

## RECORD OF PROCEEDINGS

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### 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 26, 2018, at Mickey's Top Sirloin, 6950 Broadway, Denver, CO 80221. The meeting was presided over by President Mike Doak.

#### Committee Members Present:

Mike Doak  
Danny Sweeney  
Everett Patterson  
Tom Ryszkowski

#### Also Present:

Mitchell Terry	District Manager
Ron Forman	Attorney
Charlie Poysti	Poysti and Associates, LLC

Mr. Terry discussed the purpose of the meeting and outlined what was to be accomplished so that a proposed Budget for 2019 could be presented at the regular District Board meeting, October 10, 2018.

#### **2018 Summary**

To estimate the beginning balances for the 2019 Budget, it was first necessary to examine the District income and expenditures for 2018 through August and estimate the income and expenses for September through December 2018 based on known values, previous year's data, expected income, expenditures and Board actions.

In the fall of 2018, Crestview Water & Sanitation District will be requesting bids for removal of calcium in 9,000 linear feet of 8" sewer mains and 20 to 25 manholes to be lined at \$200 per vertical foot. The anticipated cost to the District for this project will be \$400,000.

Potable water purchases from Denver Water in 2018 are estimated to be 557 million gallons at a cost of approximately \$2,499,000 based on purchases through August and expected purchases from September through December. The budgeted amount of water purchases in 2018 was \$2,366,019. The budgeted 2018 water sales amount was \$4,529,180.00 with the estimated 2018 water sales at \$4,383,450.00.

The Metro Wastewater Reclamation District service charge for wastewater treatment is based on estimated flow and biological loadings from Crestview during the year with adjustments from previous years. The service charge from Metro for 2018 is \$1,262,940 to be made in quarterly payments. The final quarterly payment of \$315,735 will be made in November. Sewer sales for 2018 are estimated to be \$2,927,045. The 2018 budget for sewer sales is \$2,891,500.00.

Liability, Property and Auto insurance costs increased in 2018 with premium costs increasing from \$40,667.00 to \$43,761 for an increase of 7 percent. Worker's Compensation insurance costs were 17 percent lower in 2018 due to a decrease in experience factor.

Crestview budgeted \$2,000,000 for water main replacements for 2018. During the September 6, 2017 meeting of the Board of Directors, the Board decided to create a Crestview operated pipeline replacement team to construct the majority of Crestview's

future water main replacement projects. With that, a budget of \$2,000,000 was provided to allow the crew to replace water mains year round. It is anticipated that the pipeline crew will spend approximately \$600,000 in 2018, spending only 30 percent of the budgeted \$2,000,000.

The Water Reserve Fund is currently \$900,000 and the Sewer Reserve Fund is currently \$850,000. An additional transfer of \$50,000 into the Sewer Reserve Fund may occur at year's end if the funds are available. 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.

Crestview is anticipating a considerable amount of growth within the next three years. Brookfield Residential is currently constructing Midtown at Clear Creek located at 68<sup>th</sup> Avenue and Pecos Street with total buildout expected in 2019. Filing 1, 2, 3, 4 & 8 connection fees have all been paid. Since the start date of Midtown through August 1, 2018, Crestview has received \$3,438,186 in water and sewer connection fees. The actual number of water and sewer connections to be purchased and installed in Midtown in 2018 will vary based on the economy and new home sales in the development. Midtown will be constructing homes in filings 6 and 9 in 2018. Filing 6 will add 56 additional single family homes with combined water and sewer tap fees equaling \$200,300 in 2018. Filing 9, located on the southwest corner of 68<sup>th</sup> & Pecos will also be constructed in 2018. The final number of water and sewer taps have yet to be determined and is tentatively listed at 46 residential units. Midtown is looking into developing west into the adjacent property west of Zuni Street at 70<sup>th</sup> avenue.

The Clear Lake Estates subdivision, located at Elmwood Lane and Tejon Street is nearing full build out. Clear Lake Estates will have 56 single family homes built in the subdivision. As of September 1, 2018, Clear Lake Estates has paid \$245,900 in water and sewer stub-in fees. At total buildout, Clear Lake Estates will have paid \$274,400 to Crestview for water and sewer tap fees.

At the south east corner of 70<sup>th</sup> Avenue and Federal Blvd., the Pomponio Terrace subdivision will have up to 245 new single family homes built at that location. The developer has completed installing water mains within the development. Construction of all but one of the sewer mains within the development have been completed. A 24 inch outfall sanitary sewer main is being designed for a 2019 construction to carry Crestview's existing sewer flows and the additional sewer flows from the Pomponio Terrace subdivision. A new 16 inch water main has been constructed from 68<sup>th</sup> avenue and Zuni Street running north to 70<sup>th</sup> avenue then west to Federal Blvd. then south to 67<sup>th</sup> Place to supply the subdivision with enough water to meet its demand. Pomponio Terrace has paid \$218,500 in stub-in and tap fees as of September 1, 2018. It is anticipated that Pomponio Terrace will purchase a minimum of 76 water and sewer taps in 2019 totaling \$296,400.

