

RECORD OF PROCEEDINGS

**MINUTES OF THE BUDGET COMMITTEE MEETING OF THE CRESTVIEW WATER AND
SANITATION DISTRICT, ADAMS COUNTY, COLORADO**

The annual Budget Committee Meeting of the Crestview Water and Sanitation District was held September 27, 2023. The meeting was presided over by President Mike Doak.

Committee Members Present:

Mike Doak	President
Tom Ryszkowski	Vice-President
Danny Sweeney	Secretary
Victor Sanchez	Director
Kathy Laurienti	Director

Also Present:

Mitchell Terry	District Manager
Allison Ulmer	Attorney

Excused Absent:

Charlie Poysti	District Auditor
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Mr. Terry discussed the purpose of the meeting and outlined what was to be accomplished so that a proposed Budget for 2024 could be presented at the regular District Board meeting, October 11, 2023.

2023 Summary

To estimate the beginning balances for the 2024 Budget, it was first necessary to examine the District income and expenditures for 2023 through July and estimate the income and expenses for August through December 2023 based on known values, previous year's data, expected income, expenditures and Board actions.

Potable water purchases from Denver Water in 2023 are estimated to be 564 million gallons at a cost of approximately \$2,516,774 based on purchases through July and expected purchases from August through December. The budgeted amount of water purchases in 2023 was \$2,898,164. The budgeted 2023 water sales amount was \$5,592,380 with the estimated 2023 water sales at \$5,073,260.

The Metro Water Recovery service charge for wastewater treatment is based on estimated flows and biological loadings from Crestview during the year with adjustments from previous years. The service charge from Metro for 2024 is set at \$1,341,726 to be made in quarterly payments. The final quarterly payment of \$367,235 will be made in November. Sewer sales for 2023 are estimated to be \$3,187,083. The 2023 budget for sewer sales is \$3,177,308.

Liability, Property and Auto insurance costs budgeted for 2023 were \$90,000. 2023 projected costs are \$98,924 projecting to be 9 percent higher than budgeted. Worker's Compensation insurance budgeted for 2023 was \$68,000. 2023 projected costs are \$53,677 projecting to be 11 percent lower than budgeted.

Crestview budgeted \$1,100,000 for water main replacements for 2023. During the September 6, 2017 meeting of the Board of Directors, the Board decided to create a Crestview operated pipeline replacement crew to construct the majority of Crestview's

future water main replacement projects. With that, a budget of \$2,000,000 was provided in 2018 to allow the crew to replace water mains year-round. The pipeline crew spent approximately \$750,000 in 2018, spending only 30 percent of the budgeted \$2,000,000. With that history, the 2019 budgeted amount was reduced from \$2,000,000 to \$1,000,000. The budgeted amount for 2020 & 2021 stayed at \$1,000,000.

The water mains in the streets of Alan Drive from 68th north to 72nd avenue, Raritan street from Jordan Drive north to 72nd avenue and Quivas street from Raritan street north to 72nd avenue were replaced in 2023. The water mains in Julian street from 68th avenue north to Mosko court and 68th place from Julian street west to Knox court are being replaced currently on an emergency basis. The water main in 70th avenue from Lipan Street west to Pecos Street is also planned for replacement in 2023 in anticipation of an Adams County street reconstruction project. As of August 1, 2023, the pipeline crew has spent approximately \$482,000 for water main replacements with a projected \$344,000 more to be spent by year's end. The total projected water main replacement costs in 2023 is \$825,432.

Crestview has contracted with BTrenchless to bore a 24" casing pipe and install a 16" pvc water main inside the casing pipe under US-36 at Zuni Street to replace the failing existing 10" cast iron water main at the same location. The contract is for \$432,580.

Crestview had 18 manholes spray lined in 2023 at a cost of \$118,000. Crestview is anticipating lining approximately 2,300 linear feet of 8-inch sewer main in 2023 using Cured-In-Place-Pipe (CIPP) technology.

