

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT

2019 BUDGET REPORT

HIGHLIGHTS

- The 2019 Southwest Metropolitan Water and Sanitation District budget projects a deficit of \$310,181 between total revenue amounting to \$1,913,431 and total expenses of \$2,223,612.
- The 2019 budget proposes an increase in the water and sewer service fee from \$5.00 to \$7.00 per month per ¾” equivalent water tap to reduce continuing annual deficits of up to \$1,000,000.
- General Fund revenue provided from the water and sewer service fee is projected to be \$1,253,616, \$634,842 less than 2019 operating expenses of \$1,888,458.
- Service fees amounting to \$1,253,616 and investment income in the amount of \$476,640 produce 90.4 percent of total District revenue. Future developments are in the planning and construction stages, with only ten water and ten sewer taps being projected to be sold during 2019 totaling \$81,000. Tap fee revenue is variable and cannot be relied upon to provide a continuing, stable source of revenue for future District operations.
- The District receives no property tax revenue and cannot impose a property tax mill levy without the approval of registered electors.

HIGHLIGHTS

- The total operations and maintenance budget for 2019 is \$1,108,715, \$137,115 more than the amount budgeted in 2018.
- Southwest Metropolitan will continue to receive water and sewer operations and maintenance services from Platte Canyon Water and Sanitation District in accordance with an intergovernmental agreement between the two districts. The amount budgeted in 2019 for these services represents an increase of \$56,415 in water operation and maintenance and no increase in sewer operation and maintenance from the amounts budgeted in 2018. The increased budget for water services is due to the implementation of a new rating process that has been developed to prioritize the replacement of water mains and will be applied to the all the water mains owned by the District during 2019.
- The budget for remedial water contract maintenance has been increased \$82,000 from \$105,000 in 2018 to \$187,000 in 2019. Several water system components requiring some level of maintenance have been identified including, valve repairs, one valve replacement, hydrant nozzle repairs, and the abandonment of a pressure reducing valve.
- Administrative services will also continue to be provided by Platte Canyon. The 2019 budget for these services is \$547,020, \$53,520 more than the 2018 budget of \$493,500. This increase relates to the administrative costs estimated to be allocated to the District with the implementation of the new water main replacement rating process noted above.
- The total amount budgeted in 2019 for services provided by Platte Canyon is \$1,096,100, 10.0 percent more than budgeted in 2018.
- The total general fund expense budget for 2019 is \$1,888,458, 9.2 percent (\$159,430) more than the amount budgeted in 2018.

HIGHLIGHTS

- The capital expense budget for 2019 (\$335,154) is less than the average capital expenditures over the last three years (\$964,566). The District has now completed the significant multi-phase rehabilitation of its sewer interceptors. Over the next ten years, capital expenses are projected to average only \$205,747 per year. This will help, but not eradicate the annual financial deficit without future service fee increases.
- It is the policy of the District to annually review and establish an adequate level of cash reserves for operations, capital improvements, debt service, and any other needs prescribed by the Board of Directors to meet expected service levels and provide adequate resources for infrastructure repair and replacement. In order to achieve this directive, the water and sewer service fee was increased by \$2.00 per month, per equivalent ¾” water tap every year beginning in 2017 through 2019 and will increase by \$1.00 in 2020. This will result in a service fee of \$8.00 per month, per equivalent ¾” water tap. At that time, operating revenues will approximately equal operating expenses.

SUMMARY

The 2019 Budget for Southwest Metropolitan Water and Sanitation District has been prepared in accordance with the modified accrual basis of budgetary accounting.

Services to be provided by Southwest Metropolitan in 2018 include operation, maintenance, and repair of 178 miles of water distribution mains and 179.8 miles of sanitary sewer collection and interceptor mains and one potable water pumping station. Proposed facility maintenance objectives for 2018 are described in greater detail in a separate document titled *2019 Maintenance Goals*.

Total revenue from all sources is projected to be \$1,913,431 in 2019. Total expenditures are budgeted at \$2,223,612 \$514,422 less than budgeted in 2018. General fund expenditures are budgeted at \$1,888,458, \$159,430 (9.2 percent) more than 2018 budgeted expenses. Capital expenses are budgeted at \$335,154, \$673,852 (66.8 percent) less than budgeted in 2018.

The reserve fund balance is projected to decrease \$310,181 in 2019 from a beginning balance of \$23,831,845 to \$53,521,664 at year end 2019.

