

DILLON VALLEY DISTRICT

Budget Message for 2020

1. The Dillon Valley District was organized in 1967 as a special district for the sole purpose of providing water and sanitation services to the Dillon Valley area of Summit County, Colorado.
2. The 2020 budget is prepared on a modified accrual accounting basis. The District set up an Enterprise Fund for operations and debt retirement. The District does not levy a property tax against assessed valuation.
3. The District utilizes a water rate structure designed to encourage water conservation. For 2020 the quarterly rates per unit are:

Base rate (per unit)	\$ 99.25
0 to 15,000 gallons	4.99 per 1,000 gallons
15,001 to 25,000 gallons	6.23 per 1,000 gallons
25,001 to 50,000 gallons	7.49 per 1,000 gallons
50,001 to 75,000 gallons	9.97 per 1,000 gallons
Over 75,000 gallons	12.48 per 1,000 gallons

The base rate is intended to cover water operations costs for infrastructure maintenance and replacement, and operating costs for the ability to provide water service on demand. All water used is charged a usage rate per 1,000 gallons of water used in a quarter.

The District is projecting increases of the base and usage rates in future years to adequately fund operating costs and the replacement of water infrastructure as necessary.

4. All improved properties are required to have an electronic water meter acquired from the District. The cost of a 5/8" by 3/4" meter is \$400 and a 1" meter \$600. Larger meters would be a higher cost. The meter cost includes the meter and the reading transmission device.
5. Improved properties are required to have an operational meter provided by the District. Properties that do not have an operational meter are subject to a \$200 quarterly fee, plus water usage based on a minimum of 25,000 gallons for the 1st and 4th quarters, and 50,000 gallons for the 2nd and 3rd quarters.
6. The 2020 sewer rate is \$131 per EQR per quarter. The EQR factor for any property is per the schedule of the Joint Sewer Authority (JSA). Sewer fees are to cover the maintenance cost of the sanitation system, treatment fees from the JSA, and funding of sewer line replacements. The Dillon Valley District is one of five members of the JSA.
7. The 2020 water tap fee is \$8,400 per EQR. The 2020 sewer tap fee is \$ 8,400 per EQR. An EQR for single family properties include up to three bedrooms and/or three bathrooms. For single family properties, each additional bedroom or bathroom added during original construction or a remodel, an EQR of 0.1 (\$800 each for water and sewer) is required. All bedroom/bathroom counts are per the determination of the Summit County Building

- Department and Assessors office. A Summit County designated accessory unit is subject to 0.65 to 0.80 tap fee based on the number of bedrooms. Multi-unit properties EQR's are determined by the JSA schedule.
8. The District owns water rights in the Straight Creek drainage. Surface water is used. The District has an emergency connection to the Town of Dillon and the Town of Silverthorne.
 9. Capital reserves for the District are deposited in interest bearing accounts with a high level of investment security per Colorado Statutes. All of the major components of the water delivery infrastructure and the sanitary collection system of the District necessary to serve build out have been completed. Reserves will be utilized in the future for upgrades and replacement of the infrastructure and retirement of debt.
 10. The District has adopted voluntary outside water usage guidelines effective annually from May 1st through October 1st. The escalating rate structure of the District is designed to encourage water conservation and to allow water revenues to cover operating expenses. The policy of the District allows mandatory water restrictions to be imposed in the event of water shortages.
 11. Operating, debt repayment, and infrastructure replacement for the District are fully funded by user fees. The District conservatively budgets operations income and expenses.
 12. The District entered into a \$3.85 million 20-year repayment bond with Wells Fargo in 2012. Until July 2014, the bond was interest only with draws of the funds available for capital projects. The bond funded the new water treatment plant completed in 2014 and the installation of water meters in the District. The monthly payment for the bond is \$24,362.74. The 2020 budget anticipates \$110,745 in interest allocation and \$181,608 of principal allocation from the payments.
 13. The 2020 capital fund budget includes \$250,000 for water infrastructure upgrades including the booster pump station, tank hatch lid replacement, and a pump in the Town of Dillon interconnection; \$50,000 for sewer line replacement in non-roadways for I&I control; and \$10,000 for continued water rights development and protection.

