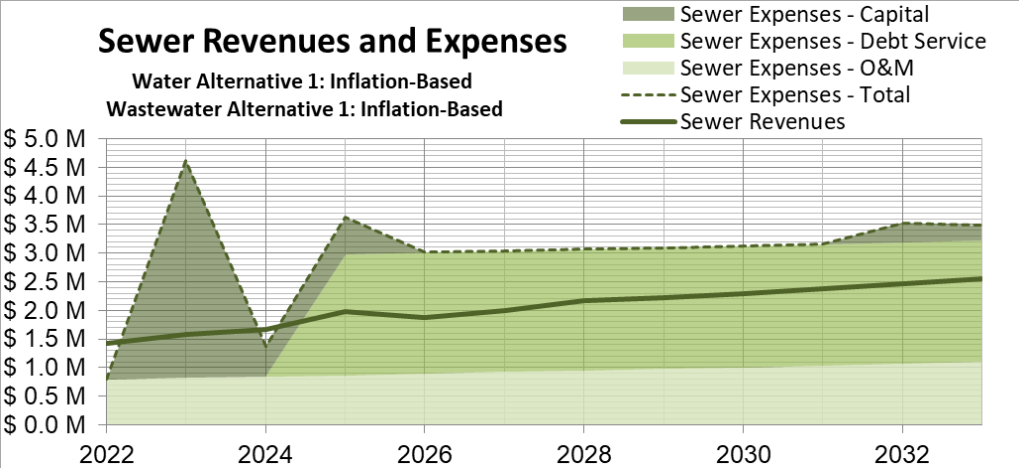


Water Revenue & Expenses



Key Takeaway: All three alternatives have the same rate increases for water. Therefore, same water revenue and expense projections for each alternative.

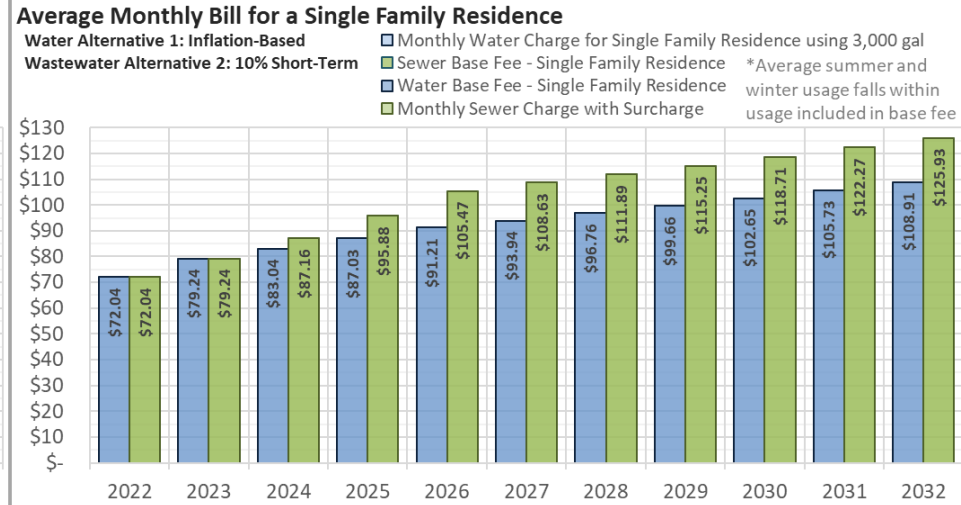
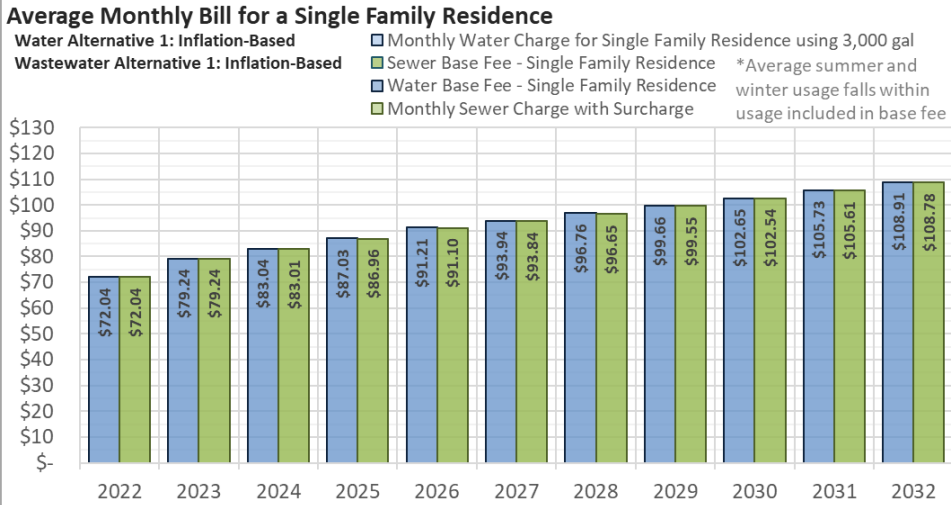
Sewer Revenue & Expenses



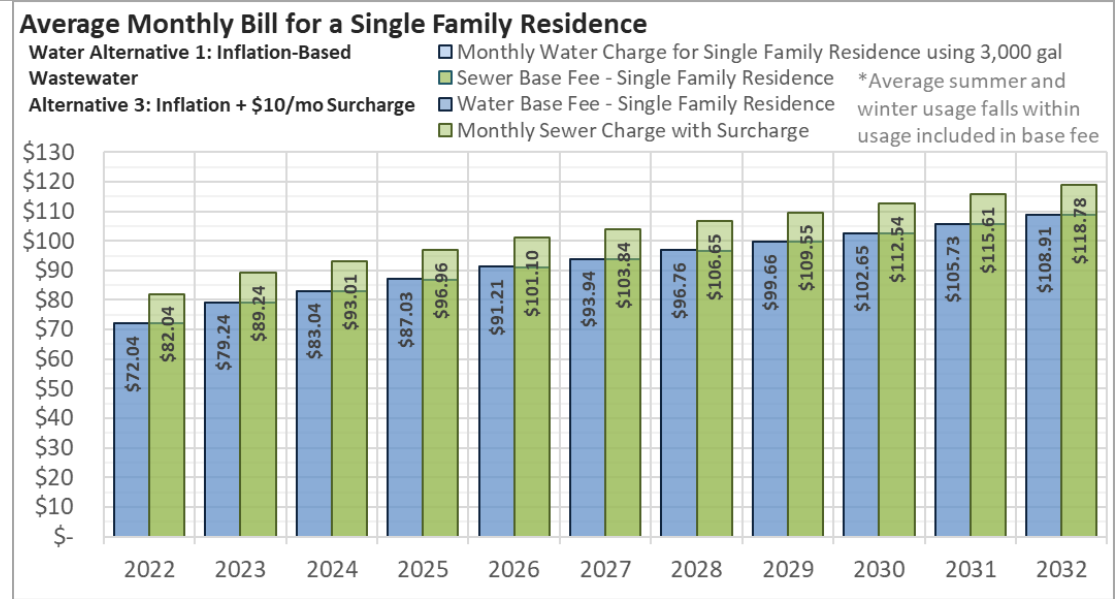
Key Takeaway:
 Excess water revenue allow lower sewer rates under all scenarios

Alt. 3 (recommended) allows for increased surcharges as needed

Monthly Customer Bill for Single Family Residence



Alternative 1



Alternative 2

Alternative 3 (recommended)