The Water Reserve Fund is currently \$900,000 and the Sewer Reserve Fund is currently \$900,000. It is not anticipated that Crestview will add any additional funds into the Sewer or Water Reserve Funds in 2023.

If needed, a transfer could be made from the Water Fund to the Sewer Fund or vice versa if more monies are needed for emergency use.

Pomponio Terrace/Westminster Station is currently constructing new homes in Filing 4. In 2023, Pomponio Terrace paid \$70,920 for connection fees. It is anticipated that thirty water and sewer connection fees will be paid to Crestview in 2024.

Brookfield Residential is currently installing water and sewer mains in Midtown Filing 12 on the north portion of the old Sundstrand site. Filing 12 will have 107 homes. We are not anticipating selling any water or sewer taps for this project in 2023. We are anticipating selling thirty water and sewer connections in 2024 in this project.

Another development located at 6001 Federal Blvd., Clear Creek Village, a transit-oriented development (TOD), is planning on constructing up to 960 new residential units within the next few years. No fees are anticipated to be collected from Clear Creek Village in 2023 as the developer is still in the design phase of the needed utilities.

Several other potential developments may be constructed in 2024; 6501 Lowell Blvd., 4147 W. 64th avenue, 6399 Lowell Blvd, 6900 Lowell Blvd., and 67th place and Decatur street. With the current effects of inflation and rising mortgage rates, new home sales are unpredictable therefore, no additional tap fees are anticipated in 2024.

As of August 31st, Crestview's three pickup trucks that were ordered in February have not been built. We are actively working on getting them built and delivered before year's end. The anticipated cost for the three pickups in 2023 is \$135,900.

2024 Expenditures

The following are the anticipated expenditures for the 2024 budget year. The figures are based on currently available information, known costs, previous year's expenditures, expected increases and Adams County Assessor information. Expected increases, decreases, adjustments, changes and proposed additions have been developed by District staff and Poysti and Associates, LLC. Revenue for the 2024 Budget was based on the 2023 cash flow study and information that was developed from the preparation of the proposed budget including information from Metro Water Recovery and Denver Water. For Budget development, a 3% rate increase for both water and sewer were used for 2024.

Denver Water

The Denver Water Board of Commissioners are considering an increase of 2% for 2024 for gallons of water purchased and an increase of 9.1% for service charges based on meter size.

The expected 2024 volume for purchased water is 579 million gallons. With the monthly service charges from Denver water added, the proposed budget for water purchased from Denver Water is \$2,906,156.

Metro Water Recovery

The Metro Board of Directors has approved the 2024 Budget and adopted the Annual Charges for all connectors. The 2024 Metro Budget is a 7% increase over the 2023 Budget amount to treat the biological loadings of Metro's member and connector sanitary sewer flows. Based on the past three year's flows and loadings averages, Crestview's charges were calculated by Metro to be 8.66% lower than the charges for 2023.

The annual treatment charge for Crestview in 2024 will be \$1,341,726. The payments to Metro will be made quarterly in 2024.

The Metro Sewer Connection Charge for 2024 will increase from 2023 and will be set at \$5,520 per Single Family Residential Equivalent (SFRE). The reactivation charge will be \$140 per SFRE per year for sewer reconnections that have been inactive for ten years or more or the current connection charge, whichever is less.

Water Transmission and Distribution System

Crestview is planning on replacing approximately 8,600 linear feet of water mains in 2024. There are two separate water main replacement projects to be constructed in 2024. The water mains in the streets of 66th avenue from Lowell Blvd. west to Tennyson Street to include the cul-de-sacs of Newton Ct., Osceola Ct., Perry Ct., Quitman Ct. and Raleigh Ct. The water mains in the streets of Morrison Dr. from 68th avenue north to Zuni street and Zuni Street from Fern Drive north to 72nd avenue will be replaced in the second half of 2024.

