



October 7, 2025

To: Board of Directors
From: Katie Nicholls, District Manager
RE: 2026 Proposed Budget

Attached is the proposed 2026 budget, it is also available on the website. We will hold our first public hearing to REVIEW the budget on **Monday**, November 10TH, and the public hearing to ADOPT the budget on December 9th. A copy of the notice proof is attached. I have outlined some of the areas of note on the budget below:

ENTERPRISE FUND

REVENUE

- The 5% increase to user fees per the 10-year rate study has been applied. The new rate will be \$141.75 per single family equivalent.
- The Intergovernmental Agreements with Columbine Lake Water District, North Shore Water District, and Grand Lake Metro Recreation District by 2.1% CPI.
- 20 Tap purchases are budgeted.
- Property Transfer Fees and Plan Review Fees was a new item in 2025. Estimates for 2026 were reduced to 50 transfers and 20 residential and 3 commercial plan reviews.
- Interest averaged over 4% in 2025, 4% was applied.
- Water lab fees were increased based on resolution to be approved at October 2025 meeting.
- CDS Grant (earmark) has been moved to 2026.
- SRF loan was added for Heat Trace Replacement project.

ADMINISTRATIVE EXPENSES

- Directors Fees was increased to include SDA conference for all board members (4 attended in 2025), regional conference, and another strategic planning session.
- IT includes replacement of office managers computer and \$5,000 extra for any unexpected hardware issues.
- Recording fees with the county changed to a higher flat rate.
- Postage rates continue to rise.
- Office post and wall repair included in Property Repair and Maintenance.
- Utilities were increased by 10%.
- Increased legal fees expected due to CDS Grant, SRF loan, Debrucing election, water rights, and ongoing issues.
- Rate study update has been added per board approval.
- Public Relations & Consulting has been added per agreement for Septic to Sewer and DeBrucing election.

- Business insurance is increased by 10%.

OPERATION EXPENSES

- Several operators intend to pursue further certifications in 2026.
- Health insurance increased by 17%.
- Utilities were increased by 10% across the board.
- Plant telephone includes addition of Starlink to fix internet issue at plant.
- IT includes \$1,000 extra for any unexpected hardware issues.
- Repairs to the fuel shed and shop are added to Field Expenses Equipment Repair and Maintenance.
- Engineering for the Heat Trace Replacement project has been updated to the latest numbers.
- Sludge hauling continues to increase.

CAPITAL OUTLAY/CONTINGENCY/RESERVES

- Septic to Sewer Conversion Project has been moved again to 2026.
- Heat Trace Replacement Project has been added.
- \$250,000 in contingency.
- \$800,000 is the maximum amount this budget will allow to be transferred to reserve to maintain 4+ months of operating expenses in the Enterprise Fund.
- A small transfer to the Government General Fund has been added to ensure that the ending fund balance doesn't drop below the total expenditures for the year.

GOVERNMENT GENERAL FUND

REVENUE

- Mill levy ratcheted down again. TABOR is the lower than 5.5% rate and last year's rate and therefore must be used. Rate is 0.927 mills.
- A small revenue transfer from the Enterprise Fund has been added to keep the ending fund balance above the annual expenditures. The Board will need to discuss the matter as part of the rate study to be completed in 2026.

EXPENSES

- Health insurance increased by 17%.
- 2026 DeBrueing Election was added at \$5/voter per the county.

