

**MERIDIAN RANCH METROPOLITAN DISTRICT (MRMD)
MERIDIAN RANCH METROPOLITAN DISTRICT 2018 SUBDISTRICT (MRMD 2018 Subdistrict)
REGULAR MEETING AGENDA**

<u>Board of Directors</u>	<u>Office</u>	<u>Term Expiration</u>
Butch Gabrielski	President	May 2023
Wayne Reorda	Secretary/Treasurer	May 2025
Bill Gessner	Asst. Secretary/Treasurer	May 2023
Mike Fenton	Asst. Secretary/Treasurer	May 2023
Robert Guevara	Asst. Secretary/Treasurer	May 2025

DATE: Wednesday, November 2, 2022
TIME: 10:00 a.m.
PLACE: Meridian Ranch Recreation Center
10301 Angeles Road
Peyton, CO 80831

The Public may participate in person or by following this link [Click here to join the meeting](#) or by telephone by calling +1 872-242-8662 and using Phone Conference ID: 397436481#

I. ADMINISTRATIVE ITEMS:

- A. Call to Order
- B. Conflicts of Interest
- C. Approve Agenda
- D. Visitor Comments (Limited to 3 minutes per resident or household)
- E. Review and Approve October 5, 2022, Regular Board Meeting Minutes (enclosure) **Page 3**

II. FINANCIAL ITEMS:

- A. Receive from CRS the Quarterly MRMD Cash Position Summary and Unaudited Financial Statements (enclosure) **Pages 6-12**
- B. Review, Ratify and Approve Monthly Payment of Claims (enclosure and/or distributed under separate cover) **Page 13**
- C. Receive Staff Report and Provide Direction to Staff on 2022 Amended Budgets and Proposed 2023 Budgets for November Budget Workshop (enclosure and/or handout) **Pages 14-22**

III. Action Items:

- A. Consider and Accept Raftelis Capital Buildout Plan Financing Model as a Guidance Document for Financing Future Capital Projects. **Pages 23-52**

IV. DEVELOPER ITEMS:

- A. Verbal Report from Construction Manager

V. DIRECTOR ITEMS:

VI. LEGAL ITEMS:

VII. ADJOURNMENT:

The Board will hold a virtual Special Meeting on Friday, November 4, 2022 at 10:00 a.m. to consider approval of loan documents for refunding of existing debt.

The Board has scheduled a budget workshop on Wednesday, November 16, 2022, at 6:00 p.m. at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831.

The next regular meeting of the Board is scheduled for Wednesday, December 7, 2022, at 10:00 a.m. at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831.

RECORD OF PROCEEDINGS

**MINUTES OF THE REGULAR MEETING
OF THE BOARDS OF DIRECTORS OF THE
MERIDIAN RANCH METROPOLITAN DISTRICT (MRMD)
MERIDIAN RANCH METROPOLITAN DISTRICT 2018 SUBDISTRICT (MRMD 2018 Subdistrict)**

Held: October 5, 2022, 10:00 a.m., at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831

Attendance: The following Directors were in attendance:

Butch Gabrielski, President
Wayne Reorda, Secretary/Treasurer
Bill Gessner, Asst. Secretary/Treasurer
Mike Fenton, Asst. Secretary/Treasurer
Robert Guevara, Asst. Secretary/Treasurer

Also present were:

Jim Nikkel; Meridian Service Metro District
Jennette Coe; Meridian Service Metro District
Beth Aldrich; Meridian Service Metro District
Braden McCrory; Meridian Service Metro District
Ryan Kozlowski; Meridian Service Metro District
Aleks Myszkowski; Meridian Service Metro District
Eileen Krauth; Meridian Service Metro District (via teleconference)
Carrie Billingsly; Meridian Service Metro District (via teleconference)
Debra Williams; Meridian Service Metro District (via teleconference)
Allie Blossom; Piper Sandler (via teleconference)
Tiffany Leichman; Sherman Howard (via teleconference)
Mike Sullivan; Piper Sandler
Ron Fano; Spencer Fane
Tom Kerby; Tech Builders
Raul Guzman; Tech Builders
Judy Taylor; Resident
Henry Taylor; Resident
Tom Sauer; Resident

Call to Order A quorum of the Board was present, and the Directors confirmed their qualification to serve. The meeting was called to order at 10:01 a.m.

Disclosure Matter Mr. Fano noted that written disclosures of the interests of all Directors have been filed with the Secretary of State.

RECORD OF PROCEEDINGS

- Approve Agenda** The Board reviewed the Agenda. A motion was made to approve the agenda. The motion was seconded and approved by unanimous vote of directors present.
- Visitor Comments** There were none.
- Approve Minutes** The Board reviewed the September 14, 2022, Board Minutes and a motion was made, and seconded to approve the minutes as presented. The motion was approved by unanimous vote of directors present.
- Financial Items** Approval of Payment of Claims: Ms. Coe reviewed the updated claims presented for approval at this meeting represented by check numbers:
MRMD: 02385-02390 totaling \$ 8,681.90
A motion was made and seconded to approve the MRMD payment of claims. The motion was approved by unanimous vote of directors present.
- Developer Items** Mr. Guzman provided a verbal report to the Board on the status of Meridian Ranch development activities with no major updates from last month.
- Director Items** May 2023 MRMD Directors Election Process Discussion:
Director Gessner presented information from pages 6-8 of the board packet. After discussion, Board members agreed to consider the election process timeline at their December 7, 2022 board meeting.
- Legal Items** A motion was made, seconded and following a roll call vote was approved by unanimous vote of directors present to open an executive session pursuant to C.R.S. 24-6-402(4)(b) to consult with and receive advice of legal counsel regarding legal questions relating to financing options.

A motion was made, seconded and following a roll call vote was approved by unanimous vote of directors present to close the executive session.

Upon the Board's return to open session, a motion was made and seconded to begin a Request for Term Sheets for refunding the District's existing debt under the terms of a fully amortizing bank loan, with an estimated maturity of 20 years and no balloon payments. The motion was approved by unanimous vote of directors present.
- Adjournment** There being no further business to come before the Board, the President adjourned the meeting at 10:59 a.m.

RECORD OF PROCEEDINGS

The next regular meeting of the Boards is scheduled for November 2, 2022, at 10:00 a.m. at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831.

Respectfully submitted,

Secretary for the Meeting

DRAFT

MERIDIAN RANCH METROPOLITAN DISTRICT
CASH POSITION
Year to Date (YTD) as of September 30, 2022
Adjusted as of October 27, 2022

Account Activity Item Description	CHECKING Wells Fargo	INVESTMENTS				TOTAL ALL ACCOUNTS
		ColoTrust Plus	ColoTrust Edge	PNC Loan Account	PNC Reserve	
Beginning balance per bank	\$ 2,437	\$ -	\$ 854,820	\$ 5,830,193	\$ 1,411,920	\$ 8,099,370
YTD credits - deposits, wires and transfers	4,760,293	2,764,214	86,055	6,915,860	4,291	14,530,713
YTD debits - vouchers, wires and transfers	(4,742,804)	(2,624,642)	(93,494)	(5,929,187)	(220)	(13,390,347)
Bank balance at end of period	19,926	139,572	847,381	6,816,866	1,415,991	9,239,736
Less: outstanding checks	(92)	-	-	-	-	(92)
Plus: due from Subdistrict	332	-	-	-	-	332
Adjusted balance at end of period	20,166	139,572	847,381	6,816,866	1,415,991	9,239,976
Less amount restricted for debt	-	-	-	(6,816,396)	(1,415,991)	(8,232,387)
Less account allocated for capital	-	-	(224,086)	-	-	(224,086)
Unrestricted balance at end of period	20,166	139,572	623,295	470	-	783,503
Current activity:						
Current payables	(3,207)	-	-	-	-	(3,207)
Deposits	19,000	-	-	-	-	19,000
Payments	(8,682)	-	-	-	-	(8,682)
Payroll tax payments	(153)	-	-	-	-	(153)
Taxes transferred	-	(23,295)	-	23,295	-	-
Tap fees	(19,000)	-	-	19,000	-	-
Less amount restricted for debt	-	-	-	(42,765)	-	(42,765)
Adjusted current unrestricted balance	\$ 8,124	\$ 116,277	\$ 623,295	\$ -	\$ -	\$ 747,696

**MERIDIAN RANCH METROPOLITAN DISTRICT
FUND ALLOCATION OF AVAILABLE BALANCES
Year to Date (YTD) as of September 30, 2022**

Account Activity Item Description	GENERAL	DEBT	CTF	TOTALS ALL FUNDS
Beginning balance per bank	\$ 856,442	\$ 7,017,793	\$ -	\$ 8,098,321
Allocated for Capital Projects	-	224,086	-	-
Beginning funds available	\$ 856,442	\$ 7,241,879	\$ -	\$ 8,098,321
YTD REVENUES PER FINANCIAL STATEMENTS				
Property taxes	535,020	2,139,887	-	2,674,907
Specific ownership taxes	41,234	164,932	-	206,166
Investment income	8,267	35,535	-	43,802
Facility fees transferred from Meridian Service	-	4,611,000	-	4,611,000
Conservation Trust Entitlements	-	-	41,489	41,489
Subdistrict - IGA	1,195	-	-	1,195
Total YTD revenues	585,716	6,951,354	41,489	7,578,559
Beginning funds available plus YTD revenues	1,442,158	14,193,233	41,489	15,676,880
Less YTD expenditures per financial statements	(434,569)	(5,960,846)	(41,489)	(6,436,904)
YTD ENDING AVAILABLE FUND BALANCES	\$ 1,007,589	\$ 8,232,387	\$ -	\$ 9,239,976

Budget vs. Actual Page Reference: Page 3 Page 4 Page 5

MERIDIAN RANCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET VS. ACTUAL - Cash Basis (Non-GAAP)
GENERAL FUND
For the Nine Months Ended September 30, 2022
Unaudited

	<u>Jul-Sept Activity</u>	<u>YTD Actual</u>	<u>2022 Adopted Budget</u>	<u>Variance Over (Under)</u>	<u>Percent of Budget (75% YTD)</u>
REVENUES					
Property taxes	\$ 212,384	\$ 535,020	\$ 538,466	\$ (3,446)	99%
Specific ownership taxes	15,024	41,234	46,378	(5,144)	89%
Investment income	5,629	8,267	500	7,767	1653%
Miscellaneous	-	1,195	-	1,195	-
Total revenues	<u>233,037</u>	<u>585,716</u>	<u>585,344</u>	<u>372</u>	<u>100%</u>
EXPENDITURES					
Audit	1,416	3,556	10,000	(6,444)	36%
County treasurer fees	3,190	8,030	8,077	(47)	99%
Director fees	1,084	4,576	12,000	(7,424)	38%
District management and accounting	3,702	15,683	30,000	(14,317)	52%
Dues and membership	-	1,238	1,500	(262)	83%
Election	6,334	44,965	20,000	24,965	225%
Insurance	-	250	5,000	(4,750)	5%
Legal	714	772	5,000	(4,228)	15%
Miscellaneous	(651)	5,078	1,000	4,078	508%
Payroll taxes	161	421	918	(497)	46%
Transfer to Meridian Service	150,000	350,000	350,000	-	100%
3% Tabor Reserve	-	-	17,600	(17,600)	0%
Total expenditures	<u>165,950</u>	<u>434,569</u>	<u>461,095</u>	<u>(26,526)</u>	<u>94%</u>
NET CHANGE IN FUND BALANCE	<u>\$ 67,087</u>	151,147	<u>\$ 124,249</u>	<u>\$ 26,898</u>	
BEGINNING FUND BALANCE		<u>856,442</u>			
ENDING FUND BALANCE		<u>\$ 1,007,589</u>			

