

**RESOLUTION  
OF THE  
GREENSPIRE METROPOLITAN DISTRICT NO. 1**

**Non-Potable Water Fees, Rates and Charges**

WHEREAS, Greenspire Metropolitan District No. 1 (the “District”) is a special district in Weld County, Colorado, organized pursuant to Article 1 of Title 32, Colorado Revised Statutes, known as the “Special District Act”; and

WHEREAS, the District is authorized by § 32-1-1001(1)(j)(I), C.R.S. to fix and from time to time increase or decrease fees, rates, tolls, penalties or charges for services, programs or facilities provided; and

WHEREAS, the District owns and operates a non-potable water system for the purpose of providing irrigation and non-potable water services to properties within the District’s service area; and

WHEREAS, the District’s management company, Centennial Consulting Group, LLC, has completed an analysis concerning the funding and operation of the District’s non-potable water system identified as the 2021 Water Rate Recommendation attached hereto and incorporated herein as **Exhibit A**; and

WHEREAS, Centennial Consulting Group, LLC presented its analysis and recommendations in the 2021 Water Rate Recommendation at the District’s public meeting held on April 13, 2021; and

WHEREAS, after review and discussion of the 2021 Water Rate Recommendation, the District has determined a need to adopt water rates pursuant to the 2021 Water Rate Recommendation to meet the District’s non-potable water service requirements; and

WHEREAS, the District desires to adopt the recommended water fees in amounts sufficient to defray the capital facilities, operations, and maintenance of the non-potable water system.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF GREENSPIRE METROPOLITAN DISTRICT NO. 1, WELD COUNTY, COLORADO, THAT:

1. Residential Water Fees. The District hereby adopts an annual non-potable water fee in the amount of \$375.00 for each residential property that is connected to the District’s non-potable water system in the manner described in the 2021 Water Rate Recommendation.

2. Commercial Water Fees. Commercial properties shall be invoiced on a monthly basis in the manner described in the 2021 Water Rate Recommendation at the rate of \$4.64 per 1,000 gallons used during 2021.

3. Authorization of Consultants. The Board authorizes the District’s management

company and accountant to perform the actions necessary to implement the water fees as set forth in the 2021 Water Rate Recommendation and this resolution.

4. Legislative Declaration. This Resolution is and shall constitute a legislative measure of the District, which may be modified only by formal action of the Board of Directors of the District.

APPROVED AND ADOPTED THIS 13TH DAY OF APRIL, 2021.

**GREENSPIRE METROPOLITAN DISTRICT NO. 1**

By:

  
Bret Hall, President

ATTEST:

By:

  
Secretary or Assistant Secretary

**EXHIBIT A**  
**(2021 Water Rate Recommendation)**

# Greenspire Metropolitan District

## 2021 Water Rate Recommendation

### **Non-Potable Water Fees proposed to be adopted**

It is recommended that Greenspire Metropolitan District No. 1 adopt a non-potable water fee structure for 2021 to recover a portion of the cost to operate and maintain Greenspire's non-potable water system and establish two specific purpose reserves as identified on the attached Addendum.

Our recommendation is to charge non-potable water fees to all applicable property owners in the Greenspire subdivision including residential properties, commercial properties, the LDS Church, builders, or the developer when non-potable water is used or expected to be used within a defined time limit. The proposal is designed to better estimate the water consumption for properties when meter readings are not available and to build adequate reserves.

The District previously decided to invoice property owners in advance of the property owner's need for the water and before purchasing the water from the Town of Windsor. We are not aware of any changes the District has made to this method and therefore this proposal assumes the District wishes to continue invoicing in advance versus in arrears.

This proposal provides collections for non-potable water that are greater than what is shown in the District's budget. During 2020 an average size lot was estimated to generate \$325 in revenues while an average sized lot with established landscaping under this proposal would generate collections at \$375.84. The difference \$50.84 represents a 15.6% increase. The actual increase will be significantly more since we propose charging an additional amount for properties that do not have established landscaping. This logic better matches the cost of water to the users of water.

In addition to building reserves the proposed fee structure will identify funds for current year maintenance and repairs and hopefully reduce the amount of funds the District would otherwise be required to borrow from the developer.

