



**Background:**

In accordance with Colorado Constitutional amendments and state laws, the District is primarily funded from two sources:

1. Property Taxes to pay for voter passed debt service and reserves, and
2. Bi-monthly billing of 1,433 users which pays for salaries and benefits, Xcel Energy bills, chemicals, capital replacements and improvements, board approved debt service and other capital and operating items.

The District staff is happy to provide you with a copy of the District's detailed annual budget if you so desire. The District has consistently met and typically exceeded the Colorado Department of Public Health and Environment and the U.S. Environmental Protection Agency's water quality regulations.

Over the years, the District has kept its facilities in good order, with backup facilities for reliability. For example, the voters overwhelmingly approved, after the severe drought in 2002, the building of a 101-acre-ft reservoir (Reservoir #2) which is supplied with raw water from Bear Creek. Also, with support by the voters, the District built a state of the art, award winning water treatment plant to replace an aging plant. In order to minimize maintenance expenses, the old water treatment plant is now being leased as a training facility for the Genesee Fire Department. A recent board approved project, which is due to come online shortly, is the Ultraviolet Light Facility used to disinfect the treated effluent without chlorine before it's returned to Bear Creek. The old chlorine-based system was nearing its end-of-useful life, and it was determined that it is safer not to have gaseous chlorine near a residential area.

**Looking forward, the District has four major issues facing it:**

1. The Colorado Water Conservation Agency has set priority to increase water storage due to climate warming which causes surface water supplies to become unreliable due to rapidly early snow melt. In 2021, GWSD was awarded a \$1,384,000 grant from CO State to enlarge Genesee Reservoir #1 to 46 acre feet in order to increase raw water storage. This is being done in order to ensure the District's water rights and assure water availability when Bear Creek is dry. This project is also funded by a low interest loan which is repaid by means of the users bi-monthly bills. Over the past one to two years, the need for expansion has been reviewed and discussed in the monthly, public GWSD Board meetings. Meeting minutes are available on [Geneseewater.com](http://Geneseewater.com).
2. GWSD Reservoir #1, located just north of Highway 74 has been used several times to fight wildfires by helicopter "bucket dumping". The enlarged Reservoir #1 east of Bitterroot will be a secondary water source to fight wildfires in 2023.
3. A \$392,000 balloon payment is due in 2027. This payment is for the loan for the District's administrative, garage, and shop building. The loan originated in 2012.
4. Legal expenses have tripled this year due to several water rights cases which the District is involved in. GWSD water rights pertaining to Bear Creek ensure the District's ability to service customers. With ever-increasing population growth in surrounding areas that share water resources with GWSD, it is imperative that the District protect legal rights to water now and in the future. These rights address both water drawing and water storage. Protection of water rights is an on-going part of the District's business that requires legal expertise in water rights laws and all associated legal activities required by Colorado. The water storage rights owned by GWSD will be protected with the reservoir expansion mentioned in item 1.

5. Skilled labor shortages and inflation: Skilled water and sanitation operating engineers are in relatively high demand. The hiring and retention of qualified, experienced personnel means the District must offer competitive salaries and provide funding for required training for operators. All operations personnel are licensed by the state health department.

Lastly, the Board and management anticipate higher inflation in 2022. Other ongoing and increasing costs include energy (electricity and gasoline), supplies, sludge hauling, the replacement of equipment, and other operating expenses.

**Rate Increases:** Your bi-monthly water bill has three main fee areas:

1. Water Service Fee
2. Sewer Service Fee
3. Capital Replacement Fee

Water usage is metered, and the fee is calculated on a minimum base plus usage. The last two fees are flat fees. Every property pays a base amount due to fixed costs, i.e., plants, piping, staff, supplies, insurance, and other costs have to be covered regardless of usage.

The 2022 fee increases per 2-month billing are as follows:

1. Water Service Fee: \$10.00 - Water usage \$0.35/1,000 gal all tiers or \$2.80 for an average customer during non-irrigating months for a total of \$12.80.
2. Sewer Service Fee: \$18.62
3. Capital Replacement Fee: \$20.07

**Where will the money go?** The following reflects the estimated increase in funds and will be used to balance the 2022 budget, replenish the District's cash position, and to pay-down the 2027 balloon payment as follows:

<b>Total Bi-monthly increase.....</b>	<b>\$ 51.49 (or \$25.75/mo.)</b>
2027 Balloon payment pay-down.....	\$ 9.12
Restricted Capital Replacement.....	\$ 10.95
Operations and Maintenance.....	\$ 31.42

Additionally, the District has kept its Mill Levy flat (9.393) for 2022, the same as 2021. However, with the increase in District wide assessed valuation, this will generate an additional \$50,487 which will be reserved for future debt service only.

Understanding the impact this increase can have on you, the board of directors' regrets having to raise the rates, but we must maintain the District's reserves, both Capital and Operational, in order to protect the health of our water and sewage system.

If you have questions, please contact the District and a board member will return your call or email.

Sincerely,

*Genesee Water & Sanitation Board of Directors*

Branch Russell, President

Dave Pezzutti, First Vice President

Frank DeFilippo, Treasurer

Cynthia Corbett-Miller, Director

Jim Hurd, Director