MERIDIAN RANCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET VS. ACTUAL - Cash Basis (Non-GAAP)
DEBT FUND
For the Nine Months Ended September 30, 2022
Unaudited

	<u>Jul-Sept Activity</u>	<u>YTD Actual</u>	<u>2022 Adopted Budget</u>	<u>Variance Over (Under)</u>	<u>Percent of Budget (75% YTD)</u>
REVENUES					
Property taxes	\$ 849,460	\$ 2,139,887	\$ 2,153,669	\$ (13,782)	99%
Specific ownership taxes	60,094	164,932	185,510	(20,578)	89%
Facilities fees transferred from MSMD	247,000	4,611,000	4,750,000	(139,000)	97%
Investment income	30,713	35,535	1,500	34,035	2369%
Total revenues	<u>1,187,267</u>	<u>6,951,354</u>	<u>7,090,679</u>	<u>(139,325)</u>	<u>98%</u>
EXPENDITURES					
County treasurer fees	12,757	32,114	32,305	(191)	99%
Bond interest (2008 \$7M)	-	-	350,000	(350,000)	0%
Loan interest (2013 \$33.5M)	-	402,413	807,036	(404,623)	50%
Loan principal (2013 \$33.5M)	-	-	1,060,000	(1,060,000)	0%
Loan interest (2014 \$3.5M)	-	45,995	92,243	(46,248)	50%
Loan principal (2014 \$3.5M)	-	-	110,000	(110,000)	0%
Loan interest (2018 \$24M)	-	418,989	840,281	(421,292)	50%
Loan principal (2018 \$24M)	-	-	350,000	(350,000)	0%
Paying agent and bank fees	-	200	1,000	(800)	20%
Transfer to Meridian Service	5,061,135	5,061,135	750,000	4,311,135	675%
Miscellaneous	-	-	1,000	(1,000)	0%
Total expenditures	<u>5,073,892</u>	<u>5,960,846</u>	<u>4,393,865</u>	<u>1,566,981</u>	<u>136%</u>
NET CHANGE IN FUND BALANCE	<u><u>\$(3,886,625)</u></u>	990,508	<u><u>\$ 2,696,814</u></u>	<u><u>\$(1,706,306)</u></u>	
BEGINNING FUND BALANCE		<u>7,241,879</u>			
ENDING FUND BALANCE		<u><u>\$ 8,232,387</u></u>			

MERIDIAN RANCH METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET VS. ACTUAL - Cash Basis (Non-GAAP)
CONSERVATION TRUST FUND
For the Nine Months Ended September 30, 2022
Unaudited

	<u>Jul-Sept Activity</u>	<u>YTD Actual</u>	<u>2022 Adopted Budget</u>	<u>Variance Over (Under)</u>	<u>Percent of Budget (75% YTD)</u>
REVENUES					
Conservation Trust entitlements	\$ 12,975	\$ 41,489	\$ 55,000	\$ (13,511)	75%
Total revenues	<u>12,975</u>	<u>41,489</u>	<u>55,000</u>	<u>(13,511)</u>	<u>75%</u>
EXPENDITURES					
Transfer to Meridian Service	12,975	41,489	55,000	(13,511)	75%
Total expenditures	<u>12,975</u>	<u>41,489</u>	<u>55,000</u>	<u>(13,511)</u>	<u>75%</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	
BEGINNING FUND BALANCE		<u>-</u>			
ENDING FUND BALANCE		<u>\$ -</u>			

MERIDIAN RANCH METROPOLITAN DISTRICT 2018 SUBDISTRICT
CASH POSITION RECONCILED TO GENERAL LEDGER
 Year to Date (YTD) as of September 30, 2022
 Adjusted as of October 27, 2022
 Unaudited

Account Activity Item Description	INVESTMENTS ColoTrust Plus	TOTAL ALL ACCOUNTS
Beginning balance per bank	\$ 81,062	\$ 81,062
YTD credits - Total deposits, wires and transfers	153,512	153,512
YTD debits - Total vouchers, wires and transfers	(17,804)	(17,804)
Bank balance at end of period	216,770	216,770
Less: Due to MRMD	(332)	(332)
Current cash balance	\$ 216,438	\$ 216,438

MERIDIAN RANCH METROPOLITAN DISTRICT SUBDISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET VS. ACTUAL - Cash Basis (Non-GAAP)
SUBDISTRICT FUND
For the Eight Months Ended August 31, 2022
Unaudited

	<u>Jul-Sept Activity</u>	<u>YTD Actual</u>	<u>2022 Adopted Budget</u>	<u>Variance Over (Under)</u>	<u>Percent of Budget (75% YTD)</u>
REVENUES					
Property taxes	\$ 53,071	\$ 143,246	\$ 145,594	\$ (2,348)	98%
Specific ownership taxes	4,072	10,620	5,824	4,796	182%
Interest	1,426	1,797	50	1,747	3594%
Total revenues	<u>58,569</u>	<u>155,663</u>	<u>151,468</u>	<u>4,195</u>	<u>103%</u>
EXPENDITURES					
Accounting and management	361	3,287	5,000	(1,713)	66%
Audit	-	524	1,000	(476)	52%
Election	448	3,130	6,000	(2,870)	52%
Legal	-	-	1,000	(1,000)	0%
Miscellaneous	10,000	10,000	-	10,000	-
County treasurer fees	799	2,151	2,189	(38)	98%
3% TABOR reserve	-	-	4,540	(4,540)	0%
Total expenditures	<u>11,608</u>	<u>19,092</u>	<u>19,729</u>	<u>(637)</u>	<u>97%</u>
NET CHANGE IN FUND BALANCE	<u>\$ 46,961</u>	136,571	<u>\$ 131,739</u>	<u>\$ 4,832</u>	
BEGINNING FUND BALANCE		<u>79,867</u>			
ENDING FUND BALANCE		<u>\$ 216,438</u>			

Meridian Ranch Metropolitan Di
 VENDOR CHECK REGISTER REPORT
 Payables Management

Ranges:	From:	To:	From:	To:
Check Number	First	Last	Check Date	11/2/2022
Vendor ID	First	Last	Checkbook ID	First
Vendor Name	First	Last		Last

Sorted By: Check Date

* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
02391	COLOSPECIALDIST	Colorado Special Districts Pro	11/2/2022	WF CHECKING	PMCHK00000293	\$450.00
02392	CRS	CRS of Colorado	11/2/2022	WF CHECKING	PMCHK00000293	\$1,850.00
02393	FENTON	Michael J Fenton	11/2/2022	WF CHECKING	PMCHK00000293	\$92.35
02394	GABRIELSKI	MILTON B. GABRIELSKI	11/2/2022	WF CHECKING	PMCHK00000293	\$92.35
02395	TCHARLESWILSON	T. Charles Wilson Insurance Se	11/2/2022	WF CHECKING	PMCHK00000293	\$495.00
02396	REORDA	Wayne Reorda	11/2/2022	WF CHECKING	PMCHK00000293	\$92.35
02397	GESSNER	William Gessner	11/2/2022	WF CHECKING	PMCHK00000293	\$92.35
Total Checks: 7						Total Amount of Checks: \$3,164.40

**MERIDIAN RANCH METROPOLITAN DISTRICT
GENERAL FUND
2022 BUDGET AMENDMENT**

	BUDGET AMOUNTS	
	ADOPTED	AMENDED
REVENUES		
Property taxes	\$ 538,466	\$ 538,466
Specific ownership taxes	46,378	53,000
Interest income	500	10,000
Miscellaneous	-	1,195
Total revenues	585,344	602,661
EXPENDITURES		
Audit	10,000	10,906
District management and accounting	30,000	21,000
Certified UB - MSMD	-	-
County Treasurer's fees	8,077	8,077
Directors fees	12,000	12,000
Dues and subscriptions	1,500	1,500
Election	20,000	44,965
Insurance	5,000	5,000
Legal	5,000	5,000
Miscellaneous	1,000	7,000
Payroll taxes	918	918
IGA - Meridian Service	350,000	350,000
Contingency reserve	17,600	17,600
Total expenditures	461,095	483,966
NET CHANGE IN FUND BALANCE	124,249	118,695
BEGINNING FUND BALANCE	858,559	862,300
ENDING FUND BALANCE	\$ 982,808	\$ 980,995

**MERIDIAN RANCH METROPOLITAN DISTRICT
DEBT FUND
2022 BUDGET AMENDMENT**

	BUDGET AMOUNTS	
	<u>ADOPTED</u>	<u>AMENDED</u>
REVENUES		
Property taxes	\$ 2,153,669	\$ 2,153,669
Specific ownership taxes	185,510	185,510
Facilities fees transferred from Meridian Service	4,750,000	4,750,000
Interest income	1,500	45,000
Total revenues	<u>7,090,679</u>	<u>7,134,179</u>
EXPENDITURES		
County treasurer's fees	32,305	32,305
Bond interest - Series 2008	350,000	350,000
Loan interest - Series 2013	807,036	807,036
Loan principal - Series 2013	1,060,000	1,060,000
Loan interest - Series 2014	92,243	92,243
Loan principal - Series 2014	110,000	110,000
Loan interest - Series 2018	840,281	840,281
Loan principal - Series 2018	350,000	350,000
Paying agent fees	1,000	1,000
IGA - Meridian Service	750,000	5,061,135
Miscellaneous	1,000	1,000
Total expenditures	<u>4,393,865</u>	<u>8,705,000</u>
NET CHANGE IN FUND BALANCE	2,696,814	(1,570,821)
BEGINNING FUND BALANCE	<u>6,588,935</u>	<u>7,585,136</u>
ENDING FUND BALANCE	<u>\$ 9,285,749</u>	<u>\$ 6,014,315</u>

**MERIDIAN RANCH METROPOLITAN DISTRICT
CTF FUND
2022 BUDGET AMENDMENT**

	BUDGET AMOUNTS	
	ADOPTED	AMENDED
REVENUES		
Conservation Trust funds	\$ 55,000	\$ 60,000
Total revenues	55,000	60,000
EXPENDITURES		
Transfer to Meridian Service	55,000	60,000
Total expenditures	55,000	60,000
EXCESS OF REVENUE OVER EXPENDITURE	-	-
BEGINNING FUND BALANCE	-	-
ENDING FUND BALANCE	\$ -	\$ -

**MERIDIAN RANCH METROPOLITAN DISTRICT 2018 SUBDISTRICT
GENERAL FUND
2022 BUDGET AMENDMENT**

	BUDGET AMOUNTS	
	ADOPTED	AMENDED
REVENUES		
Property taxes	\$ 145,594	\$ 145,594
Specific ownership taxes	5,824	14,160
Interest income	50	1,800
Total revenues	151,468	161,554
EXPENDITURES		
Accounting and management	5,000	5,000
Audit	1,000	524
Election	6,000	3,130
Legal	1,000	1,000
County treasurer fees	2,189	2,189
3% TABOR reserve	4,540	4,540
Total expenditures	19,729	16,383
NET CHANGE IN FUND BALANCE	131,739	145,171
 BEGINNING FUND BALANCE	78,897	79,743
 ENDING FUND BALANCE	\$ 210,636	\$ 224,914