REVENUE

- Total Revenue in 2019 is projected to be \$1,913,431, 39.1 percent more than 2018 budget revenue of \$1,375,630.
- No tap administrative fees are budgeted for 2019 due to insignificant new development and construction activity.
- In 2015 the Board of Directors imposed a service fee to be applied to all District customers. The service fee is to be used for operations, maintenance, and rehabilitation of the of the District facilities. The service fee is currently \$5.00 per month per ¾” equivalent service connection but is projected to increase to \$7.00 per month per ¾” equivalent service connection effective January 1, 2019. The fee is imposed on customers’ Denver Water bills, with the revenue collected by Denver Water and remitted to the District. Service fee revenue budgeted for 2019 is \$1,253,616 based on 14,924¾” equivalent taps.
- Contract service fees consist of a biennial charge to the City of Littleton in the amount of \$7,500 to transport up to 13 cubic feet per second of wastewater flow from the City through Southwest Metropolitan’s A & D line interceptors.
- Water tap fees will remain at current levels; \$7,000 per ¾” equivalent water tap and \$1,100 for a single family residence or equivalent sewer tap. System development fee revenue includes the sale of ten water and ten sewer taps in the Wild Plum development during 2019.
- Investment income is projected to be \$476,640, 24.9 percent of total District revenue. Investment income revenue is proposed to be \$109,290 more than estimated 2018 investment income of \$367,350. Investment yield is estimated to be 2.0 percent on District invested funds.
- Other income, which includes office lease income, capital reimbursement income, and miscellaneous income, is budgeted at \$87,175.

Office lease income consists of Platte Canyon Water and Sanitation District’s share of operating, maintenance and repair expenses for the administrative office and garage facility located at 8739 W. Coal Mine Ave. Platte Canyon is contractually obligated to pay 30% of all building costs to Southwest Metropolitan. Costs are billed monthly at a fixed rate and reconciled annually based on actual costs incurred. The budget for 2019 is \$32,175, \$11,745 less than the 2018 budget amount and \$19,025 less than the estimated actual for 2018. A major office remodeling project was completed during 2017. Additional improvements and upgrades were finalized during 2018. The lease income budgeted for 2019 includes Platte Canyon’s share

of projected routine maintenance and repair costs and minor capital improvements.

Miscellaneous income consists primarily of fire hydrant use fees which are assessed for use of District owned fire hydrants. The fire hydrant use fee of \$100 per month per hydrant is not proposed to change in 2019.

OPERATING EXPENSES

- Total expenses for 2019 are budgeted at \$2,223,612, \$1,888,458 for administration, operations, and maintenance and \$335,154 for capital expenditures. The budget for administration and operating expenses is 9.2 percent (\$159,430) more than the amount budgeted in 2018.
- Operations and maintenance costs are budgeted at \$1,108,715 which is 14.1 percent (\$137,115) more than the amount budgeted in 2018.

Water operating and maintenance costs consist of water maintenance materials and Southwest Metropolitan's share of labor, equipment, and overhead costs incurred by Platte Canyon. Costs are allocated between the two Districts in accordance with a comprehensive cost accounting model. The 2019 costs are budgeted at \$386,015 which reflects a \$56,415 increase from the amount budgeted in 2018. A new rating system to prioritize the replacement of water mains will be implemented during 2019, which will result in more costs being allocated to the District.

Water contract maintenance for system failures is budgeted at \$100,000, which is the same amount budgeted for 2018. Remedial maintenance and repair costs are budgeted at \$187,000, \$82,000 more than budgeted in 2018. The budget for 2019 is an estimate of several water system components requiring some level of maintenance including, valve repairs, one valve replacement, hydrant nozzle repairs, and the abandonment of a pressure reducing valve. A detailed explanation of the maintenance services to be performed in Southwest Metropolitan in 2019 is presented in a separate report titled *2019 Maintenance Goals*.

Hogback Pump Station general maintenance includes repairs and maintenance of pump station equipment and the building located at 13399 W. Coal Mine Ave. These expenses are budgeted at \$11,500, the same amount budgeted in 2018. Telemetry includes costs associated with monitoring the building security system, the Supervisory Control and Data Acquisition (SCADA) system, and pump station alarm system. Telemetry is budgeted at \$1,950, consistent with the amount budgeted in

2018. Utilities include costs associated with electric, gas, water, and sewer services and are budgeted at \$27,500, the same amount budgeted in 2018.

Sewer operating and maintenance costs consist of sewer maintenance materials and Southwest Metropolitan's share of labor, equipment, and overhead costs incurred by Platte Canyon Water and Sanitation District. Costs are allocated between the two Districts in accordance with a comprehensive cost accounting model. The 2019 costs are budgeted at \$273,000, and represent no increase from the 2018 budget.

