DISCUSSION MEMORANDUM CHATFIELD WATERSHED AUTHORITY

Date: October 17, 2022

TO: CWA Board

FROM: Alan J. Leak, P.E., Technical Consultant

SUBJECT: Draft 2023 CWA Budget and the 2023-2028 Planning Budget.

SUMMARY OF ACTION REQUESTED: Review and provide comments on the draft 2023 budget and the 2023-2028 planning budget.

RECOMMENDED EFFECTIVE DATE: N/A

COST IMPACTS: The draft 2023 budget includes revenues in the amount of $280,952 and expenditures in the amount of $399,098. Assuming the projected starting fund balance in 2023 of $290,052, the ending fund balance in 2023 is projected to be $171,906, with expenditures exceeding revenues by $118,146. Projected revenues and expenditures through 2024 are expected to continue to deplete the CWA's fund balance and will likely fall below the recommended minimum $100,000 fund balance at the end of 2024. The 2023-2028 planning budget workbook includes estimated additional expenditures for upcoming water quality rulemaking processes and NPS projects should the Board choose to participate in those processes and projects. If so, based on the planning estimates, an additional $618,457 in revenue will be required from 2024 to 2028 to cover the estimated additional expenditures.

PURPOSE / BACKGROUND: The CWA Board will meet on November 14th, 2022, at which time a final draft 2023 budget will be presented for review and adoption. The CWA TAC advises the Board on budgetary matters and a draft 2023-2028 budget workbook was presented at the October 4, 2022, TAC meeting. At that meeting the TAC discussed the draft 2023-2028 budget workbook and requested that the same, with minor revisions, be presented to the CWA Board for discussion and direction.

Draft 2023 Budget: The draft 2023 budget is based upon the 2022 budget, as modified by previous board actions and input from CWA consultants, and current projections of revenues and expenditures in 2022. Key assumptions in the 2023 budget are as follows:

> Dues. In 2022, the CWA Board approved a 20% increase in the 2022 member dues. The proposed 2023 budget assumes that this increase will be carried forward to 2023. The budget also assumes a voluntary dues contribution of $2,400 from non-members. The monitoring In-kind contributions remain at the same level as in 2022 (Please note that any changes in these contributions are equally reflected as an expense and thus do not impact the end of year balance).
>
> Technical and Legal Fees. At the July 24, 2022, CWA Board meeting the CWA Board approved a budget amendment that added funding in 2022 for the Lakes Nutrients hearing previously

scheduled for November 2022 as well as reallocated funding in other funding categories. That budget amendment increased the previously amended 2022 budget from $328,174 to $361,887 (+$33,713). At that time, a limited scope rulemaking for Regulation #73 was still considered to be needed. After that meeting, the limited scope rulemaking for Regulation #73 has been postponed indefinitely (informally) and the Lakes Nutrients rulemaking hearing has been delayed to April 2023. Therefore, part of the funding for the Regulation #73 hearing has been moved for use in the Lakes Nutrients hearing effort and the Lake Nutrients rulemaking budget not used or needed in 2022 has been moved to 2023. This adjustment is reflected in the estimated 2022 budget as of 9/30/2022 and the proposed budget for 2023.

Financial Services. The proposed 2023 financial services budget remains the same as was budgeted for 2022.

Inflation. Previous planning workbooks have assumed a 3% increase in all expenses due to inflation. Given the large increase in inflation in 2021 and 2022, the 2023 budget assumes a 6% increase in all expenses for 2023 except as follows:

- NPS Projects and Consultants: Approximate 6% increase, rounded for budgeting
- Authority Management Fees: 10% increase
- Financial Services: No increase

NPS Projects and Consultants. The proposed 2023 budget maintains the previously planned 2023 NPS projects and work while shifting watershed work planned for 2022 to 2023.

Lobbyist. The need for a lobbyist to shepherd a long-term funding initiative for the CWA has been discussed with the TAC and the Board. I am currently budgeting an estimated $35,000 expense for a lobbyist in 2023 as a placeholder for this work.