**MERIDIAN RANCH METROPOLITAN DISTRICT
GENERAL FUND
2023 PROPOSED BUDGET
WITH 2021 ACTUAL, 2022 BUDGET, 2022 YTD ACTUAL AND 2022 ESTIMATED AMOUNTS
FOR THE YEARS ENDED AND ENDING DECEMBER 31,**

	Modified Accrual Basis		Cash Basis	Modified Accrual Basis	
	2021 Actual	2022 Budget	YTD Actual 9/30/2022	2022 Estimated	2023 Proposed
REVENUES					
Property taxes	\$ 432,179	\$ 538,466	\$ 535,020	\$ 538,466	\$ 569,084
Specific ownership taxes	50,755	46,378	41,234	53,000	48,854
Interest	-	500	8,267	10,000	5,000
Miscellaneous	-	-	1,195	1,195	-
Total revenues	482,934	585,344	585,716	602,661	622,938
EXPENDITURES					
Audit	10,854	10,000	3,556	10,906	10,000
Accounting and management	21,592	30,000	15,683	21,000	30,000
County treasurer fees	6,487	8,077	8,030	8,077	8,536
Director fees	7,900	12,000	4,576	12,000	12,000
Dues and memberships	598	1,500	1,238	1,500	1,500
Election	472	20,000	44,965	44,965	45,000
Insurance	4,702	5,000	250	5,000	5,000
Legal	142	5,000	772	5,000	5,000
Miscellaneous	1,213	1,000	5,078	7,000	1,000
Payroll taxes	604	918	421	918	918
IGA expense - MSMD General Fund	260,000	350,000	350,000	350,000	350,000
3% TABOR reserve	-	17,600	-	-	14,100
Total expenditures	314,564	461,095	434,569	466,366	483,054
EXCESS OF REVENUES OVER EXPENDITURES	168,370	124,249	151,147	136,295	139,884
OTHER FINANCING USES					
Transfer to other funds	(232)	-	-	-	-
Total other financing uses	(232)	-	-	-	-
NET CHANGE IN FUND BALANCE	168,138	\$ 124,249	\$ 151,147	136,295	139,884
BEGINNING FUND BALANCE	694,162			862,300	998,595
ENDING FUND BALANCE	\$ 862,300			\$ 998,595	\$ 1,138,479

**MERIDIAN RANCH METROPOLITAN DISTRICT
DEBT FUND
2023 PROPOSED BUDGET
WITH 2021 ACTUAL, 2022 BUDGET, 2022 YTD ACTUAL AND 2022 ESTIMATED AMOUNTS
FOR THE YEARS ENDED AND ENDING DECEMBER 31,**

	Modified Accrual Basis		Cash Basis	Modified Accrual Basis	
	2021 Actual	2022 Adopted Budget	YTD Actual 9/30/2022	2022 Estimated	2023 Proposed
REVENUES					
Property taxes	\$ 1,728,555	\$ 2,153,669	\$ 2,139,887	\$ 2,153,669	\$ 2,690,009
Specific ownership taxes	203,022	185,510	164,932	185,510	230,926
Facilities fees transferred from MSMD	3,964,500	4,750,000	4,611,000	4,750,000	1,000,000
Interest	2,009	1,500	35,535	45,000	15,000
Total revenues	5,898,086	7,090,679	6,951,354	7,134,179	3,935,935
EXPENDITURES					
County treasurer fees	25,945	32,305	32,114	32,305	40,350
Bond interest (Subordinate)	350,000	350,000	-	350,000	350,000
Loan interest (2013 \$33.5 M)	837,450	807,036	402,413	807,036	1,203,434
Loan principal (2013 \$33.5M)	990,000	1,060,000	-	1,060,000	730,000
Loan interest (2014 \$3.5 M)	95,617	92,243	45,995	92,243	28,435
Loan principal (2014 \$3.5M)	105,000	110,000	-	110,000	2,760,000
Loan interest (2018 \$24M)	851,170	840,281	418,989	840,281	827,577
Loan principal (2018 \$24M)	300,000	350,000	-	350,000	545,000
Paying agent fees	200	1,000	200	1,000	1,000
Transfer to Meridian Service MD	-	750,000	5,061,135	5,061,135	750,000
Miscellaneous	511	1,000	-	1,000	1,000
Total expenditures	3,555,893	4,393,865	5,960,846	8,705,000	7,236,796
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,342,193	2,696,814	990,508	(1,570,821)	(3,300,861)
OTHER FINANCING SOURCES					
Transfer from other funds	232	-	-	-	-
Total other financing sources	232	-	-	-	-
NET CHANGE IN FUND BALANCE	2,342,425	\$ 2,696,814	\$ 990,508	(1,570,821)	(3,300,861)
BEGINNING FUND BALANCE	5,242,711			7,585,136	6,014,315
ENDING FUND BALANCE	\$ 7,585,136			\$ 6,014,315	\$ 2,713,454

**MERIDIAN RANCH METROPOLITAN DISTRICT
 CONSERVATION TRUST FUND
 2023 PROPOSED BUDGET
 WITH 2021 ACTUAL, 2022 BUDGET, 2022 YTD ACTUAL AND 2022 ESTIMATED AMOUNTS
 FOR THE YEARS ENDED AND ENDING DECEMBER 31,**

	<u>Modified Accrual Basis</u>		<u>Cash Basis</u>	<u>Modified Accrual Basis</u>	
	<u>2021 Actual</u>	<u>2022 Adopted Budget</u>	<u>YTD Actual 9/30/2022</u>	<u>2022 Estimated</u>	<u>2023 Proposed</u>
REVENUES					
Conservation trust entitlements	\$ 51,017	\$ 55,000	\$ 41,489	\$ 55,319	\$ 58,000
Total revenues	<u>51,017</u>	<u>55,000</u>	<u>41,489</u>	<u>55,319</u>	<u>58,000</u>
EXPENDITURES					
Transfer to Meridian Service MD	51,017	55,000	41,489	55,319	58,000
Total expenditures	<u>51,017</u>	<u>55,000</u>	<u>41,489</u>	<u>55,319</u>	<u>58,000</u>
NET CHANGE IN FUND BALANCE	-	<u>\$ -</u>	-	-	-
BEGINNING FUND BALANCE	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DRAFT - FOR DISCUSSION PURPOSES

MERIDIAN RANCH METROPOLITAN DISTRICT										
TAX SUMMARY INFORMATION										
For the Years Ended and Ending December 31,										
	Received	Sept 2015	Nov 2016	Nov 2017	Sept 2018	Sept 2019	Sept 2020	Nov 2021	Sept 2022	
		Final 2016	Final 2017	Final 2018	Final 2019	Final 2020	Final 2021	Final 2022	Preliminary 2023	
ASSESSED VALUATION - EL PASO										
	Residential	\$ 35,099,160	\$ 39,286,830	\$ 43,348,000	\$ 49,870,830	\$ 63,510,450	\$ 69,150,580	\$ 86,626,340	\$ 90,447,690	
	Commercial	351,860	824,080	1,456,140	1,581,120	1,310,270	1,715,800	2,073,070	2,128,440	
	Agricultural	-	-	-	-	-	-	-	-	
	Natural Resources	-	-	-	-	-	-	-	150	
	Vacant Land	4,291,050	4,965,770	5,926,100	8,305,730	7,090,960	6,316,810	7,614,100	9,330,850	
	State Assessed	740,210	1,085,120	1,221,980	1,113,520	1,341,680	1,404,730	1,589,440	1,562,710	
	Certified Assessed Value	\$ 40,482,280	\$ 46,161,800	\$ 51,952,220	\$ 60,871,200	\$ 73,253,360	\$ 78,587,920	\$ 97,902,950	\$ 103,469,840	
MILL LEVY										
	GENERAL FUND	5.000	5.000	5.500	5.500	5.500	5.500	5.500	5.500	5.500
	DEBT SERVICE FUND	20.000	20.000	21.998	21.998	21.998	21.998	21.998	21.998	25.998
	Total Mill Levy	25.000	25.000	27.498	27.498	27.498	27.498	27.498	31.498	
PROPERTY TAXES										
	GENERAL FUND	\$ 202,411	\$ 230,809	\$ 285,737	\$ 334,792	\$ 402,893	\$ 432,234	\$ 538,466	\$ 569,084	
	DEBT SERVICE FUND	809,646	923,236	1,142,845	1,339,045	1,611,427	1,728,777	2,153,669	2,690,009	
	Total Property Taxes	\$ 1,012,057	\$ 1,154,045	\$ 1,428,582	\$ 1,673,836	\$ 2,014,320	\$ 2,161,011	\$ 2,692,135	\$ 3,259,093	
	Specific Ownership Taxes	\$ 7,245	\$ 7,607	\$ 7,988	\$ 8,387	\$ 13,419	\$ 21,148	\$ 22,205	\$ 23,315	
		12	12	12	12	12	12	12	12	
		\$ 86,940	\$ 91,287	\$ 95,851	\$ 100,644	\$ 161,030	\$ 253,777	\$ 266,460	\$ 279,780	
	17%	17,388	18,257	19,170	20,129	32,206	50,755	53,292	48,854	
	83%	69,552	73,030	76,681	80,515	128,824	203,022	213,168	230,926	
		86,940	91,287	95,851	100,644	161,030	253,777	266,460	279,780	

**MERIDIAN RANCH METROPOLITAN DISTRICT 2018 SUBDISTRICT
GENERAL FUND
2023 PROPOSED BUDGET
WITH 2021 ACTUAL, 2022 BUDGET, 2022 YTD ACTUAL AND 2022 ESTIMATED AMOUNTS
FOR THE YEARS ENDED AND ENDING DECEMBER 31,**

	Modified Accrual Basis		Cash Basis	Modified Accrual Basis	
	2021 Actual	2022 Budget	YTD Actual 9/30/2022	2022 Estimated	2023 Proposed
REVENUES					
Property taxes	\$ 57,022	\$ 145,594	\$ 143,246	\$ 145,594	\$ 423,016
Specific ownership taxes	6,711	5,824	10,620	14,160	14,868
Interest	47	50	1,797	1,800	500
Total revenues	63,780	151,468	155,663	161,554	438,384
EXPENDITURES					
Accounting and management	4,161	5,000	3,287	5,000	5,000
Audit	798	1,000	524	524	10,000
Election	-	6,000	3,130	3,130	5,000
Legal	-	1,000	-	1,000	1,000
County treasurer fees	858	2,189	2,151	2,189	6,345
Miscellaneous	-	-	10,000	10,000	500
3% TABOR reserve	-	4,540	-	-	840
Total expenditures	5,817	19,729	19,092	21,843	28,685
NET CHANGE IN FUND BALANCE	57,963	\$ 131,739	\$ 136,571	139,711	409,699
BEGINNING FUND BALANCE	21,780			79,743	219,454
ENDING FUND BALANCE	\$ 79,743			\$ 219,454	\$ 629,153

Project Memo

DATE: October 21, 2022
TO: Jim Nikkel
General Manager
FROM: Todd Cristiano
Senior Manager
SUBJECT: Water and Wastewater Facility Fee and Financial Plan Study Report

Introduction

The Meridian Services Metropolitan District (District) retained Raftelis to complete a comprehensive financial plan and facility fee (tap fee) analysis for their water and wastewater utilities. This memo summarizes the final proposed water and wastewater facility fees and financial plan scenarios. The results of the facility fee analysis informed the scenarios developed for the water and wastewater utility financial plans.

