

DILLON VALLEY DISTRICT

Budget Message for 2021

1. The Dillon Valley District was organized in 1968 as a special district for the sole purpose of providing water and sanitation services to the Dillon Valley area of Summit County, Colorado, and converted to a metropolitan district in 1971. The only services currently provided by the District are water and sanitation services.
2. The 2021 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 2021 the quarterly rates per unit are:

Base rate (per unit)	\$ 104.25
0 to 15,000 gallons	5.24 per 1,000 gallons
15,001 to 25,000 gallons	6.55 per 1,000 gallons
25,001 to 50,000 gallons	7.87 per 1,000 gallons
50,001 to 75,000 gallons	10.47 per 1,000 gallons
Over 75,000 gallons	13.11 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 is \$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 2021 sewer rate is \$136 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 2021 water tap fee is \$8,600 per EQR. The 2021 sewer tap fee is \$ 8,600 per EQR. An EQR for single family properties include up to three bedrooms and/or three bathrooms. For single family properties, for each additional bedroom or bathroom added during original construction or a remodel, an EQR of 0.1 (\$860 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 the ("2012 Bond"). 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 2021 budget anticipates \$110,745 in interest allocation and \$181,608 of principal allocation from the payments.
13. The District plans to issue an Enterprise Revenue Refunding Loan, Series 2012 with J.P. Morgan Chase, N.A. in an estimated principal amount of \$2,500,000 to pay principal and accrued interest on the 2012 Bond to fully redeem the 2012 Bond and to pay closing costs associated with the new loan.
14. The 2021 capital fund budget includes \$250,000 for water infrastructure upgrades including the booster pump station 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

2021 Budget

	2019 <u>Actual</u>	2020 <u>Budget</u>	2020 9 mo <u>YTD</u>	2020 3 mo <u>Estimate</u>	2020 <u>Projected</u>	2021 <u>Budget</u>	2021 <u>Amended</u>
BEGINNING FUND BALANCE	672,745	833,581	833,581		833,581	978,128	978,128
WATER INCOME							
User fees	807,343	841,219	662,221	195,469	857,690	900,575	900,575
Tap fees	13,200	0	114,660	0	114,660	0	0
WATER INCOME	820,543	841,219	776,881	195,469	972,350	900,575	900,575
Operations contract	167,138	172,152	143,460	28,692	172,152	177,317	177,317
Operations maintenance	0	0	0	0	0	0	0
Repair and maintenance	56,875	58,000	80,221	28,221	108,442	60,200	60,200
Water testing & chemicals	38,950	48,000	35,483	8,000	43,483	50,800	50,800
Water purchases	0	0	0	0	0	0	0
Water line repair / valves	151,210	75,000	7,904	35,000	42,904	90,000	90,000
Licenses and permits	568	1,250	1,035	0	1,035	1,250	1,250
Utilities	35,797	40,000	26,880	6,800	33,680	40,850	40,850
Water hydrant replacement	8,907	10,000	0	10,000	10,000	20,000	20,000
Engineering	0	0	0	0	0	0	0
WATER EXPENSES	459,445	404,402	294,982	116,713	411,695	440,417	440,417
WATER NET	361,098	436,817	481,899	78,756	560,655	460,158	460,158
SEWER INCOME							
User fees	515,080	539,830	404,880	134,957	539,837	560,883	560,883
Tap fees	13,200	0	114,660	0	114,660	0	0
SEWER INCOME	528,280	539,830	519,540	134,957	654,497	560,883	560,883
Operations contract	18,571	19,127	15,940	3,187	19,127	19,701	19,701
Operations maintenance	0	0	0	0	0	0	0
Repair and maintenance	0	10,000	13,360	500	13,860	10,000	10,000
Sewer I&I repairs/excess	28,949	25,000	12,546	0	12,546	27,000	27,000
JSA expense	291,953	306,552	301,470	0	301,470	316,543	316,543
Miscellaneous	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0
Engineering	0	0	0	0	0	0	0
SEWER EXPENSE	339,473	360,679	343,316	3,687	347,003	373,244	373,244
SEWER NET	188,807	179,151	176,224	131,270	307,494	187,639	187,639
OTHER							
Meter sales	0	0	6,800	0	6,800	0	0
Other income	0	0	0	0	0	0	0
Gain is JSA investment	0	0	0	0	0	0	0
Interest income	298	200	123	35	158	200	200
Late fees	3,494	2,000	2,688	0	3,188	2,000	2,000
Rental income	9,600	9,600	7,200	1,600	8,800	9,600	9,600
Enterprise Rev refunding Loan, Series 2021	0	0	0	0	0	0	2,500,000
OTHER INCOME	13,392	11,800	16,811	1,635	18,946	11,800	2,511,800
NET OPERATIONS	563,297	627,768	674,935	211,661	887,096	659,597	3,159,597

	2019	2020	2020 9 mo	2020 3 mo	2020	2021	2021
	Actual	Budget	YTD	Estimate	Projected	Budget	Amended
ADMINISTRATION							
Locate costs	300	360	645	60	705	400	400
Operations contact	0	0	0	0	0	0	
Administration	54,000	55,200	46,000	9,200	55,200	56,400	56,400
Legal	10,026	15,000	14,119	2,500	16,619	15,000	15,000
Audit	6,550	7,200	0	0	0	7,500	7,500
Office supplies	1,987	2,750	2,184	200	2,384	2,750	2,750
Memberships and dues	1,864	2,000	1,787	0	1,787	2,000	2,000
Director fees	5,000	6,000	4,500	1,000	5,500	6,000	6,000
Communication	2,692	2,800	2,372	470	2,842	2,800	2,800
Insurance	19,660	21,000	20,517	250	20,767	22,000	22,000
Bank fees and credit card chgs	6,849	6,200	5,082	1,325	6,407	6,200	6,200
Miscellaneous	6,558	4,000	1,636	2,000	3,636	4,000	4,000
INDIRECT EXPENSES	115,486	122,510	98,841	17,005	115,846	125,050	125,050
Bond interest	119,136	110,745	94,361	18,458	112,819	114,000	39,000
NET INCOME (LOSS)	328,675	394,513	481,732	176,199	658,431	420,547	2,995,547
CAPITAL FUND							
Loans / Grants / JSA	0	0	0	0	0	0	0
Debt reduction - 2012 Bond	160,128	181,608	59,124	122,484	181,608	181,608	2,787,880
Debt reduction - 2021 Loan	0	0	0	0	0	0	180,000
Costs of issuance - 2021 Loan	0	0	0	0	0	0	65,000
Water plant improvements	5,017	250,000	31,050	241,000	272,050	250,000	250,000
Water lines improvements	0	0	0	0	0	0	0
Sewer System I&I	0	50,000	0	50,000	50,000	50,000	50,000
Water meters	0	0	0	0	0	0	0
Bonding	0	0	0	0	0	0	0
Water Rights	2,694	10,000	1,126	9,100	10,226	10,000	10,000
JSA Interceptor	0	0	0	0	0	0	0
CAPITAL IMPROVEMENTS	167,839	491,608	91,300	422,584	513,884	491,608	3,342,880
OVERALL INCOME(LOSS)	160,836	(97,095)	390,432	(246,386)	144,547	(71,061)	-347,333
Ending fund balance	833,581	736,486	1,224,013	(246,386)	978,128	907,067	630,795