2023-2028 Planning Budget: The 2023-2028 Planning Budget Workbook includes a separate tab which presents estimates of additional expenditures for future water quality rulemaking processes and NPS projects should the Board choose to participate in those processes and projects. The spreadsheet includes four separate line items as follows:

- Lakes/Nutrients Rulemaking. There is proposed additional rulemaking in 2027 to complete the lakes/nutrients standards for all Colorado reservoirs and streams. It is unknown if the standards adopted in the 2023 rulemaking hearing will be further modified and what will be proposed as final nutrient standards for streams. If the CWA chooses to not participate in this rulemaking process, the CWA will not have a direct voice in determining if the proposed standards are appropriate and/ or whether they are needed to protect beneficial uses in the watershed.
- Regulation #73 Rulemaking. It is likely that a rulemaking hearing will be proposed for Regulation #73 to adopt revised TMAL allocations for Chatfield Reservoir along with other updates / revisions to the Regulation. It is anticipated that this rulemaking hearing will also determine wasteload allocations for MS4 entities as they are now considered to be point sources. If the CWA chooses to not participate in this rulemaking process, the CWA will not have a direct voice in determining the proposed TMAL allocations nor other possible revisions that, if adopted, may not be in the best interests of the CWA members. It should

be noted that Regulation #73 includes the following: "The activities to support revisions to allocations of the allowable load are identified below. The Authority shall implement these activities, as allowed by applicable funding levels (underline added), for review by the Division and Commission at the next triennial review". The CWA may be able to delay the implementation of activities to revise the TMAL but it is uncertain for how long the Water Quality Control Commission will wait for this effort. It has been 13 years since this requirement was included in Regulation #73.

- Increase Projects Budget. There have been previous discussions of the possibility of the CWA substantially participating in a larger NPS project as well as suggestions by the Water Quality Control Division of the CWA doing more NPS work. The current 2023-2028 budget includes $29,000/year for NPS projects. If the CWA decides to maintain the $29,000 annual NPS projects budget, these additional projects would not be funded.
- Cost to Secure Additional Funding. Only the draft 2023 budget includes funding of a lobbyist to help secure additional revenue for the CWA. There may be additional costs associated with this effort that cannot be estimated at this time.

If none of the estimated additional expenditures are ultimately needed or implemented, there is still a small amount of revenue increase needed to maintain the recommended $100,000 fund balance. This represents about $13,000 annually from 2024-2028.

TAC RECOMMENDATION(S): No recommendation.

PROPOSED MOTION to BOARD: No motion. For Information Only

Attachment: CWA Budget Planning Workbook 2023-2028 Version 10/17/2022

cc:

Chatfield Watershed Authority 2022 Budget Planning Workbook Revision (For Information Only)

