



Genesee

WATER & SANITATION DISTRICT

December 28, 2020

Dear Genesee Water and Sanitation District Customers,

Following is an update of the District capital investment planning and operational efficiencies improvement program.

Financial

The District received the official 2019 financial audit as required by state law. The audit found that the District financials are in good order, but has been operating for many years with dangerously low reserves. The recommendation was that reserves be increased to safer levels. The Board accepted audit recommendations and approved increasing the capital reserve fees to safer levels.

For an average District customer, the bi-monthly bill will increase \$19.85 or \$9.93 per month. Almost two thirds of this fee increase will flow to the District capital reserve fund, with the remaining balance directed to operations and maintenance, primarily to cover ever increasing sewage related collection and treatment costs.

In summary, and from 2014 through end of year 2021, our "average" customer will have seen an average annual increase of 2.7%. The increase takes into consideration service fee increases and property tax decreases. Over this same time period the District has successfully recapitalized and constructed \$14M of critical infrastructure, resulting in greater overall system reliability and improved water quality.

Water Supply

The Colorado Water Conservation Board (CWCB) has implemented their multi-year Colorado State Water Plan, looking at existing needs, changing climate factors and population growth. The recommendation was that Colorado has adequate water to support growth, but climate and seasonal changes necessitate that water suppliers must increase reservoir capacity to help stabilize their local water supply needs.

The District performed a feasibility study in 2019 to determine the need and location for additional raw water storage, with results of the study indicating an enlargement of the small reservoir adjacent to the District's administration building and water/wastewater treatment facilities providing the best overall value. The cost of the study was substantially offset by 50%, with grant funds received from the CWCB.

What does this mean to our water supply needs and the District as a whole? Genesee is entirely dependent on the Bear Creek watershed basin which originates on the east side of Mount Evans, a basin quite small in comparison to most in the Front Range area. Over the past several years, Bear Creek stream flows have been running substantially less than that of historical average flows during the summer months, lately necessitating some drawdown of our existing 101 acre-foot (33 million gallon) reservoir.

The survivability of community water suppliers in mountainous regions such as Genesee are very reliant on Mother Nature and/or reservoir storage capabilities. Although Genesee owns very senior water rights on Bear Creek, during dry times use of those rights require sufficient physical water flowing in the stream, otherwise reliance on water previously put in storage must be used.

The District continues to move forward with its proposed 46 acre-foot raw water reservoir expansion project, which will provide Genesee customers the benefit of a 3 month reserve during prolonged dry periods. We have completed preliminary engineering and geotechnical investigations and now have a more refined project cost estimate of \$4.242M. The District has been approved for a low interest loan, with the loan funded and administered by the CWCB. Additionally, the District has applied for another grant from the CWCB to reduce construction costs. Although, much planning has already gone into the proposed project, final financing numbers should be known by April 2021 with construction costs better known at the time of bidding, Jan.-Feb. 2022.

Solar Energy Study

Over the past 4 years, the District has been able to save nearly 45% of its electric utility charges. This primarily is due to the new Advanced Water Treatment Facility going on line as well as modifications and improvements made to other District pumping facilities.

The Board, has been evaluating additional cost savings projects to further reduce its current \$260K - \$270K utility costs. During the year, and with input from Xcel Energy, extensive site evaluations and modeling were recently completed by two solar contractors. The results of the overall study indicated the District's current service arrangements with Xcel Energy are highly competitive and will not benefit by solar energy production. However, the study did indicate further research was warranted, and some of the District's outlying smaller facilities may very well benefit from sola. Those evaluations will continue in to 2021.

Thank-you for your continuing support of your Water District.

Wishing you the best in the upcoming New Year,

The Board of Directors and Staff of the Genesee Water and Sanitation District