DILLON VALLEY DISTRICT

2020 Budget

	2018 <u>Actual</u>	2019 <u>Budget</u>	2019 9 mo <u>YTD</u>	2019 3 mo <u>Estimate</u>	2019 <u>Projected</u>	2020 <u>Budget</u>
BEGINNING FUND BALANCE	593,754	672,745	672,745		672,745	814,982
WATER INCOME						
User fees	683,603	795,000	621,161	180,000	801,161	841,219
Tap fees	12,600	0	13,200	0	13,200	0
WATER INCOME	696,203	795,000	634,361	180,000	814,361	841,219
Operations contract	152,955	167,138	125,353	41,784	167,138	172,152
Operations maintenance	0	0	0	0	0	0
Repair and maintenance	40,521	56,000	49,230	10,000	59,230	58,000
Water testing & chemicals	40,344	48,000	30,203	12,000	42,203	48,000
Water purchases	0	0	0	0	0	0
Water line repair / valves	63,764	60,000	90,931	30,000	120,931	75,000
Licenses and permits	1,025	1,250	568	500	1,068	1,250
Utilities	35,465	38,000	27,828	9,500	37,328	40,000
Water hydrant replacement	15,274	20,000	8,907	0	8,907	10,000
Engineering	0	0	0	0	0	0
WATER EXPENSES	349,348	390,388	333,020	103,784	436,804	404,402
WATER NET	346,855	404,612	301,341	76,216	377,557	436,818
SEWER INCOME						
User fees	450,982	513,923	386,304	128,481	514,785	539,830
Tap fees	20,486	0	13,200	0	13,200	0
SEWER INCOME	471,468	513,923	399,504	128,481	527,985	539,830
Operations contract	16,995	18,571	13,928	4,642	18,570	19,127
Operations maintenance	0	0	0	0	0	0
Repair and maintenance	0	10,000	0	750	750	10,000
Sewer I&I repairs/excess	13,262	25,000	28,949	0	28,949	25,000
JSA expense	268,493	289,170	218,960	72,994	291,954	306,552
Miscellaneous	0	0	0	0	0	0
Utilities	0	0	0	0	0	0
Engineering	0	0	0	0	0	0
SEWER EXPENSE	298,750	342,741	261,837	78,386	340,223	360,679
SEWER NET	172,718	171,182	137,667	50,095	187,762	179,151
OTHER						
Meter sales	700	0	0	0	0	0
Other income	0	0	195	0	195	0
Gain is JSA investment	0	0	0	0	0	0
Interest income	187	200	228	50	278	200
Late fees	3,046	2,000	2,887	500	3,387	2,000
Rental income	9,600	9,600	7,200	2,400	9,600	9,600
OTHER INCOME	13,533	11,800	10,510	2,950	13,460	11,800
NET OPERATIONS	533,106	587,594	449,518	129,261	578,779	627,769

	2018	2019	2019 9 mo	2019 3 mo	2019	2020
	<u>Actual</u>	<u>Budget</u>	<u>YTD</u>	<u>Estimate</u>	<u>Projected</u>	<u>Budget</u>
ADMINISTRATION						
Locate costs	176	360	257	90	347	360
Administration	50,400	54,000	40,500	13,500	54,000	55,200
Legal	25,796	15,000	4,681	3,750	8,431	15,000
Audit	5,150	7,000	6,550	0	6,550	7,200
Office supplies	2,410	2,750	1,725	500	2,225	2,750
Memberships and dues	1,292	1,500	1,864	0	1,864	2,000
Director fees	6,200	6,000	3,600	1,500	5,100	6,000
Communication	2,026	2,600	2,017	650	2,667	2,800
Insurance	18,128	21,000	19,399	250	19,649	21,000
Bank fees and credit card chgs	5,469	5,600	4,663	1,400	6,063	6,200
Miscellaneous	4,213	4,000	1,687	2,200	3,887	4,000
INDIRECT EXPENSES	121,261	119,810	86,943	23,840	110,783	122,510
Bond interest	138,444	117,391	90,058	28,726	118,784	110,745
NET INCOME (LOSS)	273,401	350,393	272,517	76,695	349,212	394,514
CAPITAL FUND						
Loans / Grants / JSA	0	0	0	0	0	0
Debt reduction	153,909	174,962	129,207	44,362	173,569	181,608
Water plant improvements	0	120,000	1,497	30,000	31,497	250,000
Water lines improvements	0	0	0	0	0	0
Sewer System I&I	300	50,000	0	0	0	50,000
Water meters	0	0	0	0	0	0
Bonding	0	0	0	0	0	0
Water Rights	0	20,000	1,910	0	1,910	10,000
JSA Interceptor	0	0	0	0	0	0
CAPITAL IMPROVEMENTS	154,209	364,962	132,613	74,362	206,975	491,608
OVERALL INCOME(LOSS)	119,192	(14,569)	139,904	2,333	142,237	(97,094)
Ending fund balance	712,946	658,175	812,649	2,333	814,982	717,888