Water and Wastewater Facility Fees

This section details the development of the District's water and wastewater facility fees. Raftelis relied on the district's asset, billing, and capital planning reports to calculate the fees.

Colorado Impact Fee (Tap Fee) Statute

The Colorado Revised Statutes (CRS) §29-20-104.5 outlines the requirements for calculating and implementing a facility fee. The basic tenets of the Statute are listed below.

- Fees must be generally applicable to a broad class of property (for example, residential, commercial, etc.).
- Fees must be intended to defray the projected impacts on capital facilities caused by the proposed development.
- Fees are directly related to services that a local government is authorized to provide.
- The asset has an estimated useful life of five years or longer.
- The fee is required by the charter or general policy of a local government pursuant to a resolution or ordinance.

Facility Fee Methodologies

Table 1 summarizes the generally accepted methodologies for calculating tap fees. Each method is designed to recover the cost of capacity to serve new development. The selection of a method should consider a utility's goals and objectives for recovering capacity-related capital costs. The three methodologies include buy-in, incremental, and hybrid. The table below lists the basic parameters a utility may consider when selecting a method that best meets its needs.

Table 1: Industry-Accepted Fee Methodologies

Description	Buy-in	Incremental	Hybrid
Available existing capacity sufficient to accommodate new growth	X		
No existing capacity with significant future capacity requirements		X	
Some existing capacity available with future capacity requirements needed to accommodate new growth		X	X

Calculated Water Tap Fee

Raftelis calculated the water tap fee using the incremental methodology based on the findings in the *2021 Buildout Capital Improvement Plan For Water & Wastewater Report* (Report).

The proposed water facility fee includes an infrastructure and water rights components. The only difference between these two components is the measurement of capacity. Infrastructure projects are stated in peak day gallons per day, while the resource projects are indicated in terms of annual demand or acre-feet. The two fees are calculated separately but are combined into one fee.

System Valuation

The District’s existing water infrastructure is currently at capacity and cannot theoretically serve new development. In addition, the District anticipates future water rights purchases to meet near-term growth. Raftelis developed a separate water rights fee and an infrastructure fee; however, these values are Raftelis used the projected expansion projects indicated in the Report to develop the calculated infrastructure portion of the facility fee and information from Staff to calculate the water rights portion of the facility fee. Assumptions regarding projected system capacity and SFEs¹ are also based on the findings in the Report and information provided by Staff. Raftelis used the incremental water treatment plant expansion capacity to determine the unit cost. The total water rights valuation is estimated at \$6.75 million, and the infrastructure projects total \$52.42 million.

Capacity Units

Water rights projects will add that the District and the future growth-related infrastructure projects will provide an additional capacity of 1.4 million gallons per day (mgd) at a unit cost of \$38.30 per gpd. Future water rights will add approximately 554 acre-feet (AF) at a unit cost of \$12,193 per AF. Based on an annual demand of 231 gpd, the water rights fee for a ¾” meter is \$3,155. Similarly, based on a peak demand of 639 gpd, the infrastructure facility fee for a ¾” meter is \$24,472. The total fee for both components is \$27,627. Table 2 summarizes the water tap fee calculation, and Table 3 compares the existing and calculated maximum supportable facility fees by meter size².

¹ SFE – Single Family Equivalent. ERU – Equivalent Residential Unit. ¾” Residential Equivalent. These are used interchangeably throughout the report.

²² The maximum supportable fee is the highest fee that can be supported data used to calculate the fee.

Meridian Services Metropolitan District
 Water and Wastewater Financial Plan and Facility Fee Study Report

Table 2: Water Tap Fee Calculation

Line No	Description	Capacity Units	Growth-Related Costs	Fee
Water Rights				
1	Guthrie Water Rights Total		\$6,750,000	
2	Acre Feet Added	553.60		
3	Water Rights \$/Acre Foot	\$12,193		
4	Water Rights \$ per 1,000 gallons	37.42		
5	SFE Average Day Demand, gpd [1]	231		
6	SFE Annual Demand, 1,000 gallons per	84.3		
7	Water Rights Fee, \$ per 3/4" Equivalent			\$3,155
Infrastructure Expansion Projects				
<u>Raw Water System Improvements</u>				
8	Wells (Remaining on site and at Guthrie/Hart)		\$25,500,000	
9	Guthrie Mid-Point Pump Station Expansion		1,100,000	
10	Guthrie MSMD Booster Expansion		1,100,000	
11	Guthrie Pipeline Parallel (16-inch)		8,350,000	
12	Guthrie and Hart Ranch Raw Water Transmission Lines		2,970,000	
13	Tamlin Line Acquisition		1,000,000	
<u>Water System Improvements</u>				
14	Expand Filtration Plant and Building		2,000,000	
15	Purchase & Paint WHMD 2.0 MG Water Tank		750,000	
16	Transmission Line Filter Plant to Tanks		1,200,000	
17	Latigo Transmission Line		2,050,000	
18	Bypass WTP for Well Sites 7, 8 and Latigo		\$0	
19	Water Treatment Plant Expansion		-	
20	WTP Booster Pump Station Expansion		-	
21	Parallel Line from WTP to Tank Farm		1,200,000	
22	Future Project Past 2027 - New Well		2,500,000	
23	Future Project Past 2027 - Storage		2,700,000	
24	Future Undesignated Capital Projects		-	
25	Total Infrastructure Expansion Projects to Buildout		\$52,420,000	
26	Additional System Capacity, gpd [2]	1,368,738		
27	Unit Cost of Capacity, \$ per gpd		\$38.30	
28	SFE Peak Day Demand, gpd		639	
29	Infrastructure Impact Fee			\$24,472
30	Calculated Tap Fee, \$ per SFE (Line 7 + Line 29)			\$27,627
31	Calculated Tap Fee, \$ per SFE (Rounded)			\$27,630
32	Current Tap Fee, SFE			\$9,500
33	Difference - \$			\$18,130
34	Difference - %			191%

[1] Buildout Capital Improvement Plan For Water & Wastewater Report, Page 13
 [2] Buildout Capital Improvement Plan For Water & Wastewater Report, Page 13
 2,142 SFEs x 639 peak day gpd.

Calculated Wastewater Tap Fee

Raftelis calculated the wastewater SDF using the hybrid methodology as there is capacity available in the existing system, and future expansion is anticipated in the near future. The wastewater system valuation is based on the Service District's current assets in service, the capacity purchase in the Black Squirrel Reclamation Facility (BSRF), and growth-related projects.

Current Assets in Service

Current assets are valued at replacement costs using the Engineering News Record Construction Cost Index (ENR-CCI). These costs have been adjusted for capital contributions from developers. Contributions represent 'free capital' and, from a conservative perspective, should not be recovered through the calculated tap fees. The State Statute does not explicitly provide guidance on whether the value of contributions should or should not be included.

Black Squirrel Reclamation Facility Capacity Purchase

Raftelis included the costs for the Service District's share of purchased capacity in the BSRF, which the Cherokee Metropolitan District owns. Although the Service District purchased capacity, they do not own any portion of the facility. It is assumed the Service District funded this facility through reserves and bonds, and existing customers and tap fees over time accumulated these reserves. These funds allowed for the purchase of capacity sufficient to meet existing demands and future capacity. Including this cost in the tap ensures that new customers reimburse existing customers for their past contributions.

All Other Capital

Other capital includes the expansion capital identified in the Report valued at current dollars.

Developer Contributions

This fee includes costs for repayment on previous developer contributions. On March 20, 2001, the District entered into a Reimbursement Agreement with GTL Development, Inc. (Developer) to reimburse the Developer for advances made on behalf of the District for operations, maintenance, and capital infrastructure costs, along with accrued interest from the date of receipt.

Capacity Units

Raftelis assumed a total of 11,790 SFEs can be served by the existing and future water facilities can be served by existing and future wastewater facilities. Table 3 shows the calculation of the wastewater fee, and Table 4 compares the existing and calculated fees by meter size.

Table 3: Calculated Wastewater Facility Fee

Line No	Description	Capacity Units	Growth-Related Costs	Calculated Fee
1	Total System Replacement Cost [1]		\$28,127,352	
2	Less: Developer Contributed Assets		(3,176,686)	
3	Cherokee Metropolitan District WRF [2]		14,198,000	
4	WH Sewer Bypass Phase		75,000	
5	Mid-point Injection		95,000	
6	2022 Lift Station		55,000	
7	Phase 2 Sewer Bypass of		333,000	
8	Phase 3 Sewer Bypass of		180,000	
9	Phase 4 Sewer Bypass of		336,000	
10	Total Net Assets and Growth-Related CIP		\$40,222,665	
11	Existing and Future SFEs	11,790		
12	Total Infrastructure Tap Fee			\$3,412
	Developer Contribution Reimbursement			
13	Principal		\$0	
14	Interest		2,058,536	
15	Total Developer Contribution Reimbursement		\$2,058,536	
16	Existing and Future SFEs	11,790		
17	Total Developer Contribution Tap Fee			
18	Calculated Wastewater Tap Fee, \$ per SFE			\$3,412
19	Current Tap Fee, \$ per SFE			\$9,500
20	Difference - \$			(\$6,088)
21	Difference - %			-64%

[1] From District asset records
 [2] Assumes 45.8% of the \$30 million construction costs. Source: 2009 Cherokee Metropolitan District (CMD) annual report, page 27

Table 4: Existing and Calculated Wastewater Facility Fee Schedule by Meter Size

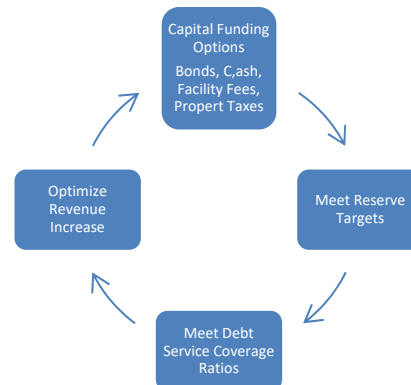
Meter Size [1]	SFE [2]	Current	Calculated	Change - \$	Change - %
3/4"	1	\$9,500	\$3,410	(\$6,090)	-64.1%
1"	2	19,000	6,820	(12,180)	-64.1%

[1] Meter sizes greater than 1" assessed on an individual basis
 [2] Single family equivalent

Financial Planning Process

A primary consideration in developing an ‘optimal’ financial plan is minimizing annual revenue increases by balancing the use of reserves, existing rate revenue, bonds, and property taxes to fund operational costs and growth-related capital projects. This balance is subject to the constraints of meeting the Service District’s target reserve policies and debt service coverage requirements on any proposed debt.

This approach is an iterative process. For example, issuing debt to fund a capital project may keep revenue increases low; however, new debt payments may decrease the coverage below the target level. As a result, a revenue increase may be needed to maintain compliance with the target. The revenue generated from the increase now may meet debt service coverage and produce an ending balance more than the target reserve. This excess can be used to partially fund the capital project, which, in turn, could reduce the proposed state loan amount.



Water Utility

Introduction

The water utility consists of two sub-funds:

- **Operating Fund.** Funds activities associated with annual operation and maintenance of the utility, debt service on proposed bond or loan issues, transfers to the capital fund to assist in funding any deficiencies not met from facility fees³, and maintaining emergency and rate stabilization reserves
- **Capital Expansion Fund.** Tracks activities associated with funding growth and non-growth-related capital improvement projects. Sources include facility fees, bond proceeds, and transfers from the operating fund. Uses include capital improvement project costs and repayments on developer contributions.