It is recommended that the Districts' accountant separate the various fees collected for non-potable water. We suggest that the fees be placed into a special fund for non-potable water related items. The special fund would help to identify and review reserve amounts and non-potable water collections and expenditures.

### **Basis for fees to property owners and to identify which the fees are to be adjusted**

For the period of April through September of 2020, the Town of Windsor provided the District with over 20.5 million gallons of non-potable water and invoiced the District nearly \$64 thousand dollars. During 2019 the District purchased 12.2 million gallons of non-potable water at a cost of \$35 thousand dollars. The significant increase for 2020 was a result of new construction, the addition of District property requiring irrigation, water leaks during the year, and the fixed cost method of invoicing used for 2020 did not encourage property owners to conserve water. For 2021, the District budgeted \$87 thousand dollars for the purchase of non-potable water. This equates to nearly 26 million gallons of non-potable water, an increase of over 26% for the year and a 113% increase over a two-year period. As the development continues to grow and the cost of water increases it will be important for the District to collect fees commensurate with the water being consumed.

Per Exhibit C, Note 5 of the District's Service Plan, it was forecast that the District would need to charge a monthly fee for water related services. Invoicing the applicable existing properties annually should save the District monthly billing fees, as well as administrative and management fees. Properties sold after the initial invoices are sent, will require separate invoicing. Not only new sales will require separate invoicing, but builders

# Greenspire Metropolitan District

may need to be invoiced if non-potable water is used prior to the sale of properties. In some cases, funds may be collected through a title company's closing process.

Based upon the need of the District to maintain the irrigation system and acquire the amount of water needed by property owners at current water rates, it is recommended that the District charge applicable property owners for non-potable water at 90% of the cost of the Town of Windsor's Tier 1 water. Water consumption can be determined by using the date from water meter readings when available, OR by estimating water consumption using a well-defined formula.

Based on the Districts' Intergovernmental Agreement (IGA) with the Town of Windsor the cost for non-potable water is 65% of the cost of the Town of Windsor's Tier 1 filtered water. The difference between what is charged (90% of Tier 1 water), and the cost of water (65% of Tier 1 water) provides funds for current year minor repairs / maintenance and administration, and for funding the two reserves we are proposing. Increased fees should entice homeowners to read their own water meters and conserve water, and this is especially true for newer residential properties. The failure of several new homeowners to conserve water during 2020 was an obvious problem. Once property owners are informed that they are expected to pay for the water they consume it may help curtail the waste of water.

The LDS Church situated within Greenspire's boundaries has never been invoiced for non-potable water. Total water consumption was over 8.2 million gallons through 2020, with 1,224,030 gallons being consumed during 2020. The Districts' attorney indicated that the District had not published its intent to invoice the Church in the past and therefore cannot invoice the Church for water consumed through 2020. For 2021, the Church would be invoiced for \$5,679.50 if the calculation is the same as used for other property owners. This amount was calculated by taking the Church's water consumption for 2020 at a cost of 90% of the Town of Windsor's current Tier 1 water. It could be argued that the Church should pay a higher cost for the water they use to compensate for not being invoiced during prior years' water consumption and because the Church is exempt from paying mill levies, while other Greenspire property owners must pay mill levies. Mill levies, in addition to providing funds to make debt payments, are used to pay for irrigation of the District's greenspace and cover other administrative costs associated with the irrigation system. It should be noted that mill levies are directly tied to property values and the Weld County Assessor does not update property values every year, so this creates a lag effect in the collection of mill levies. The District needs to determine if the Church should be charged at a higher amount than shown in this proposal.

## **Basis for proposed fees**

Charging for non-potable water will allow the District to recuperate some of its costs to operate and maintain the non-potable irrigation system.

District No. 1's 2021 budget shows \$56,175 in revenues from 169 residential properties and the Church. We estimate that this proposal will generate around \$80 thousand from the Church and 167 properties that were identified as billable at the time of this proposal. Although additional properties will be sold during the year, we recommend credits for certain homeowners that appear to have been charged excessively during 2020. We anticipate net collections after adjustments will still be greater than what was budgeted for 2021.

Please reference the attached "Notes and Detail for Administration of the Water Rate Recommendation" which should be considered an Addendum to this Recommendation.

