



South Sheridan Water and Sanitary Sewer District

PROVIDING SERVICE SINCE 1955

South Sheridan Water and Sanitary Sewer District Customers,

Over the past couple of weeks our staff and I have received several phone calls asking about the increase in the fees charged by the South Sheridan Water and Sanitary Sewer District. I thought I would spend a few moments to further explain the situation.

The reason for the large increase that the South Sheridan Water and Sanitary Sewer District had to impose was due in large part to the \$135,589 annual increase in treatment expenses charged by the Metro Wastewater District. We were absolutely shocked by this increase and I personally wrote a detailed e-mail to the Manager, which was never responded to. From what I understand many other connectors experienced similar increases. For your information the South Sheridan Enterprise Budget estimates that the SSWSSD will collect about \$591,000 in 2017.. That amount includes a 10% transfer from the General Fund to the Enterprise Fund. This is the maximum amount allowed under Colorado law. Had our Ballot initiative passed we would have been able to transfer more General Fund Revenue to the Utility Enterprise but since it failed we are stuck with the 10% transfer amount. As for expenses we expect to spend \$555,000. This leaves us with about \$36,000 in excess revenue in case of a major main break or some other unexpected expense. Included in these expenses is \$322,208 in wastewater treatment costs plus \$185,678 in loan payments. Given this, we have \$507,886 in fixed expenses which is 91.5% of the District's Budget. In other words we only have 8.5% in discretionary spending that must cover such things as maintenance. Complicating this further, are the rate covenants spelled out in the loan documents. The rate covenants requires a 10% surplus of revenue compared to expenses. Failure to maintain this coverage could jeopardize the financial wellbeing of the District in that the loans could potentially be called for failing to maintain this coverage. The loans the District received have 20 and 30 year terms at 1% interest. If the District had to refinance these loans as a result of not maintaining the agreed to coverage we could never replace the loans at that interest rate and the monthly charges would be even higher.

To help deal with these increases the District has implemented several steps that came out of the Ward meeting hosted by Mr. Roybal.

- First the District decided to issue bills more frequently. Instead of sending a bill every quarter the bill is being sent every other month. The amount per bill is \$80.00 as opposed to \$120.00 per quarter. It was our hope the smaller amount would be easier to handle.
- Secondly, the District broke out their bill so our customers could see what they are being charged for and hopefully eliminate confusion between District Services and City Services. The bill has three line items, Maintenance, Loan Payment, and Treatment costs. As mentioned above the latter two items are 91.5% of the District's expenses.
- Thirdly, the District implemented a brand new website. Please visit www.sswssd.com It is our hope that we can use this website to improve communications with our residents. You will note all meeting agendas and minutes will be posted on the website so that our customers can attend our meeting to more fully understand the operation of the District.

Clearly no one likes increases. The Board carefully considered their options and even went so far as referring a ballot initiative to our customers that would have allowed the District to fully utilize all of their revenue streams. Each of our Board members live in the District and pay the exact same rates as our customers do, however, the duty of the Board is to make the hard decisions necessary to ensure the financial wellbeing of the District, so that, we can guarantee service to the approximately 1,000 homes we serve.

Yours Truly,

James McGrady
District Manager
South Sheridan Water and Sanitary Sewer District