Sewer contract emergency maintenance includes system repairs and cleanup costs associated with sewer backups originating within District owned facilities. The amount budgeted for this line item remains \$20,000, the same amount budgeted in 2018. Remedial maintenance and repair costs are budgeted at \$50,000, equal to the amount budgeted in 2018. This projected expenditure is based on the estimated number of sewer point repairs anticipated to be conducted in 2019. A detailed explanation of the maintenance services to be accomplished in Southwest Metropolitan in 2019 is presented in a separate report titled *2019 Maintenance Goals*.

Sewer flow meter maintenance which includes repairs and maintenance to flow meter equipment situated on eight sanitary interceptors is budgeted at \$5,000, equal to the amount budgeted in 2018. Flow meter telemetry includes costs associated with monitoring the SCADA and alarm systems at each site. Telemetry is budgeted at \$6,000 in 2019, the same amount budgeted in 2018. Utility expenses are budgeted at \$1,750 which is equal to the amount budgeted in 2019.

General engineering services include expenditures for consulting and surveying services that are non-capital project related. The 2019 budget includes \$5,000 for water related services and \$5,000 for sewer related services.

Engineering for mapping and geographical information related services is budgeted at \$15,000 in 2019, the same amount budgeted in 2018. This budget expense covers updates and enhancements to the District's GIS and asset management programs.

Engineering services - backcharge include expenditures for plan review and inspection services for developer projects. These costs are backcharged to the developers to offset District costs incurred while performing the services. The 2019 budget includes \$3,000 for these services, a fifty percent reduction from the amount budgeted in 2018.

- Administrative expenses for 2019 are budgeted at \$653,473 which reflects a \$29,975 increase from the amount budgeted in 2018.

Administration costs consist of Southwest Metropolitan's share of labor, equipment, and overhead costs incurred by Platte Canyon in accordance with an Intergovernmental Agreement between the two Districts. Shared costs are allocated to each District in accordance with a comprehensive cost accounting model. The 2019 costs are budgeted at \$547,020, an increase of \$53,520 over the amount budgeted in 2018. Consistent with water maintenance and operation, more administrative and maintenance labor hours estimated to be devoted to the implementation of the new water main replacement rating process will result in increased costs being allocated to the District.

Office supplies include filing, printing and stationary type items. The amount budgeted for 2019, \$2,000, is based on historical expenditures.

Southwest Metropolitan is a member of selected trade and research related associations and organizations including the Colorado Special District Association. The 2019 budget for membership dues is \$2,000, the same amount budgeted in 2018.

There is no district board member election or special election proposed for 2019 so the budget amount is \$0.

The 2019 budget includes \$32,300 for newsletters and web site maintenance which reflects a \$23,045 decrease from the 2018 budgeted amount. The costs for the newsletters, \$31,600, includes printing, postage, and mailing for quarterly newsletters or postcards in 2019. The District budgeted \$20,145 in 2018 for the redesign of the District website in order modernize the user experience and provide for a more customizable customer outreach platform. The 2019 budget includes \$500 for the maintenance of the new website.

Legal notices, budgeted at \$200 in 2019, include annual special district compliance notices such as the budget notice, election notice and advertisements for construction project bids.

Audit expenditures are budgeted at \$6,000, the same amount budgeted in 2018.

General legal services are budgeted at \$37,000, \$2,000 more than budgeted in 2018.

Legal services-backcharge include expenditures for easement preparation services for developer projects. These expenses are backcharged to the developer. The 2019 budget includes \$5,000 for these services.

The Rates and Fees Technical Advisory Committee (TAC) costs are budgeted at \$7,500, the same amount budgeted in 2018

Other general consulting costs are budgeted at \$1,000, the same amount budgeted in 2018.

- Insurance coverage for general liability, property, directors and officers' liability, and basic commercial crime are obtained through the Colorado Special District Property and Liability Pool (CSDA). In addition, supplemental commercial crime coverage is obtained from another source. Other insurance includes the District's workers compensation insurance for the directors which is currently with CSDA. The total amount budgeted for these premiums in 2019 was increased by \$1,240 to \$15,990 due to higher premiums projected for property/inland marine coverage.
- Building maintenance expenses include costs for landscaping, janitorial, heating and air condition maintenance, elevator maintenance, painting of interior and exterior of building, and other general repairs and maintenance of the office building. The amount budgeted for 2019 is \$69,000, \$9,900 less than the amount budgeted in 2018. This decrease is due to fewer non-routine maintenance items scheduled for 2019 compared to 2018.