**THREE LAKES WATER AND SANITATION DISTRICT
2026 PROPOSED BUDGET**

ENTERPRISE GENERAL FUND		ACTUALS	ACTUALS	ESTIMATED	ESTIMATED YEAR END		BUDGET	PROPOSED
		2024	THRU SEPT	OCT - DEC 25	2025	Budget Balance	2025	2026
BEGINNING FUND BALANCE		6,389,900			7,700,782		7,594,085	8,450,339
Operating Revenue								
IGA-INTERGOVERNMENTAL AGREEMENTS		119,733	94,400	31,554	125,954	8,310	134,264	137,148
4005 · SEWER USER FEES & PENALTIES		2,381,856	1,890,287	625,000	2,515,287	(52,447)	2,462,840	2,574,881
4030 · LAB REVENUE		40,410	13,570	3,000	16,570	6,430	23,000	24,000
4900 · MISCELLANEOUS REVENUE		1,061	9,836	0	9,836	664	10,500	10,500
Total Operating Revenue		2,543,060	2,008,093	659,554	2,667,647	(37,043)	2,630,604	2,746,529
Non-Operating Revenue								
4010 · CONNECTION / INSPECTION PERMITS		800	500	0	500	250	750	600
4005A · Property Transfer & Plan Review Fees		3,805	1,275	500	1,775	5,850	7,625	6,250
4200 · SEWER TAP FEES		514,031	270,968	0	270,968	(60,968)	210,000	210,000
4201 · Valves		3,098	1,653	2,122	3,775	(400)	3,375	3,375
4300 · INTEREST EARNED		381,067	266,951	90,000	356,951	27,349	384,300	344,000
Total Non-Operating Revenue		902,801	541,347	92,622	633,969	(27,919)	606,050	564,225
Loans and Grants								
TBD · CDS EPA GRANT - S2S Project		0	0	0	0	1,000,000	1,000,000	1,000,000
TBD · SRF Loan - Heat Trace Replacement		0	0	0	0	0	0	1,582,443
Total Revenue		3,445,861	2,549,440	752,176	3,301,616	935,038	4,236,654	5,893,197
ADMINISTRATIVE EXPENSES								
BOARD OF DIRECTOR FEES/EXPENSES		10,662	9,104	2,064	11,168	5,562	16,730	18,404
OFFICE EXPENSES		173,549	103,805	13,608	117,413	17,907	135,320	68,708
5047 · INSURANCE EXPENSE		68,338	73,952	0	73,952	1,141	75,093	81,347
5064 · RARE STUDY CONSULTING FEE		0	0	0	0	0	0	12,880
5065 · AUDIT & CONSULTING		13,125	13,750	0	13,750	31	13,781	14,438
5023 · ACCOUNTANT SERVICES		7,700	8,000	0	8,000	0	8,000	8,475
5067 · LEGAL SERVICE & CONSULTING		89,247	60,515	2,000	62,515	(2,515)	60,000	90,000
5068 · PUBLIC RELATIONS & CONSULTING		0	46,683	24,000	70,683	37,262	107,945	139,750
5202 · WATER RIGHTS		2,347	2,000	0	2,000	0	2,000	2,000
Total ADMINISTRATIVE EXPENSES		364,968	317,809	41,672	359,481	59,388	418,869	436,002

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		2024	THRU SEPT	OCT - DEC 25	2025	Budget Balance	2025	2026
OPERATIONS EXPENSES								
PAYROLL EXPENSES - OPERATIONS		624,166	515,342	189,805	705,147	30,107	735,254	764,839
TREATMENT PLANT EXPENSES		379,166	226,004	118,118	344,122	91,378	435,500	401,850
OFFICE/SHOP EXPENSES		34,732	37,284	4,331	41,615	3,846	45,461	44,683
5138 · ENGINEERING - GENERAL		30,952	1,274	0	1,274	18,726	20,000	20,000
5210 · ENGINEERING - TOWN OF GL WW PROJECT		0	82,561	30,960	113,521	202,968	316,489	222,990
FIELD EXPENSES		112,985	75,448	29,583	105,031	34,969	140,000	141,500
5152 · MISCELLANEOUS EXPENSE		0	0	0	0	1,000	1,000	1,000
5162 · SCADA SOFTWARE/EQUIPMENT LEASE		33,247	12,581	9,078	21,659	3,341	25,000	25,000
5190 · SYSTEM REPAIR & MAINTENANCE		91,436	56,303	21,111	77,414	42,586	120,000	120,000
5200 · VALVES		642	4,261	4,000	8,261	(2,261)	6,000	6,000
Total OPERATIONS EXPENSES		1,307,326	1,011,059	406,986	1,418,045	426,659	1,844,704	1,747,862
OPERATING EXPENSES								
5148 · LAB - DRINKING WATER		11,789	10,037	3,762	13,799	201	14,000	14,000
5149 · PLANT - LAB		29,224	25,531	9,261	34,792	5,208	40,000	40,000
5185 · PLANT - SLUDGE HAULING		47,450	43,770	16,413	60,183	4,817	65,000	66,000
Total Operating Expenses		88,463	79,338	29,436	108,774	10,226	119,000	120,000
Total Expenses		1,760,757	1,408,206	478,094	1,886,300	496,273	2,382,573	2,303,864
NET (Revenue - Admin & Operations Expenses)		1,685,104			1,415,316		1,854,081	3,589,333
Capital Outlay								
6420 · Vehicle Purchase		0	0	109,790	109,790	40,210	150,000	0
6400 · System Improvements		106,182	115,929	51,000	166,929	83,071	250,000	250,000
6440 · Main Line Interceptor Inspection		0	121,000	0	121,000	24,000	145,000	0
6450 · Septic-to-Sewer Conversion Project		0	0	0	0	1,000,000	1,000,000	1,000,000
TBD · Heat Trace Replacement		0	0	0	0	0	0	1,582,443
Total Capital Outlay		106,182	236,929	160,790	397,719	1,147,281	1,545,000	2,832,443
TOTAL EXPENDITURES		1,866,939	1,645,135	638,884	2,284,019	1,643,554	3,927,573	5,136,307