Raftelis maintained the separation of these sub-funds for this study to ensure that sources of funds were being used for their appropriate purposes. For example, facility fees and bond and loan issues fund the capital improvement program but should not fund operations.

Assumptions

The water utility financial plan scenarios were developed based on several assumptions. Changes to these assumptions may materially affect the results.

Table 5: Water Utility Assumptions

Item	Description
2022 Beginning Fund Balance	
Operating-Capital Fund	\$2,316,370
Capital Fund	\$4,326,592
State Loan Issues	
Term	20 years
Interest Rate	4.75%
Debt Service Coverage Target	1.25x debt service payments
SFE Annual Growth [1] (through buildout in 2028)	
2023	100
2024	287
2025-2030	314
2031	279
Average O&M Inflation	2023: 4.0%; 2024 – 2031: 3.5%
Annual Capital Projects Inflation	5.0%

Financial Plan Scenarios

Raftelis developed four financial planning scenarios. These scenarios show the impact of annual rate revenue adjustments based on varying the amount of annual bond issues and the level of facility fee charges. A description of the facility fees for each scenario is listed below.

- Scenario 1: \$14,000 Facility Fee + \$500 per Year Increase

³ Tap fees and facility fees are used interchangeably throughout this memo.

- Scenario 2: \$11,500 Facility Fee + 10% per Year ('23-'26), + \$500 per Year ('27-'31)
- Scenario 3: \$14,000 Facility Fee + \$250 per Year
- Scenario 4: \$11,500 Tap Fee + 10% per Year ('23-'26), + \$500 per Year ('27-'31)

Capital Improvement Program

The 10-year capital improvement program totals \$75.8 million, including an annual inflation allowance of 5%. Of this \$75.8 million, \$71.1 million is for growth-related projects, and the remaining \$4.7 million is for repair and replacement projects. The growth-related projects are anticipated to be funded with facility fee revenue, bond proceeds, reserves, and rate revenue as transfers from the operating fund. The capital improvement program does not vary with each of the scenarios.

Revenue Requirement

Revenue from rates and other miscellaneous revenue should be sufficient to meet annual revenue requirements in the operating fund. Revenue requirements include operation and maintenance expenses, transfers to the capital expansion fund, payments on proposed debt service, and meeting target debt service coverage and reserves. The tables below show each scenario's key parameters and a cash flow summary for each fund.

Meridian Services Metropolitan District
 Water and Wastewater Financial Plan and Facility Fee Study Report

Table 6
 Scenario 1: \$14,000 Facility Fee + \$500 per Year Increase

Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
KEY PARAMETERS SUMMARY										
Facility Fee, \$ per SFE	\$9,500	\$14,000	\$14,500	\$15,000	\$15,500	\$16,000	\$16,500	\$17,000	\$17,500	\$18,000
Facility Fee Revenue, \$ mil	\$2.4	\$1.4	\$4.2	\$4.7	\$4.9	\$5.0	\$5.2	\$5.3	\$5.5	\$5.0
Bond Issues, \$ mil	\$0.00	\$0.00	\$7.70	\$7.70	\$13.30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Growth-Related CIP, \$ mil	\$3.54	\$8.46	\$10.99	\$10.87	\$18.86	\$5.35	\$6.52	\$4.47	\$1.00	\$1.05
Developer Repayments, \$ mil	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Revenue Adjustments	0.0%	8.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
CAPITAL EXPANSION FUND CASH FLOW SUMMARY										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Beginning Fund Balance	\$4.33	\$8.12	\$0.76	\$1.33	\$2.56	\$1.87	\$1.54	\$0.19	\$1.05	\$5.55
Sources of Funds	\$9.71	\$1.40	\$11.86	\$12.41	\$18.16	\$5.02	\$5.18	\$5.33	\$5.49	\$5.02
Uses of Funds	\$5.92	\$8.76	\$11.29	\$11.17	\$18.86	\$5.35	\$6.52	\$4.47	\$1.00	\$1.05
Annual Surplus/(Deficiency)	\$3.80	(\$7.36)	\$0.57	\$1.23	(\$0.69)	(\$0.33)	(\$1.35)	\$0.87	\$4.49	\$3.97
Ending Fund Balance	\$8.12	\$0.76	\$1.33	\$2.56	\$1.87	\$1.54	\$0.19	\$1.05	\$5.55	\$9.52
OPERATING FUND CASH FLOW SUMMARY										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Beginning Fund Balance	\$2.32	\$1.06	\$2.15	\$2.83	\$3.13	\$2.60	\$2.31	\$2.38	\$2.85	\$3.73
Operating Income	3.33	3.81	4.20	4.65	5.11	5.59	6.09	6.63	7.20	7.76
Revenue Requirements	4.59	2.71	3.52	4.35	5.63	5.89	6.02	6.16	6.31	6.46
Annual Surplus/(Deficiency)	(1.26)	1.09	0.68	0.30	(0.53)	(0.30)	0.07	0.47	0.89	1.29
Ending Balance	\$1.06	\$2.15	\$2.83	\$3.13	\$2.60	\$2.31	\$2.38	\$2.85	\$3.73	\$5.02
Target Reserve	1.38	1.42	1.49	1.56	1.65	1.73	1.83	1.93	2.04	2.15
Over/(Under) Target	(\$0.32)	\$0.74	\$1.35	\$1.57	\$0.96	\$0.57	\$0.55	\$0.92	\$1.70	\$2.87

Meridian Services Metropolitan District
 Water and Wastewater Financial Plan and Facility Fee Study Report

Table 7
 Scenario 2: \$11,500 Facility Fee + 10% per Year ('23-'26), + \$500 per Year ('27-'31)

Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
KEY PARAMETERS SUMMARY										
Facility Fee, \$ per SFE	\$9,500	\$11,500	\$14,500	\$15,000	\$15,500	\$16,000	\$16,500	\$17,000	\$17,500	\$18,000
Facility Fee Revenue, \$ mil	\$2.4	\$1.2	\$3.6	\$4.4	\$4.8	\$5.0	\$5.2	\$5.3	\$5.5	\$5.0
Bond Issues, \$ mil	\$0.00	\$0.00	\$8.30	\$8.20	\$14.20	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Growth-Related CIP, \$ mil	\$3.54	\$8.46	\$10.99	\$10.87	\$18.86	\$5.35	\$6.52	\$4.47	\$1.00	\$1.05
Developer Repayments, \$ mil	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Revenue Adjustments	0.0%	8.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
CAPITAL EXPANSION FUND CASH FLOW SUMMARY										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Beginning Fund Balance	\$4.33	\$8.12	\$0.51	\$1.15	\$2.54	\$2.69	\$2.35	\$1.01	\$1.87	\$6.36
Sources of Funds	\$9.71	\$1.15	\$11.93	\$12.57	\$19.00	\$5.02	\$5.18	\$5.33	\$5.49	\$5.02
Uses of Funds	\$5.92	\$8.76	\$11.29	\$11.17	\$18.86	\$5.35	\$6.52	\$4.47	\$1.00	\$1.05
Annual Surplus/(Deficiency)	\$3.80	(\$7.61)	\$0.64	\$1.39	\$0.14	(\$0.33)	(\$1.35)	\$0.87	\$4.49	\$3.97
Ending Fund Balance	\$8.12	\$0.51	\$1.15	\$2.54	\$2.69	\$2.35	\$1.01	\$1.87	\$6.36	\$10.33
OPERATING FUND CASH FLOW SUMMARY										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Beginning Fund Balance	\$2.32	\$1.06	\$2.15	\$2.79	\$2.99	\$2.31	\$1.85	\$1.76	\$2.06	\$2.79
Operating Income	3.33	3.81	4.20	4.65	5.10	5.58	6.09	6.62	7.19	7.75
Revenue Requirements	4.59	2.71	3.57	4.44	5.79	6.04	6.18	6.32	6.47	6.62
Annual Surplus/(Deficiency)	(1.26)	1.09	0.63	0.21	(0.68)	(0.46)	(0.09)	0.30	0.72	1.12
Ending Balance	\$1.06	\$2.15	\$2.79	\$2.99	\$2.31	\$1.85	\$1.76	\$2.06	\$2.79	\$3.91
Target Reserve	1.38	1.42	1.49	1.56	1.65	1.73	1.83	1.93	2.04	2.15
Over/(Under) Target	(\$0.32)	\$0.74	\$1.30	\$1.43	\$0.67	\$0.12	(\$0.07)	\$0.14	\$0.75	\$1.76

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Table 8
 Scenario 3: \$14,000 Facility Fee + \$250 per Year

Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
KEY PARAMETERS SUMMARY										
Facility Fee, \$ per SFE	\$9,500	\$14,000	\$14,500	\$15,000	\$15,500	\$16,000	\$16,500	\$17,000	\$17,500	\$18,000
Facility Fee Revenue, \$ mil	\$2.4	\$1.4	\$4.1	\$4.5	\$4.6	\$4.7	\$4.8	\$4.9	\$4.9	\$4.5
Bond Issues, \$ mil	\$0.00	\$0.00	\$9.40	\$9.30	\$16.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Growth-Related CIP, \$ mil	\$3.54	\$8.46	\$10.99	\$10.87	\$18.86	\$5.35	\$6.52	\$4.47	\$1.00	\$1.05
Developer Repayments, \$ mil	\$0.00	\$0.88	\$0.88	\$0.88	\$1.26	\$1.26	\$1.26	\$1.26	\$1.26	\$1.26
Annual Revenue Adjustments	0.0%	8.0%	6.6%	6.6%	6.6%	6.6%	3.0%	3.0%	3.0%	3.0%
CAPITAL EXPANSION FUND CASH FLOW SUMMARY										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Beginning Fund Balance	\$4.33	\$8.12	\$0.00	\$1.32	\$3.12	\$3.73	\$1.82	\$0.00	\$0.00	\$2.68
Sources of Funds	\$9.71	\$1.52	\$13.49	\$13.85	\$20.73	\$4.71	\$5.96	\$5.73	\$4.94	\$4.46
Uses of Funds	\$5.92	\$9.64	\$12.17	\$12.05	\$20.12	\$6.61	\$7.78	\$5.73	\$2.26	\$2.31
Annual Surplus/(Deficiency)	\$3.80	(\$8.12)	\$1.32	\$1.80	\$0.61	(\$1.91)	(\$1.82)	\$0.00	\$2.68	\$2.15
Ending Fund Balance	\$8.12	\$0.00	\$1.32	\$3.12	\$3.73	\$1.82	\$0.00	\$0.00	\$2.68	\$4.84
OPERATING FUND CASH FLOW SUMMARY										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Beginning Fund Balance	\$2.32	\$1.06	\$2.04	\$2.72	\$3.08	\$2.60	\$2.62	\$1.91	\$1.97	\$3.41
Operating Income	3.33	3.80	4.34	4.96	5.64	6.38	6.96	7.57	8.22	8.87
Revenue Requirements	4.59	2.83	3.66	4.61	6.11	6.36	7.68	7.51	6.79	6.94
Annual Surplus/(Deficiency)	(1.26)	0.98	0.69	0.35	(0.47)	0.02	(0.72)	0.07	1.43	1.92
Ending Balance	\$1.06	\$2.04	\$2.72	\$3.08	\$2.60	\$2.62	\$1.91	\$1.97	\$3.41	\$5.33
Target Reserve	1.38	1.42	1.49	1.56	1.65	1.73	1.83	1.93	2.04	2.15
Over/(Under) Target	(\$0.32)	\$0.62	\$1.24	\$1.51	\$0.96	\$0.89	\$0.08	\$0.04	\$1.37	\$3.17

