

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 30, 2020, via Zoom. The meeting was presided over by President Mike Doak.

Committee Members Present:

Mike Doak
Jill Martin
Danny Sweeney
Tom Ryszkowski
Victor Sanchez

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 2021 could be presented at the regular District Board meeting, October 14, 2020.

2020 Summary

To estimate the beginning balances for the 2021 Budget, it was first necessary to examine the District income and expenditures for 2020 through August and estimate the income and expenses for September through December 2020 based on known values, previous year's data, expected income, expenditures and Board actions.

Potable water purchases from Denver Water in 2020 are estimated to be 600 million gallons at a cost of approximately \$2,676,000 based on purchases through August and expected purchases from September through December. The budgeted amount of water purchases in 2020 was \$2,510,644. The budgeted 2020 water sales amount was \$4,760,384 with the estimated 2020 water sales at \$5,251,674.

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 2020 is \$1,324,627 to be made in quarterly payments. The final quarterly payment of \$331,157 will be made in November. Sewer sales for 2020 are estimated to be \$3,151,792. The 2020 budget for sewer sales is \$3,111,866.

Liability, Property and Auto insurance costs increased in 2020 with premium costs increasing from \$55,767 to \$60,153 for an increase of 7 percent. Worker's Compensation insurance costs were 27 percent lower in 2020 due to a decrease in experience factor.

Crestview budgeted \$1,000,000 for water main replacements for 2020. 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 stayed at \$1,000,000.

The water mains in the streets of Heather Place, Westchester Drive, Meadowbrook Drive, Warren Drive, Ruth Way and Avrum Drive were replaced in 2020. As of August 31, 2020, it is anticipated that the pipeline crew will spend approximately \$360,000 in 2020 for water main replacements.

In the fall of 2020, Crestview Water & Sanitation District will be replacing its sewer lift station force main. The force main is 6 inches in diameter and 1,700 linear feet. The District's pipeline personnel will be performing the replacement. The anticipated cost to the District for this project will be \$125,000.

Crestview anticipates having 25 manholes spray lined in 2020 at a cost of approximately \$60,000.

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 2020.

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 small amount of growth in 2021 due to the Covid-19 pandemic.

Berkley Shores is a new community being constructed at 6300 Lowell Boulevard that will have ninety-two new homes. The anticipated combined water and sewer connection fees from the Berkley Shores development is \$450,800.

Pomponio Terrace/Westminster Station is in the final stages of review for its filings 3 & 4 and may contribute up to 114 new homes to Crestview's customer base in 2021. Pomponio Terrace has paid \$414,450 in tap fees as of September 1, 2020. It is anticipated that Pomponio Terrace will purchase a minimum of 114 water and sewer taps in 2021 totaling \$558,600.

Brookfield Residential has completed the Midtown development located on the southwest corner of 68th avenue and Pecos Street running west to Zuni St. There is a potential for one more filing however, there are no set plans currently. Since the start date of Midtown through September 1, 2020, Crestview has received \$3,784,336 in water and sewer connection fees

Another development located at 61st and Federal Blvd., Clear Creek Village, a transit-oriented development (TOD), is planning on constructing up to 1,200 new residential units within the next few years. No fees are anticipated to be collected from Clear Creek Village in 2021 as the developer is still in the early stages of design of the needed utilities.

2021 Expenditures

The following are the anticipated expenditures for the 2021 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 2021 Budget was based on the 2020 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 were applied for sewer collection charges or water sales for 2021.

Denver Water

The Denver Water Board of Commissioners has determined that an increase of 2% is appropriate for both gallons of water purchased and service charges based on meter size for 2021.

The Crestview proposed 2021 Budget is designed with the 2% increase over the 2020 rates as was set by the Denver Water Board of Commissioners.

The expected 2021 volume for purchased water is 564 million gallons. With the monthly service charges from Denver water added, the proposed budget for Denver Water is \$2,541,200.

Metro Wastewater Reclamation District

The Metro Board of Directors has approved the 2021 Budget and adopted the Annual Charges for all connectors. The 2021 Metro Budget is a 2.5% increase over the 2020 Budget amount to treat the biological loadings of Metro's member and connector sanitary sewer flows. Crestview's charges were calculated to be 9.7% higher than the charges for 2020.

The annual service charge for Crestview in 2021 will be \$1,540,737. The payments to Metro will be made quarterly in 2021.

The Metro Sewer Connection Charge for 2021 will increase from 2020 and will be set at \$4,550 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 10,000 linear feet of water mains in 2021. The water mains in the streets of Ruth Way, Avrum Drive and Warren Drive from 72nd avenue south to Jordan Drive are scheduled for replacement in 2021. Crestview is also anticipating the replacement of water mains in the streets of Larsh Drive from 68th avenue north to 72nd avenue and Jordan Drive from Fern Drive east to Samuel Drive in 2021.

The budgeted amount for these main replacements including wages and benefits for the pipeline crew is \$1,432,446. Funds for these water main replacements come directly from rates.

Collection System

The 2021 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 2021 is \$565,000.

Capital Additions

Crestview has budgeted \$225,000 for vehicle replacements, two full size pickup trucks, and the retrofit of new televising equipment in the District's existing Sewer tv truck in 2021.

The proposed 2021 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 2021 is \$260,000 representing a 33% decrease from 2020. 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 2021 are estimated to increase by 5%. Based on actual costs of automotive service and repairs in 2020, automotive costs are budgeted to remain the same in 2021. Telephone costs are expected to go up by 24% in 2021. Insurance costs are expected to remain unchanged in 2021. The anticipated Wages and Salaries are expected to increase by 4% and Benefits to increase by 3% in 2021. Training and Seminars will remain steady in 2021.

PRESENTATION OF PROPOSED 2021 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 2019 Actual Revenue and Expenditures with the 2020 Projected Revenue and Expenditures and proposed 2021 Revenues and Expenditures. The comparison details each item by account number.

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 14, 2020 meeting for initial acceptance.

Director Doak adjourned the meeting at 8:37 p.m. with there being no further business to discuss.

Respectfully submitted,

Danny Sweeney, Secretary/Treasurer