

Platte Canyon Water and Sanitation District

2018 Budget

Policy Issues

POLICY ISSUES

1. The largest single source of District revenue is property taxes which will produce \$1,631,866 in 2018. The District's mill levy is proposed to remain 7.104 mills, the same levy assessed for over 20 years. In 2017, all real property was reassessed based on current market values and in accordance with the Gallagher Amendment the residential assessment rate was reduced from 7.96% to 7.2%. These changes will result in a property tax revenue increase of \$151,866. A TABOR de-brucing election conducted several years ago allows the District to retain and spend all property tax revenue as long as there is no increase in the mill levy.

Issue: Should the District certify a 7.104 mill levy and retain and spend the \$151,099 in excess of 2017 tax revenue?

2. Platte Canyon adds a margin to labor and equipment rates charged to Intergovernmental Agreement (IGA) service customers. The District thus generates income over and above the costs incurred providing services to those entities.

Issue: Should the District maintain the current margin above actual District costs charged to IGA service customers?

3. Investment income is projected to generate \$131,171 in 2018. The District's investment policy limits the types of investments the District may utilize for investing reserve funds. Additional investments that fully meet public funds investment statutes could possibly increase the revenue produced without unduly increasing risk and preserving liquidity.

Issue: Should the District consider amendments to its investment policy to broaden the scope of allowable investments to increase yield?

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4. The District is 90% to 95% developed with only a few vacant developable parcels within the District boundaries and one parcel that will likely annex into the District to obtain water and sewer services. Tap fees, and in one case annexation fees, will be assessed by the District when the parcels develop.

Issue: Should the District consider increasing water and sewer tap fees and annexation fees before the properties develop.

5. Personnel costs are the largest Category of District operating expenses due to the District's in-house service business plan and the large amount of services provided to IGA service customers. In order to promote a well-trained and motivated staff, the District offers a comprehensive, competitive employee wage and benefit plan.

Issue: Is the total proposed increase in wage and benefit expenses of 4.6% reasonable and adequate for the District's employment needs.

6. The District uses a comprehensive data driven rating system for scheduling asset replacements and renewals. Proposed 2018 capital expenses less contingencies will lead to a \$474,080 deficit and reduction in the District's reserve fund.

Issue: Should the District retain the proposed capital project schedule in the draft 2018 budget and reduce the reserve fund to \$9,031,639?

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7. The District's Ten Year Financial Plan projects annual increases in the District's reserve fund from \$9,031,641 in 2018 to \$14,631,623 in 2027.

Issue: Is the projected increase in the level of the District's reserve fund adequate and appropriate for the future needs of the District.