



Forest Lakes Metropolitan District Rates Increase The What, Who, When, Where and Why?

- Forest Lakes Metropolitan District underwent the last nominal rate increase in 2013 (8 years ago). Since then, costs to maintain equipment and infrastructure has risen.
- FLMD's heavy equipment fleet that is used to maintain our infrastructure, roads and for snow removal are old and dilapidated and need to be replaced since we are reaching points where it is impractical and not cost effective to maintain them.
 - FLMD completed an Equipment Replacement Masterplan that identified the pieces that need to be replaced in an orderly and cost-effective manner over the next several years.
- FLMD's current water and wastewater infrastructure and FLMD buildings are in many cases 40 to 50 years old and in need of replacement, upgrade, or repair. These existing assets equate to almost \$6.3M in value and need to be replaced in the upcoming years. Also, many of our gravel roads were constructed in the 1970s and since they require a higher level of yearly maintenance versus asphalt roads, additional funds need to be generated to handle this long-term requirement.
 - With this knowledge, FLMD contracted with an independent, local engineer (San Juan Engineering) to complete a Capital Improvements Plan (CIP) or Masterplan due to their in-depth knowledge of our infrastructure and its condition. San Juan Engineering completed the Masterplan, which identified almost \$26M in infrastructure upgrades and repairs (water, sewer, and roads) that must be completed over the next 30 years within Units 1, 2, 4 and 5 (1,600 parcels). This coupled with the existing assets above, totals almost \$32M.
 - FLMD advertised and conducted two (2) public Special Meetings/Study Sessions on the CIP with the Board of Directors with the final meeting occurring on April 7th. At this meeting, San Juan Engineering briefed the specifics about the CIP...both the draft and final CIP were posted on our website for the public to review. The Final CIP was subsequently posted on FLMD's website since April 13th, 2021.
 - The meetings were announced on FLMD's website and District Calendar.
 - An in-depth and comprehensive Masterplan (Road Map) of this nature has not ever been completed for FLMD, and it was a long-time coming!
 - Also, pertaining to roads and future costs:
 - The emergency egress road (1.5 miles long) needs to be improved to ensure it can accommodate the amount of traffic that could potentially use it in the future. This is a life, health, and safety item!
 - FLMD will need to conduct another mining and crushing operation to provide the required amount of gravel for our 26 miles of roads and for the emergency access road.
 - Annual funding from the Highway User Tax Fund is not adequate to help subsidize the annual required costs to maintain our roads.

- Currently, the Sewer Fund is indebted to the Water Fund over \$200K because the Sewer Fund is not generating enough in revenues to be self-sufficient.
- When the Trash Disposal Operation was developed, the rate that was established was for that operation alone. The Brush/Slash facility was later brought online and now the Trash Disposal Operation is subsidizing the Brush/Slash Facility.
 - Operating and maintaining the Brush and Slash operation is almost a ¾-time body in manpower during the summer.
- The current cash reserves and funding generated from property taxes is not adequate to build cash reserves that will be required in the form of grants, loans, bonds, etc., to replace FLMD capital assets or to complete the required CIP projects in the upcoming years.
- The Forest Lakes Metropolitan District Board of Directors wants to encourage water conservation within the District and has requested that the Tier breaks be reduced from 5,000 gallons to 3,000 gallons to strategically accomplish that.
- FLMD has undergone a Rate Study by an independent expert (Rural Community Assistance Corporation, RCAC) through the United States Department of Agriculture (USDA) to determine whether our current and future revenues will be adequate to handle current and future expenditures pertaining to replacing capital assets (equipment, vehicles, infrastructure, etc.).
 - RCAC has expert staff dedicated to completing Rate Studies for Municipalities...the major goals of this Rate Study were sustainability, fairness, and justifiability.
 - Looking through our records, it appears that this is the 1st time FLMD has contracted with an independent, outside agency to complete a Rate Study of this nature.
 - FLMD staff is confident that operational costs drove the increases, but hiring an outside agency is a first.
 - FLMD conducted three (3) public Rate Study Special Meetings /Study Sessions with the Board of Directors with the final meeting occurring on June 21st, 2021. The meetings were announced on FLMD's website and District Calendar.
- Through deployment of their model and understanding of the Forest Lakes Metropolitan District and its customers and required services, they helped the Board of Directors identify the existing inadequacies and the needed rate increases initially and for the next 5 years to balance the budget by addressing the required funding and current funding inadequacies.
 - The Forest Lakes Metropolitan Board of Directors agrees that such revised rates, fees, and charges are needed, are fair and equitable and are in the best interests of the property owners of the Forest Lakes Metropolitan District.
 - District staff and certain Board Member also did a significant amount of research on the rates being charged from similarly sized Special Districts in Colorado and with similar infrastructure, and the proposed rate increases (across the board) are in line with those. Outside of water and sewer rates, in some cases, this research was used to determine what the FLMD rate should be.

- Forest Lakes Metropolitan District Board of Directors approves RCAC's recommendations of an automatic 10% rate increase to the sewer and water metered rates for each year from Year 2 through Year 5.
 - RCAC's Rate Study expert has recommended that FLMD complete another Rate Study in 5 years to determine progress towards funding goals.
- All information about the Rate Increases is posted on FLMD's website according to the State Statutes (CRS 32-1-1001(2)(a), it has been discussed at several Board meetings over the last 1-1/2 years, and it has been discussed at 3 different public Rate Study Special Meetings.
 - In addition to fielding any phone calls about the rate increases, to which there has only been one (1) so far, FLMD staff will also put a link on the upcoming bills to the website information so all the residents will have been notified.
- The new established rates are scheduled to become effective and applied to the September 2021 usage period.