Meridian Services Metropolitan District
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Table 9
 Scenario 4: \$11,500 Tap Fee + 10% per Year ('23-'26), + \$500 per Year ('27-'31)

Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
KEY PARAMETERS SUMMARY										
Facility Fee, \$ per SFE	\$9,500	\$11,500	\$14,500	\$15,000	\$15,500	\$16,000	\$16,500	\$17,000	\$17,500	\$18,000
Facility Fee Revenue, \$ mil	\$2.4	\$1.2	\$3.6	\$4.4	\$4.8	\$5.0	\$5.2	\$5.3	\$5.5	\$5.0
Bond Issues, \$ mil	\$0.00	\$0.00	\$9.40	\$9.30	\$16.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Growth-Related CIP, \$ mil	\$3.54	\$8.46	\$10.99	\$10.87	\$18.86	\$5.35	\$6.52	\$4.47	\$1.00	\$1.05
Developer Repayments, \$ mil	\$0.00	\$0.88	\$0.88	\$0.88	\$1.26	\$1.26	\$1.26	\$1.26	\$1.26	\$1.26
Annual Revenue Adjustments	0.0%	8.0%	7.0%	7.0%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%
CAPITAL EXPANSION FUND CASH FLOW SUMMARY										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Beginning Fund Balance	\$4.33	\$8.12	\$0.00	\$0.86	\$2.47	\$3.26	\$1.67	\$0.00	\$0.00	\$3.23
Sources of Funds	\$9.71	\$1.52	\$13.03	\$13.67	\$20.90	\$5.02	\$6.12	\$5.73	\$5.49	\$5.02
Uses of Funds	\$5.92	\$9.64	\$12.17	\$12.05	\$20.12	\$6.61	\$7.78	\$5.73	\$2.26	\$2.31
Annual Surplus/(Deficiency)	\$3.80	(\$8.12)	\$0.86	\$1.61	\$0.79	(\$1.59)	(\$1.67)	\$0.00	\$3.23	\$2.71
Ending Fund Balance	\$8.12	\$0.00	\$0.86	\$2.47	\$3.26	\$1.67	\$0.00	\$0.00	\$3.23	\$5.94
OPERATING FUND CASH FLOW SUMMARY										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Beginning Fund Balance	\$2.32	\$1.06	\$1.78	\$2.48	\$2.87	\$2.46	\$2.57	\$2.20	\$2.85	\$4.41
Operating Income	3.33	3.80	4.36	5.00	5.70	6.48	7.07	7.69	8.35	9.01
Revenue Requirements	4.59	3.08	3.66	4.61	6.11	6.36	7.44	7.04	6.79	6.94
Annual Surplus/(Deficiency)	(1.26)	0.72	0.70	0.39	(0.41)	0.11	(0.38)	0.65	1.56	2.06
Ending Balance	\$1.06	\$1.78	\$2.48	\$2.87	\$2.46	\$2.57	\$2.20	\$2.85	\$4.41	\$6.48
Target Reserve	1.38	1.42	1.49	1.56	1.65	1.73	1.83	1.93	2.04	2.15
Over/(Under) Target	(\$0.32)	\$0.37	\$1.00	\$1.31	\$0.82	\$0.84	\$0.37	\$0.92	\$2.38	\$4.32

Wastewater Utility

Raftelis developed multiple financial planning scenarios to evaluate the impact on annual rate revenues based on varying the levels of the facility fee charges. However, our analysis showed there were minimal differences between them. As a result, we recommended the scenario below. The scenarios are listed below

Introduction

The wastewater utility consists of four subfunds:

- **Operating Fund.** Funds activities associated with annual operation and maintenance of the utility, debt service on proposed bond or loan issues, transfers to the capital fund to assist in funding any deficiencies not met from tap fees (facility fees)⁴, and maintaining emergency and rate stabilization reserves
- **TDS Improvement Fund.** Tracks activities associated with collecting the Clean Water Surcharge from the Service District customers and Sterling Ranch customers and payments to Cherokee Metropolitan District and Bank of San Juan.
- **FAWWA Facility Fee Fund.** Tracks activities associated with pre-paid tap fee receipts from the Falcon Area Water and Wastewater Authority. These funds can be used for any financial needs in the water and wastewater utilities
- **Capital Expansion Fund.** Tracks activities associated with funding growth-related capital improvement projects. Sources include facility fees, transfers from the operating fund, bonds, and property taxes. Uses include growth-related capital projects and payments on the Metro Ranch Metropolitan District bond payments used to fund infrastructure projects.

Raftelis maintained the separation of these sub-funds for this study to ensure that sources of funds were being used for their appropriate purposes. For example, facility fees and bond and loan issues fund the capital improvement program but should not fund operations.

Assumptions

The wastewater utility financial plan scenarios were developed based on several assumptions. Changes to these assumptions may materially affect the results.

Table 10: Wastewater Utility Assumptions

Item	Description
2022 Beginning Fund Balance	
Operating Fund	\$3,435,602
Capital Fund	\$1,138,159
TDS Improvement Fund	\$595,077
FAWWA Tap Fee Fund	\$0
State Loan Issues	
Term	20 years
Interest Rate	4.75%
Debt Service Coverage Target	1.25x debt service payments

⁴ Tap fees and facility fees are used interchangeably throughout this memo.

Item	Description
SFE Annual Growth [1] (through buildout in 2028)	
2023	100
2024	287
2025-2030	314
2031	279
Average O&M Inflation	2023: 4.0%; 2024 – 2031: 3.5%
Annual Capital Projects Inflation	5.0%
Mill Levy Increase	2022 Mill Levy: 21.998 2031 Mill Levy: 30.169

Financial Plan

Capital Improvement Program

The 10-year capital improvement program totals \$9.2 million, including an annual inflation allowance of 5%. Of this \$9.2 million, \$4.2 million is for growth-related projects, and the remaining \$5.0 million is for repair and replacement projects. The growth-related projects are anticipated to be funded with facility fee revenue, bond proceeds, reserves, and rate revenue as transfers from the operating fund.

Revenue Requirement

Revenue from rates and other miscellaneous revenue should be sufficient to meet annual revenue requirements in the operating fund. Revenue requirements include operation and maintenance expenses, transfers to the capital expansion fund, payments on proposed debt service, and meeting target debt service coverage and reserves.

Meridian Services Metropolitan District
 Water and Wastewater Financial Plan and Facility Fee Study Report

Table 11
 Existing Fees + \$500/year Increase

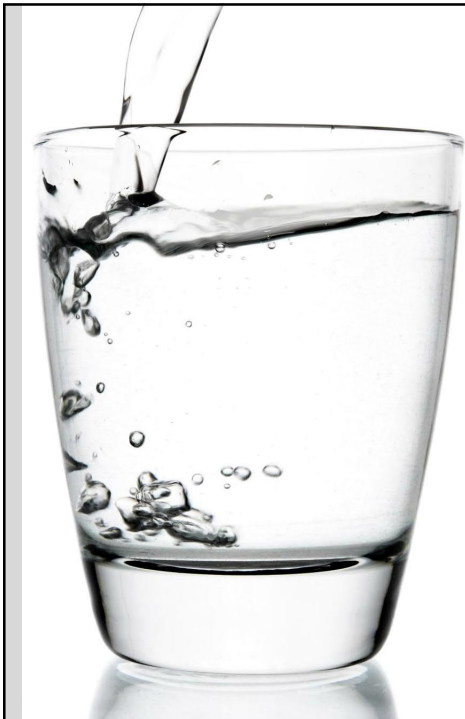
Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Facility Fee, \$ per SFE	\$9,500	\$10,000	\$10,500	\$11,000	\$11,500	\$12,000	\$12,500	\$13,000	\$13,500	\$14,000
Bond Issues, millions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Growth-Related CIP, millions	\$150,000	\$1,443,750	\$826,875	\$1,764,000	\$0	\$0	\$0	\$0	\$0	\$0
Mill Levy, millions	\$2.34	\$2.81	\$2.95	\$3.10	\$3.25	\$3.40	\$3.57	\$3.74	\$3.91	\$4.10
Property Tax Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MRMD Payments, millions	\$3.61	\$3.89	\$4.27	\$4.27	\$4.35	\$4.35	\$4.44	\$4.44	\$4.52	\$4.52
Annual Revenue Adjustments	0.0%	8.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
CAPITAL EXPANSION FUND CASH FLOW SUMMARY										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Beginning Fund Balance	\$1.14	\$2.06	\$0.54	\$1.40	\$1.92	\$4.42	\$7.23	\$10.29	\$13.66	\$17.29
Sources of Funds	\$4.68	\$3.81	\$5.97	\$6.55	\$6.86	\$7.17	\$7.49	\$7.82	\$8.15	\$8.00
Uses of Funds	\$3.76	\$5.34	\$5.10	\$6.04	\$4.35	\$4.35	\$4.44	\$4.44	\$4.52	\$4.52
Annual Surplus/(Deficiency)	\$0.92	(\$1.52)	\$0.87	\$0.51	\$2.50	\$2.82	\$3.05	\$3.38	\$3.63	\$3.48
Ending Fund Balance	\$2.06	\$0.54	\$1.40	\$1.92	\$4.42	\$7.23	\$10.29	\$13.66	\$17.29	\$20.77
FAWWA FUND CASH FLOW SUMMARY										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Beginning Fund Balance	\$0.00	\$0.00	\$0.00	\$1.48	\$17.37	\$16.97	\$16.68	\$16.53	\$16.47	\$16.47
Sources of Funds	2.71	0.00	1.48	15.95	0.00	0.00	0.00	0.00	0.00	0.00
Uses of Funds	2.71	0.00	0.00	0.05	0.40	0.30	0.15	0.06	0.00	0.00
Annual Surplus/(Deficiency)	0.00	0.00	1.48	15.90	(0.40)	(0.30)	(0.15)	(0.06)	0.00	0.00
Ending Balance	\$0.00	\$0.00	\$1.48	\$17.37	\$16.97	\$16.68	\$16.53	\$16.47	\$16.47	\$16.47
TDS FUND CASH FLOW SUMMARY										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Beginning Fund Balance	\$0.60	\$1.76	\$1.06	\$0.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.03
Sources of Funds	2.31	0.44	0.55	0.70	1.15	1.15	1.15	1.15	1.18	1.27
Uses of Funds	1.14	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15
Annual Surplus/(Deficiency)	1.17	(0.71)	(0.60)	(0.45)	0.00	0.00	0.00	0.00	0.03	0.12
Ending Balance	\$1.76	\$1.06	\$0.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.03	\$0.15
OPERATING FUND CASH FLOW SUMMARY										
Description, \$ millions	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Beginning Fund Balance	\$3.44	\$1.60	\$1.72	\$1.86	\$2.06	\$2.33	\$2.80	\$3.47	\$4.36	\$5.46
Operating Income	2.21	2.06	2.28	2.52	2.78	3.04	3.31	3.59	3.89	4.17
Revenue Requirements	4.05	1.94	2.13	2.32	2.51	2.57	2.64	2.71	2.78	2.86
Annual Surplus/(Deficiency)	(1.84)	0.12	0.14	0.20	0.27	0.47	0.67	0.88	1.10	1.31
Ending Balance	\$1.60	\$1.72	\$1.86	\$2.06	\$2.33	\$2.80	\$3.47	\$4.36	\$5.46	\$6.77
Target Reserve	1.12	1.18	1.25	1.32	1.38	1.44	1.51	1.58	1.66	1.73
<i>Over/(Under) Target</i>	<i>\$0.48</i>	<i>\$0.54</i>	<i>\$0.61</i>	<i>\$0.75</i>	<i>\$0.95</i>	<i>\$1.36</i>	<i>\$1.96</i>	<i>\$2.77</i>	<i>\$3.80</i>	<i>\$5.04</i>

