

Public Information Meeting | October 29, 2019

Mt. Crested Butte Water and Sanitation District / Meridian Lake Park Analysis

Overview

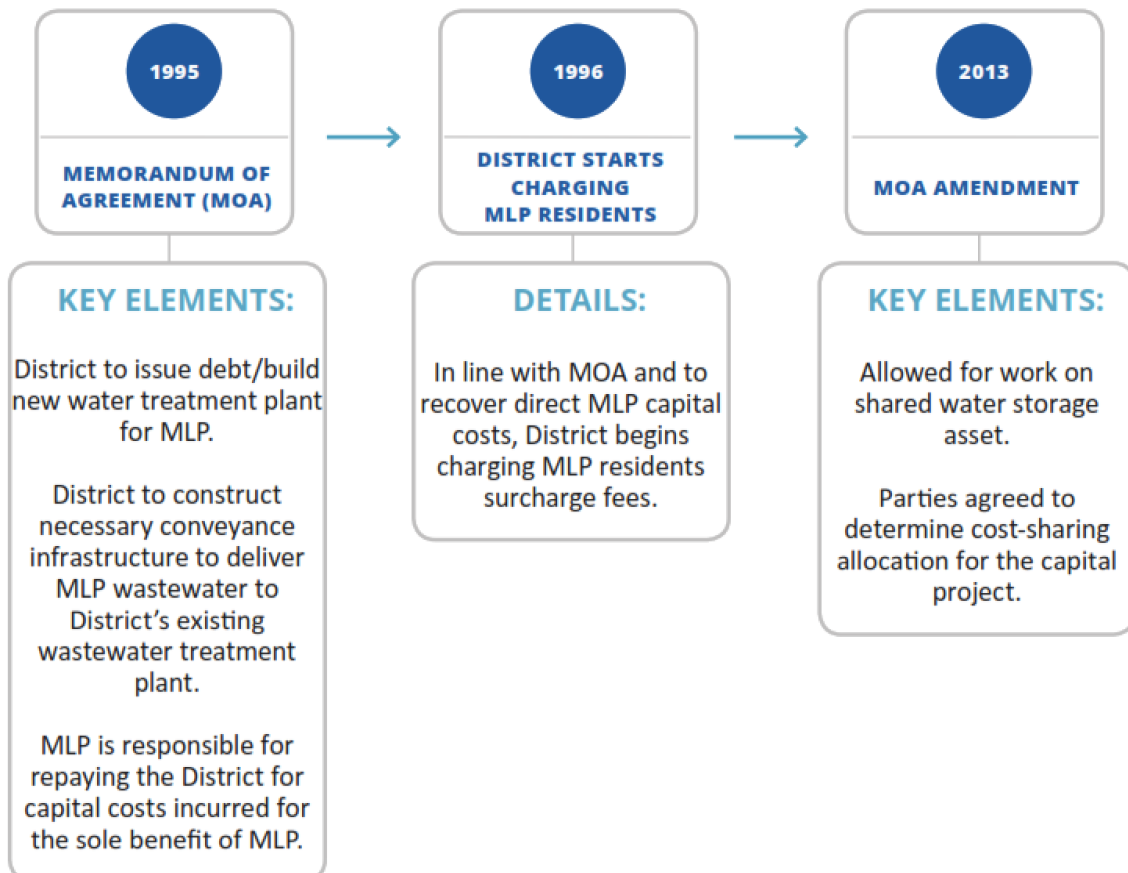
The Mt. Crested Butte Water and Sanitation District (District) retained Raftelis to review historical District and Meridian Lake Park (MLP) revenues, expenditures and assets and recommend a balanced and equitable methodology for cost and revenue allocation. This review includes data from 1995 – when the District and the Meridian Lake Park Corporation, the master association for MLP, entered into a Memorandum of Agreement (MOA) – until 2018.

Tonight’s presentation and the full report are available for download at www.mcbwsd.com.

Goal

Characterize potential discrepancies between the costs to provide water and sewer service to MLP residents and the revenues that are recovered from them, in accordance with the terms contained in the MOA.

Timeline



Cost Allocation Methods

| Method | Description | Advantage(s) | Disadvantage(s) | MLP Average Percentage of District Use (1996-2018) |
|----------------------------------|--|--|---|--|
| Accounts | The use of the percentage of District accounts which are MLP accounts. | Rough proxy for some types of costs and accounts within the historical record. | May overstate MLP's cost allocation. | 13.0% |
| Single Family Equivalents (SFEs) | Standardized method to estimate demand; one SFE is equal to 2,000 SF, including up to one kitchen, three bedrooms and two baths. | Provides greater precision based on existing available data. | Expected demand isn't always actual demand. | 7.0% |
| Water Production (Flow) | Measures actual flow at MLP plant and Town water treatment plant. | Shows actual demands of two groups. | Incomplete historical record (only six years). Also, water usage doesn't always equate to wastewater usage. | 5.2% |

Cumulative Cost Ranges by Allocation Methods

| Cost Category | Low Allocation Method | High Allocation Method | Low | | High |
|--|-----------------------|------------------------|----------------------|----|----------------------|
| Operating Costs | | | | | |
| General & Admin | SFEs | Accounts | \$900,073 | to | \$1,647,167 |
| Water Operating | Flow | SFEs | 1,085,613 | to | 1,169,175 |
| Wastewater Operating | Flow | SFEs | 804,615 | to | 1,029,174 |
| Capital Costs | | | | | |
| MLP-only | N/A | N/A | 5,161,437 | | 5,161,437 |
| Shared | Flow | SFEs | 847,283 | to | 1,138,734 |
| District-only | N/A | N/A | 0 | | 0 |
| Total Bond Payments | Flow | SFEs | 2,706,051 | to | 2,824,295 |
| Total Costs/Balances | | | | | |
| Total MLP Revenue (1996-2018) | | | 8,503,531 | to | 8,596,007 |
| Total Allocated MLP Costs (1996-2018) | | | <u>11,505,072</u> | to | <u>12,969,982</u> |
| MLP Balance Range at the end of 2018 | | | (\$3,001,541) | to | (\$4,373,975) |

Next Steps

1. Pause for 30 to 60 days to allow for MLP representatives to review study findings and results and evaluate options for a path forward.
2. Determine an equitable and fair approach to address the financial discrepancy created by the MOA so that the District and its MLP customers can move forward together in a financially sustainable manner.