Another development located at 61<sup>st</sup> and Federal Blvd., Clear Creek Village, a transit oriented development, is planning on constructing up to 1,200 new residential units within the next two years. No fees are anticipated to be collected from Clear Creek Village in 2018 as the developer is still in the early stages of design of the needed utilities.

### **2019 Expenditures**

The following are the anticipated expenditures for the 2019 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 2019 Budget was based on the 2018 cash flow study and information that was developed from the preparation of the proposed budget including information from Metro Wastewater Reclamation District and Denver Water. For Budget development, no revenue increases for sewer and water sales were used for 2019.

## **Denver Water**

The Denver Water Board of Commissioners has determined that an increase of 3% is appropriate for both gallons of water purchased and service charges based on meter size for 2019.

The Crestview proposed 2019 Budget is designed with a 3% increase over the 2018 rates as was set by the Denver Water Board Commissioners.

The expected 2019 volume for purchased water is 570 million gallons. With the monthly service charges from Denver water added, the proposed budget for Denver Water is \$2,448,778.

The cumulative increases in Denver Water's System Development Charges and Metro sewer connection charges will be taken into account for future developments.

## **Metro Wastewater Reclamation District**

The Metro Board of Directors has approved the 2019 Budget and adopted the Annual Charges for all connectors. The 2019 Metro Budget is a 2.0% increase over the 2018 Budget amount to treat the biological loadings of Metro's member and connector sanitary sewer flows. Crestview's charges were calculated to be 3.6% higher than the charges for 2018. The annual service charge for Crestview in 2019 will be \$1,310,233. The payments to Metro will be made quarterly in 2019.

The Metro Sewer Connection Charge for 2019 will increase from 2018 and will be set at \$4,270 per Single Family Residential Equivalent (SFRE). The reactivation charge will be \$130 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 9,000 linear feet of water mains in 2019. The water mains in the streets of: 72<sup>nd</sup> avenue between Pecos Street and Huron Street, Navajo Street from 72<sup>nd</sup> avenue north to Worley Drive, Kalamath Street from 72<sup>nd</sup> avenue north to Worley Drive, Huron Street and Inca Street from 72<sup>nd</sup> avenue north to the end of the cul-de-sac, 71<sup>st</sup> place from Pecos Street to Mariposa Street will be replaced in phase I.

Phase II will consist of the replacement of water mains in the streets of Ruth Way, Avrum Drive and Warren Drive from 68<sup>th</sup> avenue north to Jordan Drive, Meadowbrook Drive from Elmwood Lane to 2553 Meadowbrook Lane, Westchester Lane from Elmwood Lane to 2523 Westchester Lane and Heather Place from Westchester Lane south to the end of the cul-de-sac.

The budgeted amount for these main replacements including wages and benefits for the pipeline crew is \$1,546,247. Funds for these water main replacements come directly from rates.

## **Collection System**

The 2019 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 budget for 2019 is \$565,000.

## **Capital Additions**

Three new vehicles will be purchased in 2019, a new utility maintenance van at an estimated cost of \$145,000, a new tandem axle dump truck at an estimated cost of \$115,000 and a pickup at an estimated cost of \$35,000. The proposed 2019 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 2019 is \$322,000 representing a 13% increase from 2018. 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 2019 are estimated to increase by 13%. Based on actual costs of automotive service and repairs in 2018, automotive costs are budgeted to remain the same in 2019. Telephone and insurance costs are expected to remain the same in 2019. The anticipated Wages and Salaries are expected to increase by 15% and Benefits to increase by 12% in 2019. Training and Seminars will remain unchanged in 2019.

#### **PRESENTATION OF PROPOSED 2019 BUDGET**

Mr. Poysti thanked the Committee for the opportunity to work with the District again in preparing the Budget. Mr. Poysti 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. Poysti described the supporting data that compares the 2017 Actual Revenue and Expenditures with the 2018 Projected Revenue and Expenditures and proposed 2019 Revenues and Expenditures. The comparison details each item by account number. There are no added revenue increases for 2019 as the current rates provide adequate income for expected increases in potable water, wastewater treatment and maintenance and repairs.

Mr. Poysti completed his presentation, gave clarification on a number of line items and answered additional questions from the Committee.

The Committee thanked Mr. Poysti for his report.

After further discussion, the Committee agreed to present the proposed Budget to the Board of Directors at the October 10, 2018 meeting for initial acceptance.

Director Doak adjourned the meeting at 8:39 p.m. with there being no further business to discuss.

Respectfully submitted,

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Danny Sweeney, Secretary/Treasurer