10/17/2022

All Financial Numbers Rounded to the Nearest Dollar

Line Item #		2018 Budget	2019 Budget	2020 Adjusted Budget	2020 Actual	2021 Adjusted Budget	2021 Actual	2022 Original Planning Budget	2022 Adopted Budget	2022 Current Budget (as amended)	2022 Current Budget (estimated as of 9/30/2022)	2023 Planning Budget	2023 Proposed Revised Budget	2024 Planning Budget	2025 Planning Budget	2026 Planning Budget	2027 Planning Budget	2028 Planning Budget	Line Item Comments for 2023 Proposed Budget
	Income																		
4001 - 4019	Member Dues	$170,005	$172,005	$170,005	$170,005	$172,005	$172,005	$172,005	$208,806	$208,806	$208,806	$206,406	$206,406	$206,406	$206,406	$206,406	$206,406	$206,406	
4038 - 4045	Monitoring In-Kind	$74,546	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	**Monitoring: In-Kind Income is matched with In-Kind Expenditures (Line Item 5111)**
4103	Interest Income	$0	$20	$0	$67	$0	$39	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
	Other- Voluntary Dues /Other Income	$2254	$0	$2,500	$13,460	$0	$12,005	$2,000	$0	$0	$0	$2,400	$2,400	$2,400	$2,400	$2,400	$2,400	$2,400	
	Total Income	**$246,805**	**$244,171**	**$244,651**	**$255,678**	**$244,151**	**$256,195**	**$246,151**	**$280,952**	**$280,952**	**$280,952**	**$280,952**	**$280,952**	**$280,952**	**$280,952**	**$280,952**	**$280,952**	**$280,952**	
	Expenditures																		
5001	Management Fees - Technical	$94,518	$0	$73,000	$68,524	$70,000	$64,982	$72,100	$77,100	$87,100	$82,100	$76,426	$81,426	$78,719	$81,080	$83,513	$86,018	$88,599	**Moved $5000 for Lakes Nutrients Rulemaking from 2022 to 2023.**
5002	Management Fees - Authority	$0	$30,000	$36,600	$28,470	$35,000	$35,000	$36,050	$36,050	$36,050	$36,050	$39,655	$39,655	$40,845	$42,070	$43,332	$44,632	$45,971	
5003	Website Hosting	$3,000	$3,475	$3,600	$3,750	$7,100	$4,450	$3,708	$3,708	$3,708	$3,708	$3,930	$3,930	$4,048	$4,170	$4,295	$4,424	$4,557	
5004	NPS Projects and Consultants	$2505	$0	$45,500	$31,588	$34,400	$6,740	$69,000	$64,000	$62,713	$38,713	$74,000	$92,000	$134,000	$29,000	$29,000	$29,000	$29,000	**Added $18,000 to catch up on watershed/reservoir linkage**
5005	Legal - Admin	$0	$12000	$20,000	$17,475	$56,100	$57,358	$20,600	$59,240	$84,240	$59,240	$33,644	$58,640	$34,654	$35,693	$36,764	$37,867	$39,003	**Moved $25000 for Lakes Nutrients Rulemaking from 2022 to 2023**
5006	Misc. Admin.	$385	$35	$500	$0	$500	$106	$515	$515	$515	$515	$546	$546	$562	$579	$597	$614	$633	
5007	Prof'l. Fees – Financial	$12,000	$12,000	$12,000	$12,000	$12,000	$9,750	$12,360	$9,750	$9,750	$9,750	$9,750	$9,750	$10,043	$10,344	$10,654	$10,974	$11,303	
5103	Monitoring	$0	$17000	$5,000	$0	$0	$0	$5,150	$5,150	$5,150	$5,150	$5,459	$5,459	$5,623	$5,791	$5,965	$6,144	$6,328	
5109	Public Outreach	$3,800	$1550	$1,550	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0					
5110	Insurance	--	$4000	--	--	--		--	--	--	--	--	--	--					
5015	Technical and Other Consultants	--	$87700	--	--	--		--	--	--	--	--	--	--					
5115	Pub Outreach - Consultants	--	$3,800	$2,200	$565	$0	$0	$0	$0	$0	$0	$0	$35,000	$0	$0	$0	$0	$0	**Added $35,000/yr. for potential lobbyist for securing long term funding .**
5117	Pub Outreach - Sponsorships	--	$500	$500	$235	$500	$450	$515	$515	$515	$515	$546	$546	$562	$579	$597	$614	$633	
5111	Monitoring In- Kind	$74,586	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	$72,146	**Monitoring: In-Kind Expenditures matched to In- Kind Income (Lines 4038-4045)**
	Total Expenditures	**$190,794**	**$244,206**	**$272,596**	**$234,753**	**$287,746**	**$250,982**	**$292,144**	**$328,174**	**$361,887**	**$307,887**	**$316,103**	**$399,098**	**$381,201**	**$281,453**	**$286,862**	**$292,434**	**$298,172**	
	Net Change in Fund Balance	**$56,011**	**-$35**	**-$27,945**	**$20,925**	**-$43,595**	**$5,213**	**-$45,993**	**-$47,222**	**-$80,935**	**-$26,935**	**-$35,151**	**-$118,146**	**-$100,249**	**-$501**	**-$5,910**	**-$11,482**	**-$17,220**	
	Ending Fund Balance (Budget)	$290,814	$290,849	$262,904		$268,179		$270,994	$269,765	$236,052	$290,052	$254,901	$171,906	$71,656	$71,155	$65,245	$53,763	$36,543	**Policy is to maintain minimum ending fund balance of $100,000.**
	Ending Fund Balance (Actual/Estimated)	$290,814	$290,849		$311,774		$316,987								**This Planning Budget does not include potential expenditures in 2025-2028 for a full Regulation #73 rulemaking hearing and TMAL revision, nor other potential unknown expenses and desired expenditures (i.e. 2027 Lakes nutrients rulemaking & added NPS projects).**				