The total distribution system Capital Addition budget for 2024 is \$1,080,000. Funds for these water main replacements come directly from rates.

Collection System

The 2024 Budget includes the rehabilitation of approximately 3,500 linear feet of existing 8" sanitary sewer mains with Cured in Place Pipe (CIPP) technology. The proposed budget also includes spray lining manholes, point repairs, sewer system repairs and maintenance, technical upgrades and additions to the inspection equipment. The total collection system Capital Addition budget for 2024 is \$475,000.

Other Capital Additions

Crestview has budgeted \$127,000 for vehicle replacements in 2024 with the purchase of two Ford F-150 4X4 pickup trucks and replacing the pump on Crestview's sewer jet truck.

The proposed 2024 budget includes funds for shop equipment, safety and security equipment, SCADA upgrades, grounds improvements, office equipment and additional water and sewer maintenance equipment. The total capital additions budget for 2024 is \$172,000 representing a 5% decrease from 2023. The capital additions budgeted amount excludes the Water distribution system improvements and Sewer Main Rehabilitation projects.

Utilities, Automotive, Telephone, Insurance, Wages, Benefits, IT and Trainings

Utility costs in 2024 are estimated to increase by 14%. Based on actual costs of automotive service and repairs in 2023, automotive costs are budgeted to increase by 9% in 2024 from \$22,590 to \$24,700. Telephone costs are expected to go up by 13% in 2024. Insurance costs are expected to increase in 2024 by 2%. The anticipated Wages and Salaries are expected to increase by 5.7% and Benefits to increase by .2% in 2024. Training and Seminars will increase in 2024 by 84% to allow for the Board and District Manager to attend the AWWA ACE2024 conference in Anaheim, California.

PRESENTATION OF PROPOSED 2024 BUDGET

With Mr. Poysti absent, Mr. Terry presented two Proposed 2024 Budgets to the Board. The reason for two proposed budgets is in anticipation of Proposition HH passing during the November 7th election. If Proposition HH passes, all special districts in Colorado stand to lose about a third of the property tax collections than they would normally.

The 2024 Proposed Budget No. 1 was designed with no increase in water or sewer rates for 2024. The 2024 Proposed Budget No. 2 was designed in anticipation of Proposition HH passing. If Proposition HH passes, Budget No. 2 will reflect a 3% increase in water and sewer rates for 2024 to counter the loss of property taxes to be collected in 2024.

Mr. Terry explained that the work done by Poysti and Associates uses a specialized computer program developed by Poysti and Associates, LLC for Crestview. Working with the District staff in providing bookkeeping and accounting information through August and expected income and expenditure data for September through December they can produce a detailed analysis of the current year's Budget with expected fund balances for the upcoming year. With known expenses, expected income and expense data from the District staff as well as any additions, changes and increases for all Budget items, a draft of the upcoming year's Budget is prepared. Once it has been reviewed and modified, a Proposed Budget is produced for the Committee to review.

Mr. Terry described the supporting data that compares the 2022 Actual Revenue and Expenditures with the 2023 Projected Revenue and Expenditures and proposed 2024 Revenues and Expenditures. The comparison details each item by account number.

Mr. Terry completed his presentation after which the committee discussed the 3% option in response to Proposition HH. If the Board were to adopt the 3% Proposed 2024

Budget prior to the election on November 7th anticipating the passing of Proposition HH and Proposition HH doesn't pass, should the rates still be raised for 2024.

Mr. Terry then reviewed the supporting documents to demonstrate how the specific amounts were determined for both revenues and expenditures for the 2024 Budget.

After further discussion, the Committee agreed to present the two proposed Budgets to the Board of Directors at the October 11, 2023 meeting for initial acceptance.

Director Doak adjourned the meeting at 7:59 p.m. with there being no further business to discuss.

Respectfully submitted,

Danny Sweeney, Secretary/Treasurer