Meridian Service

Metropolitan District

2022 Water and Wastewater Financial Plan and Fee Study

October 2022



Agenda



Rate study goals and objectives



Tap fees



Financial plan findings



Typical bill comparison









Peer utility typical bill survey

MSMD's rates and fees must:

-  **Fund Operations**
-  **Fund Capital Projects & Debt**
-  **Maintain Reserves**
-  **Fund Growth**

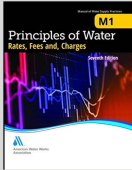
3

How we'll get there

- | | |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
|  Fund Operations |  Rate Revenues |
|  Fund Capital Projects & Debt |  Facility fees |
|  Maintain Reserves |  Reserves |
|  Fund Growth |  Property taxes |

4

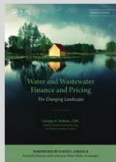
Guided by industry-standard financial planning and rate-setting approaches



American Water Works Association,
Manual M-1, Principles of Rates, Fees, and Charges



Water Environment Federation
Financing and Charges for Wastewater Systems



Raftelis Financial Consultants
Water and Wastewater Finance and Pricing

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Water utility financial plan scorecard



- District facility fees and projected loans fund growth-related projects
- Rate revenues available to meet cash flow deficiencies if needed



- FAWWA contract revenues available to fund capital projects, and developer contribution payments



- Net income including facility fee revenue meets annual projected target debt service coverage requirements of 1.25 times annual debt service



- Rate revenues and facility fees assist in repaying developer contributions (scenarios 3 & 4)



- *Result: Rate increase alternatives for your consideration*

Wastewater utility financial plan scorecard



- Facility fees and property taxes sufficient to fund growth-related projects and refinanced MRMD debt



- FAWWA contract revenues available to fund capital projects, and MRMD payments



- Rate revenues sufficient to meet annual O&M, repair and replacement capital each year through study period



- *Result: Annual revenue adjustments are needed*

Facility Fees



What are facility fees?

- One-time charge
- Fee for new customer demand only
- Fee required of all new customers for their share of capacity
- Fee required for existing customers requesting increases in capacity
- Fee based on the value of the utility's capacity and the amount of capacity needed by the new customer

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What are facility fees?

- Can be used to pay for debt service
- Balances equity between existing and new customers
- Fee represents cost to reserve capacity in system backbone and associated facilities
 - Transmission mains
 - Pump stations
 - Storage
 - Wastewater treatment plant
 - Force and large gravity mains
 - Lift stations

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Facility fees – State statute requirements

- Compliant with State Statutes – 29.20.104.5
- Reasonably tied to impact of new development
- Assessed in proportion to impact
- May not be used to fund repairs
- Excludes contributed assets and assets less than 5 year service life

11

Financial planning scenarios



Water

①

- \$14,000 Tap Fee in 2023 + \$500 increase annually through 2031

②

- \$11,500 Tap Fee in 2023 + 10% annual increase ('23-'26); + \$500 annual increase ('27-'31)

③

- \$14,000 tap fee in 2023 + \$250 annual increase through 2031
- Includes payment for developer contributions

④

- \$11,500 tap fee + 10% annual incr. ('23-'26); + \$500 annual incr. ('27-'31)
- Includes payment for developer contributions




Wastewater

①


- \$10,000 Tap Fee in 2023 + \$500 increase annually through 2031

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Facility fees Comparison of current and calculated fee

	Water	Meter Size [1]	SFE [2]	Current	Calculated	Change - \$
		3/4"	1	\$9,500	\$27,630	\$18,130
1"	2	19,000	55,260	36,260		

[1] Meter sizes greater than 1" assessed on an individual basis
[2] Single family equivalent


	Wastewater	Meter Size [1]	SFE [2]	Current	Calculated	Change - \$
		3/4"	1	\$9,500	\$3,410	(\$6,090)
1"	2	19,000	6,820	(12,180)		

[1] Meter sizes greater than 1" assessed on an individual basis
[2] Single family equivalent


- Calculated fees are based on utility system asset data, future expansion project costs, added capacity, and demand characteristics of a single family equivalent (SFE)

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Facility fees Current and alternative fees for 2023

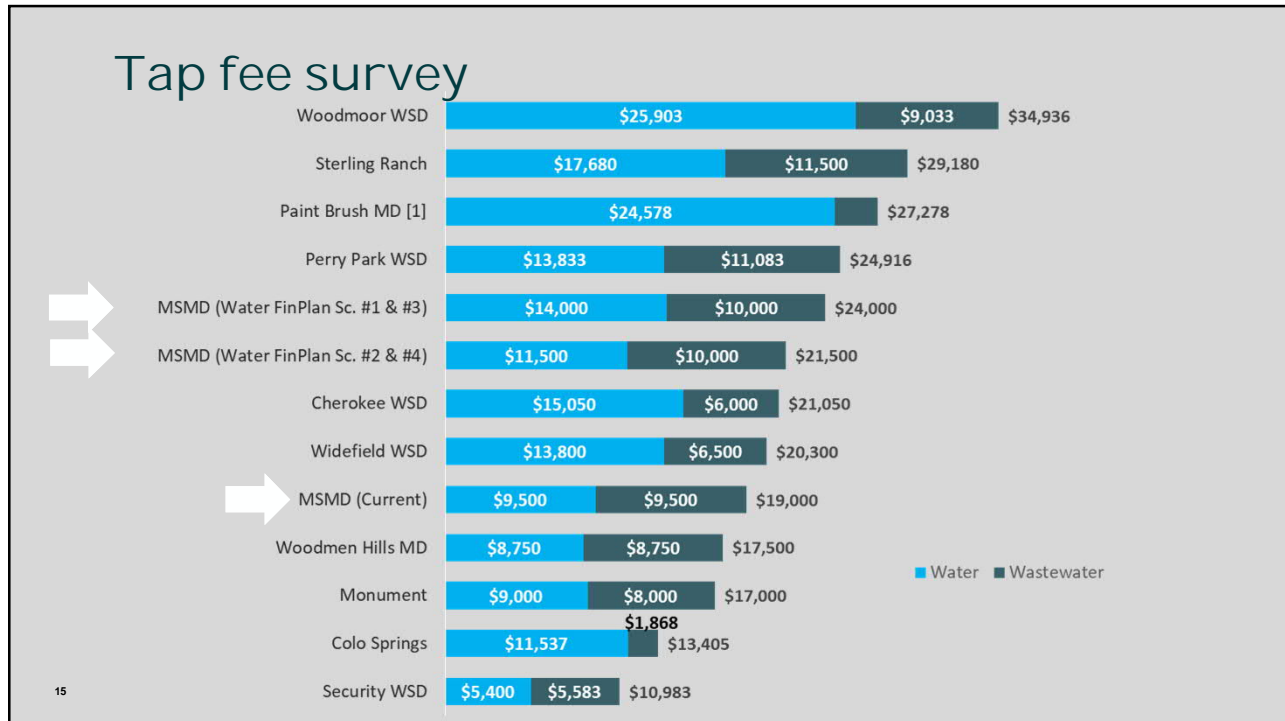
	Water	Meter Size [1]	SFE [2]	Current	Financial Plan Scenario	
		3/4"	1	\$9,500	#2 and #4	#1 and #3
1"	2	19,000	23,000	28,000		

[1] Meter sizes greater than 1" assessed on an individual basis
[2] Single family equivalent

	Wastewater	Meter Size [1]	SFE [2]	Current	Financial Plan Scenario #1
		3/4"	1	\$9,500	\$10,000
1"	2	19,000	20,000		

[1] Meter sizes greater than 1" assessed on an individual basis
[2] Single family equivalent

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Water Financial Plan

↓

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Water utility flow of funds Self supporting enterprise fund



<p>Operating</p>	<ul style="list-style-type: none"> • Rate revenues • O&M expense • Repair and replacement projects
<p>Capital Expansion</p>	<ul style="list-style-type: none"> • Facility fee revenues • Bond proceeds • Expansion-related capital improvement projects

Water financial plan assumptions

<p>Reserve Targets</p>	<ul style="list-style-type: none"> • Target reserve requirement increase from \$1.4 million in 2023 to \$2.15 million in 2031. • Available for unforeseen operating expense and/or capital expenditures
<p>Growth-Related Capital Funding</p>	<ul style="list-style-type: none"> • Facility fees • Rate revenues if needed • Capital reserves • Proposed bonds • FAWWA contract revenues
<p>Inflation Assumptions</p>	<ul style="list-style-type: none"> • 4% in 2023; 3.5% in 2024 - 2031 • 5% on capital projects
<p>Other Assumptions</p>	<ul style="list-style-type: none"> • Growth-related debt service funded by rate revenues • Developer contribution repayments funded by rate revenues and facility fees

Water utility financial plan scenarios

①

- \$14,000 Tap Fee in 2023 + \$500 increase annually through 2031

②

- \$11,500 Tap Fee in 2023 + 10% annual increase ('23-'26); + \$500 annual increase ('27-'31)

③

- \$14,000 tap fee in 2023 + \$250 annual increase through 2031
- Includes payment for developer contributions

④

- \$11,500 tap fee + 10% annual increase ('23-'26); + \$500 annual increase ('27-'31)
- Includes payment for developer contributions

Water financial plan scenarios Key variables to optimize cash flows



- Tap fee scenarios



- Annual revenue adjustments



- Bond proceeds to fund growth-related debt



- **Result: Minimize impacts to existing water and wastewater customers**

Water financial plan scenario results

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Tap fees (\$)	\$14,000 in 2023 + \$500 per year 2024 - 2031	\$11,500 in 2023 + 10% ('24-'26) + \$500 ('27 - '31)	\$14,000 in 2023 + \$250 per year 2024 - 2031	\$11,500 in 2023 + 10% ('24-'26) + \$500 ('27 - '31)
Loan Proceeds/ Total CIP	Bonds: \$28.7 Million Total Growth CIP: \$71.1 million	Bonds: \$30.7 Million Total Growth CIP: \$71.1 million	Bonds: \$34.8 Million Total Growth CIP: \$71.1 million	Bonds: \$34.8 Million Total Growth CIP: \$71.1 million
Service Fees Increase (%)	8.0% ('23); 3.0% ('24-'31) Cumulative 36.8%	8.0% ('23); 3.0% ('24-'31) Cumulative 36.8%	8.0% ('23); 6.6% ('24-'27) 3.0% ('28-'31) Cumulative 57.0%	8.0% ('23); 7.0% ('24-'27) 3.0% ('28-'31) Cumulative 59.3%
Service Fees Increase (\$)	\$5.04 in 2023 Cumulative Increase through 2027 \$23.18	\$5.04 in 2023 Cumulative Increase through 2027 \$23.18	\$5.04 in 2023 Cumulative Increase through 2027 \$35.88	\$5.04 in 2023 Cumulative Increase through 2027 \$37.37
Developer Contribution Repayment	No	No	Yes	Yes

