

DILLON VALLEY DISTRICT

Amended Budget Message for 2022

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 2022 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 2022 the quarterly rates per unit are:

Base rate (per unit)	\$ 109.25
0 to 15,000 gallons	5.51 per 1,000 gallons
15,001 to 25,000 gallons	6.88 per 1,000 gallons
25,001 to 50,000 gallons	8.27 per 1,000 gallons
50,001 to 75,000 gallons	11.00 per 1,000 gallons
Over 75,000 gallons	13.77 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 2022 sewer rate is \$141.00 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 2022 water tap fee is \$8,800 per EQR. The 2022 sewer tap fee is \$ 8,800 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 (\$880 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 2021 budget anticipates \$110,745 in interest allocation and \$181,608 of principal allocation from the payments.
13. The District completed the issue of the Enterprise Revenue Refunding Loan, Series 2021 with J.P. Morgan Chase, N.A. for a principal amount of \$2,480,000 which was used to pay principal and accrued interest on the 2012 Bond to fully redeem the 2012 Bond and paid closing costs associated with the new loan.
14. The 2022 capital fund budget includes \$600,000 for water infrastructure upgrades including the booster pump station and a pump in the Town of Dillon interconnection and \$10,000 for continued water rights development and protection.

DILLON VALLEY DISTRICT

2022 Budget

	<u>2020 Actual</u>	<u>2020 Budget</u>	<u>2021 9 mo YTD</u>	<u>2021 3 mo Estimate</u>	<u>2021 Projected</u>	<u>2022 Budget</u>
BEGINNING FUND BALANCE	833,581	833,581	714,265		714,265	714,097
WATER INCOME						
User fees	858,501	841,219	666,982	233,593	867,557	945,604
Tap fees	114,660	0	0	0	0	0
WATER INCOME	973,161	841,219	666,982	233,593	867,557	945,604
Operations contract	172,152	172,152	132,986	44,328	177,314	182,633
Operations maintenance	0	0	0	0	0	0
Repair and maintenance	83,868	80,221	82,914	0	82,914	75,000
Water testing & chemicals	37,436	48,000	34,409	16,391	47,109	52,000
Water purchases	0	0	0	0	0	0
Water line repair / valves	7,904	75,000	8,240	81,760	53,240	80,000
Licenses and permits	1,035	1,250	1,036	214	1,036	1,250
Utilities	32,630	40,000	28,083	12,767	38,333	42,000
Water hydrant replacement	34,705	10,000	0	0	0	50,000
Engineering	0	0	0	0	0	10,000
WATER EXPENSES	369,730	426,623	287,668	155,460	399,946	492,883
WATER NET	603,431	414,596	379,314	78,134	467,611	452,721
SEWER INCOME						
User fees	539,840	539,830	423,635	137,248	563,855	581,504
Tap fees	114,660	0	0	0	0	0
SEWER INCOME	654,500	539,830	423,635	137,248	563,855	581,504
Operations contract	19,128	19,127	14,776	4,925	19,701	20,292
Operations maintenance	0	0	0	0	0	0
Repair and maintenance	13,360	10,000	0	10,000	10,000	15,000
Sewer I&I repairs/excess	12,546	25,000	0	27,000	27,000	27,000
JSA expense	301,470	306,552	235,895	80,648	315,031	325,000
Miscellaneous	0	0	0	0	0	0
Utilities	0	0	0	0	0	0
Engineering	0	0	0	0	0	0
SEWER EXPENSE	346,503	360,679	250,671	122,573	371,732	387,292
SEWER NET	307,997	179,151	172,964	14,675	192,123	194,212
OTHER						
Meter sales	6,800	0	0	0	0	0
Other income	0	0	8,953	0	8,953	0
Gain is JSA investment	0	0	0	0	0	0
Interest income	136	200	37	163	87	200
Late fees	4,449	2,000	5,017	3,017	8,034	3,500
Rental income	9,600	9,600	7,200	2,400	9,600	9,600
OTHER INCOME	20,985	11,800	21,207	5,580	26,674	13,300
NET OPERATIONS	932,413	605,547	573,484	98,389	686,408	660,233

	2020	2020	2021 9 mo	2021 3 mo	2021	2022
	<u>Actual</u>	<u>Budget</u>	<u>YTD</u>	<u>Estimate</u>	<u>Projected</u>	<u>Budget</u>
ADMINISTRATION						
Locate costs	693	360	310	90	410	450
Administration	55,200	55,200	42,300	14,100	56,400	81,400
Legal	14,570	15,000	7,554	7,446	11,304	15,000
Loan fees	4,301					
Audit	6,750	7,200	0	7,500	7,500	7,800
Office supplies	2,196	2,750	3,270	0	4,290	3,000
Memberships and dues	1,787	2,000	1,381	619	1,381	2,000
Director fees	5,400	6,000	3,800	2,200	5,300	6,000
Communication	2,849	2,800	2,494	306	3,194	3,200
Insurance	20,517	21,000	23,592	0	25,434	24,000
Bank fees and credit card chgs	7,538	6,200	4,842	1,358	6,392	6,400
Miscellaneous	1,724	4,000	1,658	2,342	3,858	4,000
INDIRECT EXPENSES	123,525	122,510	91,201	35,962	125,463	153,250
Bond interest	112,652	110,745	27,184	86,816	86,816	42,000
NET INCOME (LOSS)	696,235	372,292	455,098	(20,561)	474,129	464,983
CAPITAL FUND						
Loans / Grants / JSA	0	0	0	0	0	0
Debt reduction	181,608	181,608	59,124	122,484	181,608	180,000
Water plant improvements	31,050	250,000	6,000	244,000	244,000	600,000
Water lines improvements	0	0	978	0	978	0
Sewer System I&I	0	50,000	0	50,000	50,000	50,000
Water meters	0	0	0	0	0	0
Bonding	0	0	0	0	0	0
Water Rights	1,126	10,000	4,509	5,492	6,391	5,000
JSA Interceptor	0	0	0	0	0	0
CAPITAL IMPROVEMENTS	213,784	491,608	70,611	421,975	482,977	835,000
OVERALL INCOME(LOSS)	482,451	(119,316)	384,488	(442,536)	(8,848)	(370,017)
Ending fund balance	1,316,032	714,265	1,051,470	(337,373)	714,097	344,080