MOUNTAIN REGIONAL WATER

MEMORANDUM

To: **Administrative Control Board**

From: **Steve Anderson, CFO**

Date: **November 12, 2026**

Subject: **Direct Placement Bond and Budget Update**

Direct Placement Bond

The District is moving forward with the $15.00 million direct placement bond as previously discussed. Setting the bond at $15.00 million allows the District to carry a $4.01 million contingency into the construction phase of the project. The contingency is comprised of two pieces. First, there is contingency of $750,000 included in the Archer Western bid of $42,600,500. Second, the District has an additional $3.26 million contingency it is carrying outside the contract. The $4.1 million is 9.4% of the construction bid amount from Archer Western. The included table provides additional details and will be discussed during the board meeting.

The direct placement bond includes a feature that would allow the District to pay back up to $3.00 million within 18 months of funding without refinancing. Thus, if before 18 months have passed, the District has strong indications the full contingency will not be needed, a portion can be paid back to save on interest cost.

Change to the 2026 Amended Budget

The direct placement bond for $15.00 was included in the 2026 Amended Budget presented to the board during our last meeting. However, when reviewing approved capital budgets and the sources and uses table for the treatment plant expansion an omission was noticed. The Division of Drinking Water has awarded a $2.00 million grant to the District to deal with emerging contaminants. This grant can be used to cover some of the costs of the Granulated Activated Carbon (GAC) improvements that are part of the project.

The $2.00 million grant has been included in projecting funding needs for the expansion but was never formally approved as part of the capital budget. The change to the 2026 Amended Budget is to include this $2.00 million along with the $15.00 direct placement making the amendment $17 million instead of just $15.00 million.

After Bid & Direct Placement	
Description	**Total**
Archer Western Construction	$42,600,500
H2O Innovations (Membranes)	$3,960,507
Carollo Construction Management	$3,245,245
Royal Automation (Electrical)	$412,166
SUB-TOTAL Construction	**$50,218,418**
Carollo Design Costs	$3,800,000
H2O Innovations (Design)	$275,000
SUB-TOTAL Design	**$4,075,000**
Other Costs Incurred (Jacobs, MRW labor, testing)	$838,381
SMWRD Impact Fee	$755,000
Financing Costs	$355,215
Other Projected Impact Fees/Permits	$150,000
Additional Contingency	$3,256,786
SUB-TOTAL Other	**$5,355,382**
TOTAL COST	**$59,648,800**
WIFIA LOAN	$38,031,340
Division of Drinking Water Funding	$2,000,000
District Cash Reserves	$2,552,460
Impact Fees	$2,065,000
Direct Placement Bond	$15,000,000
TOTAL SOURCES	**$59,648,800**

I am looking forward to the discussion and any additional questions from the Board.

Sincerely,

Steve Anderson
CFO