

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 29, 2021. The meeting was presided over by President Mike Doak.

Committee Members Present:

Mike Doak
Danny Sweeney
Tom Ryszkowski
Victor Sanchez

Also Present:

Mitchell Terry	District Manager
Alisson Ulmer	Attorney
Charlie Poysti	Poysti and Associates, LLC

Excused absent:

Jill Martin

Mr. Terry discussed the purpose of the meeting and outlined what was to be accomplished so that a proposed Budget for 2022 could be presented at the regular District Board meeting, October 13, 2021.

2021 Summary

To estimate the beginning balances for the 2022 Budget, it was first necessary to examine the District income and expenditures for 2021 through August and estimate the income and expenses for September through December 2021 based on known values, previous year's data, expected income, expenditures and Board actions.

Potable water purchases from Denver Water in 2021 are estimated to be 564 million gallons at a cost of approximately \$2,503,486 based on purchases through August and expected purchases from September through December. The budgeted amount of water purchases in 2021 was \$2,541,200. The budgeted 2021 water sales amount was \$4,857,675 with the estimated 2021 water sales at \$5,086,125.

The Metro Water Recovery 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 2021 is \$1,540,737 to be made in quarterly payments. The final quarterly payment of \$385,184.25 will be made in November. Sewer sales for 2021 are estimated to be \$3,153,089. The 2022 budget for sewer sales is \$3,165,714.

Liability, Property and Auto insurance costs increased in 2021 with premium costs increasing from \$60,637 to \$65,000 for a decrease of 9.3 percent. Worker's Compensation insurance costs were 30 percent lower in 2021 due to a decrease in experience factor.

Crestview budgeted \$1,000,000 for water main replacements for 2021. 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 Warren Drive, Ruth Way and Avrum Drive were replaced from Jordan Drive north to 72nd avenue in 2021. As of August 31, 2021, it is anticipated that the pipeline crew will have spent approximately \$203,636 in 2021 for water main replacements.

In the fall of 2021, Crestview Water & Sanitation District will be replacing the water main in Cyd Drive as an emergency replacement as the water main has had three main breaks on it this year and 23 main breaks since 1983. The District's pipeline personnel will be performing the replacement. The anticipated cost to the District for this project will be \$140,000.

Crestview had 25 manholes spray lined in 2021 at a cost of \$58,272. Crestview is anticipating lining approximately 2,300 linear feet of 8-inch sewer main along the south shore of Hidden Lake using Cured-In-Place-Pipe (CIPP) technology at a cost of approximately \$300,000.

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 2021.

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 2022 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 currently installing the water and sewer mains in filings 3 & 4 and may contribute up to 114 new homes to Crestview's customer base at full build-out. In 2021, Pomponio Terrace has paid \$44,460 in tap fees as of September 1, 2021. It is anticipated that Pomponio Terrace will purchase a minimum of 27 water and sewer taps in 2022 totaling \$102,880.

Brookfield Residential has completed the Midtown development located on the southwest corner of 68th avenue and Pecos Street running west to Zuni St. Midtown Filing 12 will be constructed in 2022 on the north portion of the old Sundstrand site. Filing 12 will have 108 homes. It is anticipated that 10 taps will be sold in 2022. Since the start date of Midtown through September 1, 2021, Crestview has received \$3,784,336 in water and sewer connection fees

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 2022 as the developer is still in the design phase of the needed utilities.

Two other developments may be constructed in 2022 totaling 184 homes. 6501 Lowell Blvd. and 4147 W. 64th avenue. It is anticipated that only 10 units will be sold in each development in 2022 for a combined \$121,200 in water and sewer tap sales in 2022.

Crestview's 2007 sewer televising truck was updated in 2021 for a total of \$140,884. Crestview also purchased two 2021 Ford F-150 pickups in 2021 for a total of \$64,236.

2022 Expenditures

The following are the anticipated expenditures for the 2022 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 2022 Budget was based on the 2021 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, no rate increases were used for sewer or water charges for 2022.

Denver Water

The Denver Water Board of Commissioners are considering an increase of 4.3% for 2022 for both gallons of water purchased and service charges based on meter size.

The Crestview proposed 2022 Budget is designed with the 4.3% increase over the 2021 rates in anticipation of Board of Commissioners approval.

The expected 2022 volume for purchased water is 564 million gallons. With the monthly service charges from Denver water added, the proposed budget for Denver Water is \$2,674,156.

Metro Water Recovery

The Metro Board of Directors has approved the 2022 Budget and adopted the Annual Charges for all connectors. The 2022 Metro Budget is a 2.5% increase over the 2021 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 24% lower than the charges for 2021.

The annual service charge for Crestview in 2022 will be \$1,171,342. The payments to Metro will be made quarterly in 2022.

The Metro Sewer Connection Charge for 2022 will increase from 2021 and will be set at \$4,710 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 9,600 linear feet of water mains in 2022. The water mains in the streets of Larsh Drive from 68th avenue north to 72nd avenue and Jordan Drive from Fern Drive to Samuel Drive are scheduled for replacement in the first half of 2022. The water mains in the streets of Alan Drive, Raritan Street and Quivas Street from 72nd avenue south will be replaced in the second half of 2022.

The budgeted amount for these main replacements including wages and benefits for the pipeline crew is \$1,651,215. Funds for these water main replacements come directly from rates.

Collection System

The 2022 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 2022 is \$500,000.

Capital Additions

Crestview has budgeted \$350,000 for vehicle replacements in 2022 with the purchase of an asphalt roller & trailer, a tandem axle dump truck and an excavator.

The proposed 2022 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 2022 is \$390,000 representing a 33% increase from 2021. 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 2022 are estimated to increase by 22%. Based on actual costs of automotive service and repairs in 2021, automotive costs are budgeted to remain the same in 2022. Telephone costs are expected to go down by 19% in 2022. Insurance costs are expected to increase in 2022 by 24%. The anticipated Wages and Salaries are expected to increase by 3.93% and Benefits to increase by 2.5% in 2022. Training and Seminars will remain steady in 2022.

PRESENTATION OF PROPOSED 2022 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 2020 Actual Revenue and Expenditures with the 2021 Projected Revenue and Expenditures and proposed 2022 Revenues and Expenditures. The comparison details each item by account number.

Mr. Poysti completed his presentation after which he provided clarification on a question about the County Assessor's valuation regarding Net Total Assessed Valuation.

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 13, 2021 meeting for initial acceptance.

Director Doak adjourned the meeting at 8:12 p.m. with there being no further business to discuss.

Respectfully submitted,

Danny Sweeney, Secretary/Treasurer