

**RESOLUTION NO. 2023-4-11-1**

**A RESOLUTION APPROVING A FEE INCREASE**

**WHEREAS**, C.R.S. 32-1-1001 (2)(a) provides as follows:

- (2) (a) The governing body of any special district furnishing domestic water or sanitary sewer services directly to residents and property owners within or outside the district may fix or increase fees, rates, tolls, penalties, or charges for domestic water or sanitary sewer services only after consideration of the action at a public meeting held at least thirty days after providing notice stating that the action is being considered and stating the date, time, and place of the meeting at which the action is being considered. Notice must be provided to the customers receiving the domestic water or sanitary sewer services of the district in one or more of the following ways:
- (I) Mailing the notice separately to each customer of the service on the billing rolls of the district;
  - (II) Including the notice as a prominent part of a newsletter, annual report, billing insert, billing statement, letter, or other notice of action, or other informational mailing sent by the special district to the customers of the district;
  - (III) Posting the information on the official web site of the special district if there is a link to the district's web site on the official web site of the division; or
  - (IV) For any district that is a member of a statewide association of special districts formed pursuant to section **29-1-401**, C.R.S., by mailing or electronically transmitting the notice to the statewide association of special districts, which association shall post the notice on a publicly accessible section of the association's web site.

**WHEREAS**, the board of directors of SilverCreek Water and Sanitation District has given the notice attached hereto as Exhibit A pursuant to the provisions of C.R.S. 32-1-1001 (2)(a) III above that it will consider a fee increase at its regular meeting on April 11, 2023 at 6:15 p.m. to raise the quarterly rate for the distribution of water and sewer service from \$42.00 to \$47.00 effective July 1, 2023; and

**WHEREAS**, At the public hearing at said time and place this board heard evidence from the District's Manager as to the need to raise the quarterly rate as set forth in the notice letter attached hereto as Exhibit A; and

**NOW THEREFORE BE IT RESOLVED** by the Board of Directors of the Silvercreek Water and Sanitation District that the quarterly rate for the distribution of water and sewer service is hereby raised from \$42.00 to \$47.00 effective July 1, 2023.

SILVERCREEK WATER & SANITATION DISTRICT

  
BY CHAIRMAN:

ATTEST:

  
SECRETARY

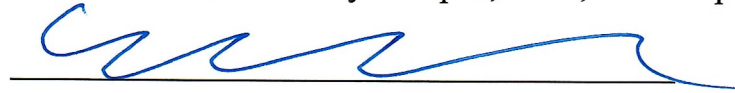
Affidavit of Notice Posted

I, Sarah Villa, Office Manager of the SilverCreek Water and Sanitation District.  
Dually swear under penalty of perjury that I caused notice of rate hearing to be posted  
to the district website [www.silvercreekws.net](http://www.silvercreekws.net) from February 28, 2023 until April 12,  
2023.

VERIFICATION

I declare under penalty of perjury under the law of Colorado that the foregoing is true  
and correct.

Executed on the 11<sup>th</sup> day of April, 2023, at 336 Spruce Drive, SilverCreek, CO 80446



Sarah Villa, Office Manager, SilverCreek Water and Sanitation District

# **SILVERCREEK WATER AND SANITATION DISTRICT WATER & SEWER RATE STUDY**

**Prepared by Ed Duerr, Inc.  
July 11, 2018**

## **INTRODUCTION**

The SilverCreek Water and Sanitation District (District), formed in 1982, is a special district under the laws of the State of Colorado and provides water distribution and sewer collection services for what was originally called the SilverCreek Development. The District passes through charges from other entities for water production and treatment and for wastewater treatment and discharge. The purpose of this report is to focus on costs of services for the SilverCreek water distribution and collection systems.