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## Addendum: Notes and Detail for Administration of the Water Rate Recommendation

- a) The primary purpose of the recommendation is to identify a procedure to invoice property owners of record on or before April 13, 2021, or some other date determined by the District Board. Additional invoices will be necessary during the year as other properties become eligible to be invoiced for non-potable water, normally by virtue of the sale of a new residential property or the use of non-potable water by a builder before the sale of a property/
- b) The following represents the numbers used to estimate water consumption and the amount to invoice an average sized residential lot when water meter readings are not available:
  - (1) Number of days to install landscaping after purchase: 90 days when non-potable water is available and may roll into following year. The grace period for a homeowner to install landscaping is similar to what is outlined in Greenspire's Guidelines and Restrictions which states "Landscaping of all yards shall be installed within ninety (90) days after recordation of a deed of a Residential homeowner ..." However, it is not logical to require a homeowner who purchases a property in November to be required to have landscaping in place within 90 days after the purchase date. We propose that the 90-day grace period only relate to days during watering seasons. Therefore, a homeowner who purchases a home between October 15<sup>th</sup> and April 15<sup>th</sup> would have until mid-July to install landscaping.
  - (2) average size of a residential lot: around 8,000 square feet at this time.
  - (3) average area not requiring irrigation: 2,600 (regardless of the total size of a lot)
  - (4) average area needing irrigation: 5,400 square feet (8,000 less 2,600). If the total square feet of a residential property is 10,000 square feet we would calculate the area requiring irrigation to be 7,400 sf (10,000 less 2,600)...
  - (5) annual gallons per square foot if landscaping is established: 15 gpf.
  - (6) annual gallons per square foot if landscaping is NOT established: 30 gpf. Based on meter readings obtained for 2020 this is not unreasonable.
  - (7) thousands of gallons consumed for a property with established landscaping: 81 thousand gallons for a full watering season (5,400 x 15)
  - (8) thousands of gallons for landscaping not yet established: 162 thousand gallons for a full watering season (5,400 x 30). Actual water meter readings during 2020 included a new home that used more than 30 gpf.
  - (9) percent of the Town of Windsor's Tier 1 filtered water to invoice property owners: 90%
  - (10) cost of the Town of Windsor's Tier 1 filtered water at this time: \$5.16 per thousand gallons
  - (11) amount to invoice per 1,000 gallons: \$4.64 (90% x \$5.16)
  - (12) Amount to invoice the average sized lot for a full watering season with established landscaping: \$375.84 (81 x \$4.64)
  - (13) Amount to invoice the average sized lot without established landscaping: \$751.68 for a full year (162 x \$4.64) but most new properties sold during 2021 will not be for a full watering season.
  - (14) Number of days in full watering season: 183 (April 15 to October 15<sup>th</sup>)
  - (15) Number of days to establish landscaping: 183, the length of one watering season. May roll into the following year.
- c) Allocation of funds collected:
  - (1) cost of water from the Town of Windsor: \$3.35 per 1,000 gallons (65% of the Town's Tier 1 water at \$5.16)
  - (2) cost of water to the District is 72.198% of the amount to invoice a property with established landscaping (\$3.35 divided by \$4.64).
  - (3) the difference between the amount invoiced and the cost of the water is 27.802% of the amount to invoice. We recommend that these funds be used for funding Reserve accounts and for a portion of minor repairs and maintenance relating to the non-potable water system.
  - (4) Reserve #1 and Reserve #2 each to be 7.0% of all water fees collected, and this includes water fees for 2020 that may be collected during 2021. The two Reserves total 14% of all fees collected and shall continue until they are fully funded, at which time the total amount being invoiced could be lowered. See below regarding details about fully funding the two Reserves.
  - (5) This leaves approximately 13.802% of the amount collected to supplement mill levy funds for covering the cost of current year minor repairs and maintenance.
  - (6) For the average sized residential lot with established landscaping the invoice breakdown would be as follows: total \$375.84; \$271.35 for purchase of water (72.198%); \$26.31 Reserve #1 (7.0%); \$26.31 Reserve #2 (7.0%); \$51.87 for current year repairs and maintenance (remaining amount = \$375.84 less \$271.35, \$26.31, \$26.31 = approximately 13.802% depending on rounding).

