

**CUCHARAS SANITATION AND
WATER DISTRICT**

SEWER AND WATER RATE

INCREASE MEETING

FRIDAY

NOVEMBER 12, 2021

PURPOSE OF THE CSWD

Established January of 1974

To supply residents of the upper Cucharas Valley with clean drinking water and sewage services in strict accordance with state and federal standards.

BOARD OF DIRECTORS

Larry Dasenbrock – Chairman

- Term expires 2022

David George – Vice Chairman

- Term expires 2023

Ron Barbee – Secretary

- Term expires 2023

Jim Alt – Treasurer

- Term expires 2022

Jim Berg – Director

- Term expires 2022

STAFF

Shannon Shrout

Shaylee Andreatta

Kristan Lowe (PT)

Rheanne Velie (PT)

Todd Eddleman

Tim Evans

Glenn Hillis

All field workers (including GM) are CDPHE certified

CSWD WATER/SEWER RATE HISTORY

-
1990 - \$55/MONTH

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1999 - \$65/MONTH

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2006 - \$80/MONTH

RATIONALE FOR A PROPOSED RATE INCREASE

- **Expenses increasing (but not revenue)**
 - Threatens meeting our rate covenant
- **Staff retention pressure**
- **Our plants and infrastructure are aging**
- **Equipment is wearing out**

RATIONALE FOR A PROPOSED RATE INCREASE

Operating expenses are increasing:

- Insurance
 - Chemicals
 - Office expenses
 - Legal expenses
 - Propane/fuel
 - Electricity
 - Repairs/maintenance
 - Professional services
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RATIONALE FOR A PROPOSED RATE INCREASE

- **No residential rate increase since 2006 (\$80/mo. in 2006 equates to about \$50 in today's dollars)**
- **Property tax revenue may decrease in 2023**

THE HARD FACTS

- **Baker Creek plant abandoned in early 2000s**
 - Impact obviated by having Dodgeton plant as backup
- **Dodgeton plant failed to operate in 2021**
 - Plant has reached its end of life
- **Spanish Peaks plant is now a single point of failure in our drinking water supply!**
- **Spring Creek fire demonstrated vulnerability**
 - **CSWD Watersheds were spared**

Baker Creek plant required to eliminate risk of single point failure of SP plant or a wildfire that destroys the Cucharas watershed

PLANT AND EQUIPMENT



ASSET CHANGES

- Depreciation (2016 – 2020) \$1,857,914
 - The last 5 years of depreciation quantifies the physical decline of our plant and equipment
- Capital Improvements (2016 – 2020) \$2,321,836
 - Funded mainly with debt \$1,604,061
- Near-term Capital expenses (2022+) \$1,250,000
 - Baker Creek plant, back-up water tank, Integrated control system, service van, pneumatic actuator replacement, sludge pumps replacement, aeration blower rebuilds, water meters, tank cleanout

AGE OF PLANTS

- Spanish Peaks Water Treatment plant
 - Facility rebuilt in 2001
 - Filter package purchased second hand (1980s vintage)
- Wastewater Treatment plant
 - Facility built in 1994
 - Two basins, only one in use due to equipment failure
 - Obsolete pumps require replacement

AGE OF EQUIPMENT

- Sewer jetter – 1996
 - Sewer camera - 2000
 - Mini-excavator - 2000
 - Service truck -2008
 - Field truck - 2012
 - Back-hoe 2013
 - Vac truck - 2006
 - New Tank and pump - 2019
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LOAN RATE COVENANT

- **The surplus of income over expense must cover 110% of the principal and interest of our loans annually**
- **Falling short in 2022 by \$21,322 (per budget preliminary)**

RATE JUSTIFICATION

- **An increase to \$90/mo provides ~\$72K revenue increase**
- **This will pay for:**
 - **Increased operational expenses in 2022**
 - **Capital reserves for 2022 capital expenses**

\$10/mo increase needed to meet loan commitments, retain staff, reduce risk and gradually upgrade plant and equipment