The State of Colorado is experiencing record growth in recent years, and, concurrently, the regulatory environment for water distribution systems is becoming more complicated regarding disinfection byproducts, and corrosion caused lead and copper in potable water at the customer tap. In addition, the District has aging infrastructure and does not have a replacement fund needed for both supporting facility upgrades as well as infrastructure upgrades and replacement.

As a result, the District has enlisted the services of Ed Duerr, Inc. to review water and sewer costs and the quarterly service fees charged to its clientele. The expenses in the water and sewer industry are typically increasing at or above the overall rate of inflation, as materials and contractor costs increase due to the growth in Colorado and other factors impacting the construction industry. In addition, maintaining a high level of water and sewer system integrity is foremost to providing quality water distribution and wastewater collection services. The District has a solid reputation, and wants to position itself to continue to provide optimal water and sewer services while meeting continuing regulatory requirements.

From a review of the financial aspects of the District during meetings with Mr. Dennis Troutman, District Manager and System Operator, it was evident that the District has the challenge of collecting pass-through fees of service for water supply and wastewater treatment that dwarf the service fees collected for operating and maintaining the District's own water distribution and sewer collection systems. With minimal new growth occurring at this time, property-tax based mill levies provide most of the income for systems operations and maintenance. District water and sewer service fees serve to make up most of the remainder of District income. One key concern is to adequately project expected costs and revenues while ensuring that existing reserves can cover unexpected expenses and repairs. Knowing that the costs of construction and repairs are increasing



logical that an annual upgrade and replacement fund in the amount of \$50,000 is a reasonable place to start.

The District maintains an office, a garage area, and storage for spare parts. In addition, the manager has a pickup truck that is due for replacement. There is also a trailer mounted Hotsy pressure washer and a backhoe. The pickup truck is due for replacement and, depending on options and specifications, could easily use up most the 2019 replacement budget. In addition, other equipment has associated life cycle costs and the District also periodically replaces pipelines and valves on an as needed basis. Due to corrosive soil conditions, iron pipe has been replaced with plastic PVC pipe within the distribution system. Also, operational and pressure reducing valves, fire hydrants and other system components require replacement over time.

Reviewing actual operation and maintenance (O&M) costs for 2015 through 2017, the average of those 3 years is \$165,000. The 2018 budget for O&M is \$161,000. Our recommendation is to use the average of \$165,000 from the previous three years as the projected starting point for 2019.

The District is approximately half built out, based on the platted lots for single family homes. In recent years, there has been little to no interest in new taps, although that trend is changing in the current year. For the purposes of this study, it is conservatively assumed that there will be two new water and sewer taps each year.

## **EMERGENCY RESERVES**

The District has a carryover reserve of approximately \$790,000, based on current budgeting and accounting. The annual costs, including pass-through costs, are on the order of \$525,000 per year. Thus, the reserve is about 1.5 times the annual costs, which is considered to be adequate for a water and wastewater utility. Upon questioning the entities responsible for water supply and wastewater treatment, Dennis indicated that they have contingencies and insurances in place in the event of catastrophic failures or emergencies, and that the District would not need to carry additional emergency funds for those purposes. As a result, we have not included an increase for the reserve at this time. However, as previously noted, we are including a replacement fund to deal with upcoming replacement and upgrade needs, rather than using reserves to pay for those expenses.

## CONCLUSION

Many factors can impact the costs for running and maintaining water and wastewater infrastructure and related facilities. These can include inflation, growth, contractor competition, cost and supply of raw materials, cost and supply of processed materials, economic conditions, public policy, and future regulations. As a result, it is wise to review the service fees charged on a regular basis, along with activities for maintaining and upgrading systems, equipment, and facilities. Establishing a schedule for the work activities that need to occur and incorporating those into ongoing operations and maintenance planning is an important part of over-all water and sewer system management that can dovetail with the reassessment of the costs for services.

The service fee spreadsheet developed for this project can be used by the District Manager as a tool for testing the sensitivity of the adjusted variables and for updating criteria used for projecting the future service fees.