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		2024	THRU SEPT	OCT - DEC 25	2025	Budget Balance	2025	2026
CWRPDA Loan Payment		123,942	61,971	61,971	123,942	0	123,942	123,942
CWR&PDA Copper Loan Payment		144,098	72,049	72,049	144,098	0	144,098	144,098
Transfer to Government General Fund		0	0	0	0	0	0	59,901
Contingency		0	0	0	0	250,000	250,000	500,000
NET (Revenue - Total Expenditures)		1,310,882			749,557		(208,959)	(71,051)
<i>Designated Reserves</i>		800,000	0	800,000	800,000	0	800,000	800,000
ENDING FUND BALANCE		7,700,782			8,450,339		7,385,126	8,379,288
<i>Dedicated Reserve Funds</i>		5,944,843			6,744,843		6,744,843	7,544,843

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GOVERNMENT GENERAL FUND		ACTUALS	ACTUALS	ESTIMATED	ESTIMATED YEAR END		BUDGET	PROPOSED
		2024	THRU SEPT	OCT - DEC 25	2025	Budget Balance	2025	2026
BEGINNING FUND BALANCE		476,646			434,664		524,671	408,128
Revenue								
4110 · AD-VALOREM TAX - ADMINISTRATION		291,235	285,657	0	285,657	(7,594)	278,063	290,210
Other Taxes & Interest Earned		14,331	16,743	5,944	22,687	(4,787)	17,900	17,900
Transfer from Enterprise Fund		0	0	0	0	0	0	59,901
Total Revenue		305,566	302,400	5,944	308,344	(12,381)	295,963	368,011
ADMINISTRATIVE OPERATING EXPENSES								
5030b·CNTY TREASURER FEES-MILL LEVY-ADMIN		14,606	13,144	500	13,644	356	14,000	14,000
PAYROLL EXPENSES - ADMIN		331,436	228,443	84,198	312,641	(12)	312,629	336,476
5018 · CAR ALLOWANCE / MILEAGE - ADMIN		956	473	225	698	302	1,000	1,000
5042 · ELECTION EXPENSE		0	3,557	0	3,557	(557)	3,000	10,535
5055 · MISCELLANEOUS EXPENSE		0	0	3,000	3,000	0	3,000	3,000
5057 · OFFICE SUPPLIES		550	853	487	1,340	1,660	3,000	3,000
Total Administrative Operating Expenses		347,548	246,470	88,410	334,880	1,749	336,629	368,011
NET (Revenue - Expenditures)		(41,982)			(26,536)		(40,666)	0
Designated Reserves		0	0	0	0	0	0	0
ENDING FUND BALANCE		434,664			408,128		484,005	408,128
Restricted Reserve Funds		10,000			10,000		10,000	10,000



INTERIM AD DRAFT

This is the proof of your ad scheduled to run in **Sky-Hi News and Middle Park Times** on the dates indicated below. If changes are needed, please contact us prior to deadline at **(970) 887-3334**.

Notice ID: mtL7iB2eKLI8VMJ7jv2f | **Proof Updated: Oct. 07, 2025 at 10:18am MDT**
Notice Name: TLWSD - 2026 Budget Notice

This is not an invoice. Below is an estimated price, and it is subject to change. You will receive an invoice with the final price upon invoice creation by the publisher.

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Katie Nicholls
katie@threelakesws.com
(970) 627-3683

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10/15/2025: Other	13.16
Affidavit Fee	10.00

Subtotal	\$23.16
Tax	\$0.00
Processing Fee	\$2.32
Total	\$25.48

Three Lakes Water and Sanitation District Notice of Budget (Pursuant to 29-1-106, C.R.S.)

NOTICE is hereby given that a proposed budget has been submitted to the Three Lakes Water and Sanitation District for the ensuing year of 2026; a copy of such proposed budget has been filed in the office of the Special District, where the same is available for public inspection online. Such proposed budget will be reviewed at a regular meeting of the Board of Directors on Monday, November 10, commencing at 6:30 pm. The proposed budget will be adopted at a regular meeting of the Board of Directors on Tuesday, December 9, commencing at 6:30 pm.

Any interested elector of the Three Lakes Water and Sanitation District may inspect the proposed budget and file or register any objections thereto at any time prior to the final adoption of the budget.

Katie Nicholls, Budget Officer
PUBLISHED IN THE SKY-HI NEWS AND MIDDLE PARK TIMES ON WEDNESDAY, OCTOBER 15, 2025.