Water financial plan scenario results

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Tap fees (\$)	\$14,000 in 2023 + \$500 per year 2024 - 2031	\$11,500 in 2023 + 10% ('24-'26) + \$500 ('27 - '31)	\$14,000 in 2023 + \$250 per year 2024 - 2031	\$11,500 in 2023 + 10% ('24-'26) + \$500 ('27 - '31)
Operating Fund Ending Balance	2022: (\$0.3) million 2031: \$5.0 million	2022: (\$0.3) million 2031: \$3.9 million	2022: (\$0.3) million 2031: \$5.3 million	2022: (\$0.3) million 2031: \$6.5 million
Ending Fund Balances	Each scenario meets operating target reserves (emergency and rate stabilization) throughout study period. Funds in excess of reserve amounts in 2031 will be used to fund future capital repair and replacement projects or offset bond issues to fund capital projects			
Other Sources	FAWWA contract revenues available to fund capital projects. Projected 2031 ending fund balance available for water and wastewater expenditures: \$16.6 million			
Capital Expansion Fund Ending Balance	2022: \$8.1million 2031: \$9.5 million	2022: \$8.1 million 2031: \$10.3 million	2022: \$8.1 million 2031: \$4.8 million	2022: \$8.1 million 2031: \$5.9 million

Wastewater Financial Plan



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Wastewater utility flow of funds Self supporting enterprise fund



Operating

- Rate revenues
- O&M expense
- Repair and replacement projects



TDS

- Clean Water Fee revenues
- Payments on Cherokee debt
- As-needed transfers from FAWWA reserve to preserve fund balance



FAWWA

- FAWWA facility fees
- As-needed transfers to TDS fund to meet cash flow deficiencies



Capital Expansion

- Facility fee revenues
- Property tax revenue (mil levy)
- Loan proceeds
- MRMD payments
- Expansion-related capital improvement projects

Wastewater financial plan assumptions

Reserve Targets

- Target reserve requirement increase from \$1.2 million in 2023 to \$1.7 million in 2031.
- Available for unforeseen operating expenses and/or capital expenditures

Inflation Assumptions

- 4% in 2023; 3.5% in 2024 - 2031
- 5% on capital repair and replacement
- Mill levy increases from 21.998 mils in 2022 to 30.169 mils in 2031

Other Assumptions

- Debt payments to MRMD funded through facility fees and property taxes in the wastewater fund
- FAWWA contract revenues

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Wastewater financial plan scenarios Key variables to optimize cash flows



- District facility fees



- Use of property taxes (mill levy) to pay outstanding debt to MRMD



- *Result: Minimize impacts to existing water and wastewater customers*

Wastewater financial plan scenario results

Tap fees (\$)	\$10,000 in '23 + \$500 ('24 - '31)
Loan Proceeds/Total CIP	Loans: \$0.0 Million Total Growth CIP: \$4.2 million
Service Fees Increase (%)* <small>*Does not apply to CWF</small>	8.0% ('23); 3.0% ('24-'31) Cumulative 26.5%
Service Fees Increase (\$)	\$3.79 in 2023; Cumulative Incr. through 2027 Cumulative \$8.01
Developer Contribution Repayment	No
MRMD Repayment	Yes
Property Tax Mil Levy Increase	2023: 25.998 mils 2031: 30.169 mils 2037: 33.82 mils

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Wastewater financial plan scenario results

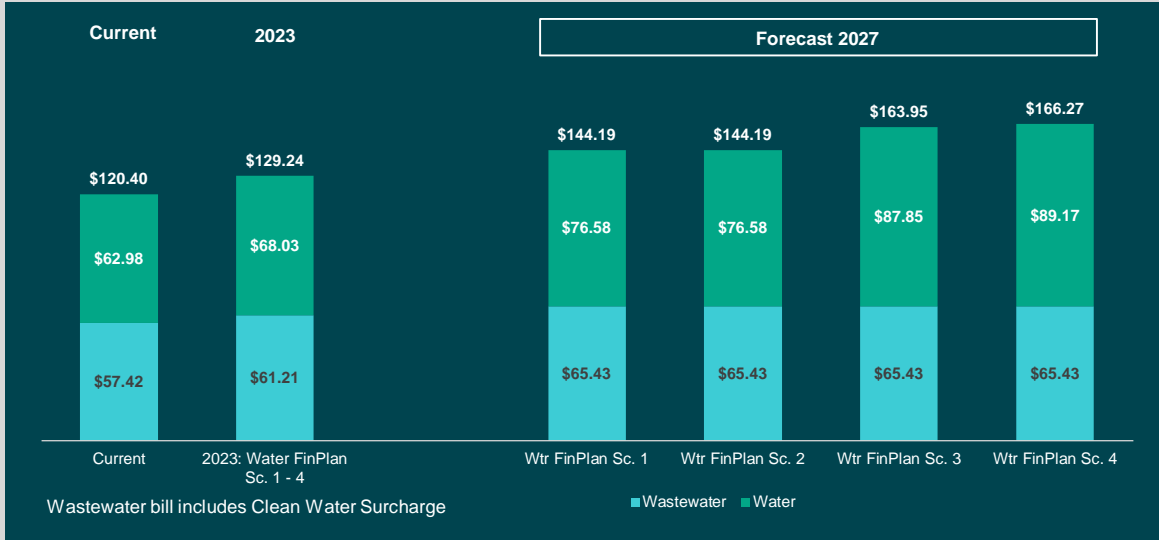
Tap fees (\$)	\$10,000 in '23 + \$500 ('24 - '31)
Ending Operating Fund Balance	Meets target reserves throughout study period. Funds in excess of reserve amounts in 2031 are reserved to fund future capital repair and replacement programs
Ending Operating Fund Balance	2022: \$1.6 million 2031: \$6.8 million
Ending Operating Fund Balance	Meets target reserves throughout study period. Funds in excess of reserve amounts in 2031 are reserved to fund future capital repair and replacement programs
Other WW Funds 2031 Balance	<ul style="list-style-type: none"> Capital expansion fund: \$20.8 million FAWWA contract revenue available: \$16.6 million* TDS improvement fund: \$153,680 <p><i>*FAWWA reserves available to fund water and wastewater expenditures</i></p>

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Monthly water and wastewater bill comparison

Current, 2023 proposed, and 2027 forecast

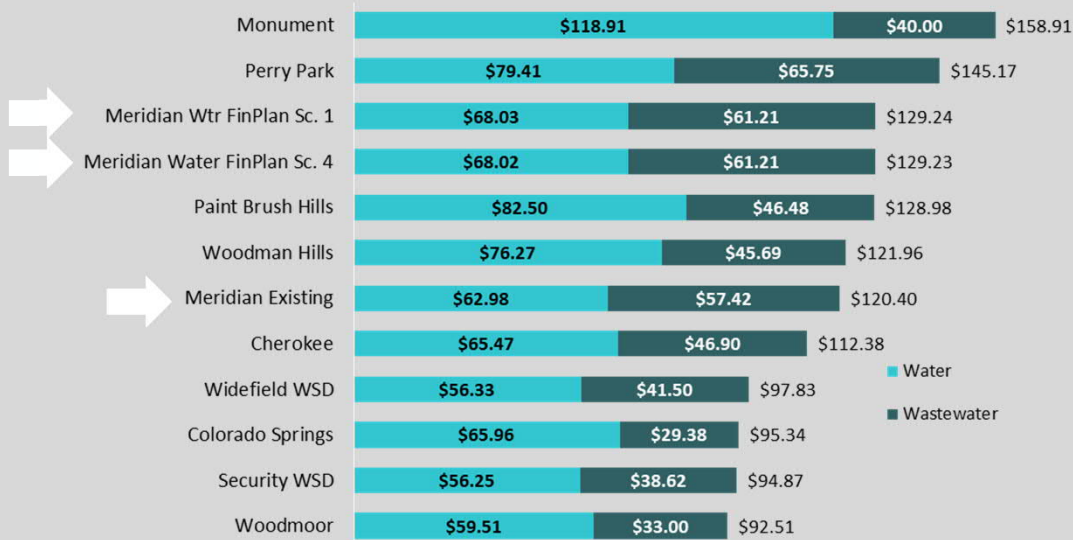
Meridian Ranch single family residential (1 SFE) – 7,000 gal water usage



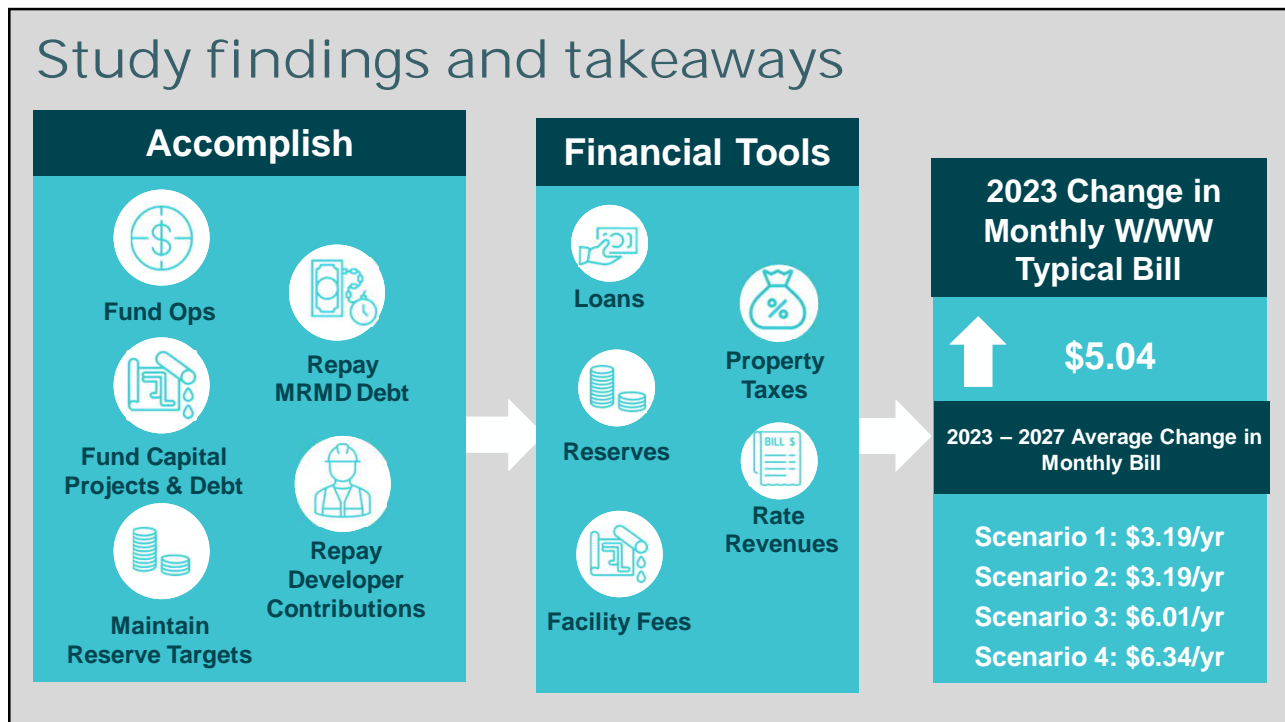
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Peer utility bill survey



Water: ¾" meter, 7,000 gallons water use



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Thank You

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