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- (7) If at the end of the year, current year repairs and maintenance is less than the amount collected, we recommend those funds be included in Reserve #2.
  - (8) Fully Funded Reserve #1: \$30,000 for major single purpose repairs. We suggest that the Reserve #1 be used for major “single purpose” events when the cost of a single purpose repair is \$10,000 or more. This reserve is not intended to be used for ongoing minor repairs and maintenance.
  - (9) Fully Funded Reserve #2 to be \$15,000 and used for (a) repair / replacement of existing water meters that no longer properly function; (b) to install non-potable water meters in situations where water meters were not installed before a property was sold (if it is determined this should be an expense of the District and not an expense the developer, builder, or other party should be required to pay); and (c) once all properties have properly functioning water meters, funds could be used to replace older water meters so they are compatible with the water meters being installed for newer homes and to be able to purchase equipment to read water meters remotely. All funds collected during 2021 for Reserve #2 may not be sufficient to cover all the costs that this reserve is intended for, at least for a few years. Therefore, the District may need to temporarily borrow funds from the developer. As collections are made for Reserve #2 the developer can be repaid for these specific amounts.
  - (10) For 2020, we recommended, and the District approved \$25 of the \$325 to be collected from residential property owners be used for a Reserve account. This implies that 7.7% of the amount collected be in a reserve account and we recommend the amount applicable to 2020 be included in Reserve #1.
- d) We were provided with reliable data that showed some property owners were paying significantly more for non-potable water than what it would cost to use the Town of Windsor’s filtered water during 2020. Based on the disparity in the size of residential lots in Greenspire we believe this proposal will be subject to less criticism, especially if credits are granted to help correct the overpayments that took place during 2020.
  - e) Credits for properties are recommended if:
    - (1) the District is provided with meter readings to show the property owner likely used less water than they were invoiced for, and
    - (2) if meter readings are not made available for 2020, adjustments could be made to the 2021 invoices using the same logic we are recommending for invoicing property owners in 2021 but using the cost of water for 2020 vs 2021. We do not believe total credits would exceed \$10,000 so this proposal should still provide net collections greater than the budgeted amount, even after funding the two proposed reserves.
  - f) Although meter readings are helpful and the Service Plan calls for individual properties to be metered, the Service Plan does not state that such readings need to be performed by the District. Therefore, we believe that receiving pictures of meter readings from property owners at the time of purchase or at the beginning of the watering season and at the end of the watering season is a good alternative until the District decides to invest in a system to read water meters remotely.
  - g) Depending on the purchase date, prorating the amount to charge seems logical and easy to calculate but, if time is of essence new homes sold could be initially charged \$375.84 through the title company closing process when applicable. Adjustment to arrive at amounts more closely aligned with estimated water consumption can be made during the year or adjusted before sending invoices for the following year.
  - h) Several new homes constructed during 2020 and 2021 year-to-date have not used any water for irrigation yet and with a 90-day grace period to install landscaping only estimates of water consumption make sense. The increased cost of water, the addition of several new homes during 2020 that require significantly more water to establish landscaping, and the potential for additional District No. 1 greenspace means an increase in the cost of water is likely to continue in the coming years. Increased property values provide increased mill levies but there is a delay in the valuations of newer homes by the Weld County Assessor so mill levies may lag the increased costs. Increased amounts collected via mill levies should help cover the cost of non-potable water for District No. 1’s green space.
  - i) Pro-rating for partial year invoicing can be determined using data from [denverwatertap.org](http://denverwatertap.org) or a straight percentage that does not tie to certain months using more water than other months can be applied since it is only an estimate that can be overridden if property owners provide meter readings.
  - j) We recommend that the District replace water meters that no longer function or were never installed in the first place as soon as possible. These homeowners should be able to monitor their water consumption and more quickly determine if they have leaks in their watering systems, which left unchecked can create significant cost that the District and other property owners end of paying for over time. It is our recommendation that this be done as soon as possible even if additional funds need to be temporarily borrowed from the developer until funds from the Reserve are collected and made available to the developer.
  - k) The District should attempt to conserve water whenever possible and encourage other property owners to do the same.