WATERSHED SERVICES AND PROJECTS : 2021 - 2024							
10/17/2022 Draft							
TMAL DEVELOPMENT							Comments
Description	Cost Estimate	In-kind	Agency	Consultant Support	Year	Outcome	
Triennial Review Informational Hearing	Included in Technical Services		CWA	Tech. Consultant	2021 &2022	Provide status update to the WQCC	
Reassign Load Allocations, assuming WLA remain static	$40,000		CWA	Lynker/ Tech. Consultant	2024	When required by the WQCC	
Total 2021-2024	**$40,000**						
WATERSHED MODEL							
Model Update	$0	$10,000 DWB	CWA	Lynker	2021	Update model to include the last 5 years of water quality data.	Done
Model Refinement	$16,000		CWA	Lynker	2023	Review and analize results.Refine model calibration if warrented from scenario results and/or use of updated information.	
Scenario Runs	$24,720		CWA	Lynker	2021	Use of model for running management scenarios to target problem areas, quantify benefits of NPS projects in the watershed, and evaluate options for reducing nutrient loads to Chatfield Reservoir.	Done
Scenario Runs	$33,000		CWA	Lynker	2024	Use of model for running management scenarios to target problem areas, quantify benefits of NPS projects in the watershed, and evaluate options for reducing nutrient loads to Chatfield Reservoir.	
Watershed / reservoir model linkage	$5,000		CWA	Lynker/Hydros	2023	Explore methodology to link the watershed model to the reservoir model - Coordination with CRMC	Move to 2023 from 2022
Watershed / reservoir model linkage	$37,000		CWA	Lynker/Hydros	2023	Establish methodology to link the watershed model to the reservoir model - Coordination with CRMC	Move to 2023 from 2022
Watershed / reservoir model linkage	$37,000		CWA	Lynker/Hydros	2024	Link the watershed model to the reservoir model - Coordination with CRMC	
Total 2021-2024	**$152,720**						
NPS PROJECT FUNDING							
Description	Cost to CWA	In-kind Costs	Primary Funding Agency(s)	CWA Partnership Opportunities	Year		
Wildfire Mitigation	$29,000/Year	??	??	Mitigation Projects / Grant Funding	2022-2024	Includes $5000 Hilldale Pines Wildfire Mitigation Grant Pledge (Assume now in 2023)	
Agricultural Mitigation				NRCS Grants / CALF	2022-2024		
Septic Systems Mitigation				Tri-County Health	2022-2024		
Erosion Mitigation				Stream Sampling Plan, Grant Funding	2022-2024	Includes $5000 for WPCSMP (2022)	
2021-2024	**$116,000**	$29,000/yr for 4 years					
Total Year 2021	**$48,720**						
Total Year 2022	**$34,000**						
Total Year 2023	**$92,000**						
Total Year 2024	**$134,000**						
Grand Total	**$308,720**						

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Chatfield Watershed Authority 2022-2028 Budget Planning Workbook (For Information Only)

10/17/2022

Current Planned Budget	2022	2023	2024	2025	2026	2027	2028	Total	Comments
Beginning Balance	**$ 316,987**	**$ 290,052**	**$ 171,906**	**$ 71,656**	**$ 71,155**	**$ 65,245**	**$ 53,763**		
Net Revenues	$ 280,952	$ 280,952	$ 280,952	$ 280,952	$ 280,952	$ 280,952	$ 280,952	$ 1,966,664	
Net Expenses	$ 307,887	$ 399,098	$ 381,201	$ 281,453	$ 286,862	$ 292,434	$ 298,172	$ 2,247,108	
Net Change	**$ (26,935)**	**$ (118,146)**	**$ (100,249)**	**$ (501)**	**$ (5,910)**	**$ (11,482)**	**$ (17,220)**	**$ (280,444)**	
Projected Ending Balance	**$ 290,052**	**$ 171,906**	**$ 71,656**	**$ 71,155**	**$ 65,245**	**$ 53,763**	**$ 36,543**		
Possible Future Expenses									
Lakes/Nutrients Rulemaking					$ 50,000	$ 50,000		$ 100,000	Rely on Others Analysis
Regulation #73 Rulemaking (after 2022)									
General Rulemaking				$ 40,000	$ 20,000			$ 60,000	Legal/Technical
TMAL Revision			$ 75,000	$ 100,000	$ 100,000			$ 275,000	Modeling/Stakeholders
Increase Projects Budget				$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 120,000	Build One Project
Cost to Secure Additional Funding								$ -	Unknown
Total Additional Potential Expenses	**$ -**	**$ -**	**$ 75,000**	**$ 170,000**	**$ 200,000**	**$ 80,000**	**$ 30,000**	**$ 555,000**	
Projected Ending Balance	**$ 290,052**	**$ 171,906**	**$ (3,344)**	**$ (173,845)**	**$ (379,755)**	**$ (471,237)**	**$ (518,457)**		
Potential Dues Increase (or other funding to maintain 2028 ending fund balance of $100,000).			**$ 123,691**	**$ 123,691**	**$ 123,691**	**$ 123,691**	**$ 123,691**	**$ 618,457**	**60%**
Projected Net in CWA Account	**$ 290,052**	**$ 171,906**	**$ 120,348**	**$ 73,538**	**$ (8,681)**	**$ 23,529**	**$ 100,000**	**$ 816,788**	