Office utilities are budgeted at \$33,250, \$1,000 more than the amount budgeted in 2018.

- Directors' fees are budgeted at \$6,000 which assumes 100 percent attendance for all regularly scheduled meetings.
- The District Directors are covered by the Federal Contributions Retirement Act (Social Security) and thus contribute 6.2 percent of wages to FICA. The District is also covered by the Federal Medicare Program and thus contributes 1.45 percent of employee wages to the program. The amount budgeted for these two programs for 2019 is \$480 based on \$6,000 of payroll.

CAPITAL EXPENSES

- Capital expenses for 2019 are budgeted at \$335,154, \$673,852 less than the amount budgeted in 2018.
- Two capital water projects are budgeted for 2019. The first project consists of replacing 701 feet of 12-inch ductile iron pipe in S. Garland St. between W. Walden Ave. and W. Nova Pl. in the Meadows Subdivision at a cost of \$158,945. The second capital water project proposes the replacement of 272 feet of 6-inch ductile iron pipe in S. Holland St. between W. Laurel Pl. to the end of the cul-de-sac in the Meadows Subdivision at a cost of \$52,360. A detailed explanation of these projects is included in the District's *Capital Master Plan for 2019-2028*.

- The 2019 budget includes \$25,000 for the annual contract for cured-in-place pipe (CIPP) sewer rehabilitation projects that will be scheduled on an as needed basis determined by the District’s television inspection program.
- The 2019 capital expense budget includes an emergency reserve in the amount of \$57,403 as required by the TABOR Amendment.
- The 2019 capital expense budget includes a 15 percent contingency for water and sewer capital projects in the amount of \$35,446.

PROPERTY TAXES

- Southwest Metropolitan will not certify a mill levy in 2019 for tax year 2018. The property tax schedule is included in the 2019 budget to provide information relative to property valuations within the District. Assessed valuations increased \$2,300,981 (.4 percent) in 2018. Eighty-three percent of the total property valuation is located in Jefferson County, fourteen percent in Arapahoe County and three percent in Douglas County.

SUMMARY OF EXPENDITURES (EXHIBIT A)

- Exhibit A provides a summary of District expenditures including non-appropriated depreciation and amortization of District assets. Total expenditures requiring appropriation in 2019 is \$2,223,612.

LEASE - PURCHASE AGREEMENTS

- As required by *C.R.S. 29-1-103(3)(d)*, the 2018 budget includes a schedule for lease-purchase agreements. Southwest Metropolitan does not have any lease-purchase agreements requiring expenditure of funds in 2019.

TEN YEAR FINANCIAL PLAN

- The Ten-Year Financial Plan identifies a reserve fund balance amounting to \$23,831,845 at year end 2018. The fund balance is projected to decrease \$310,181 to \$23,521,664 at year end 2019. Over the ten-year planning period the reserve fund balance is projected to decrease \$732,966 to \$22,788,698 at year end 2028. It is the policy of the District to annually review and establish an adequate level of cash reserves for operations, capital improvements, debt service, and any other needs prescribed by the Board of Directors to meet expected service levels and provide adequate resources for infrastructure repair and replacement.
- Service fee revenue is proposed to increase in 2019 from an assessment of \$5.00 per month per ¾” equivalent water service connection to \$7.00 per month per ¾” equivalent water service connection and is expected to produce revenue amounting to \$1,253,616. The fee is projected to increase by \$1.00 in 2020, resulting in an assessment of \$8.00 per month, per equivalent ¾” water tap. Service fee revenue is projected to be the largest source of revenue providing approximately 63% of the total revenue over the ten-year planning period. Service charge revenue will enable the District to meet its operating needs through 2024. For the planning period 2025 to 2028 the accumulated operating deficit will amount to \$636,879. For planning purposes, an additional increase in the service fee during the ten-year planning period may be necessary to return operating revenues to the level of operating expenses.
- The average interest rate for District invested funds is assumed to be 2.0% in 2019 and increase by 0.25 percent per year to a maximum 3.0 percent. Interest is projected to be the second largest source of District revenue providing approximately 28.4% of total revenue over the ten-year period.
- The District projects \$81,000 in tap fee revenue in 2019, \$226,800 in 2020 and 2021, \$315,900 in 2022, \$202,500 in 2023 and 2024, and \$121,500 in 2025 at which time the District reaches buildout. Water and sewer tap fees are proposed to remain at current levels through the ten-year planning period: \$7,000 for a ¾” water tap and \$1,100 for a single-family equivalent sewer tap.
- Operating expenses are projected to increase from 3.1% in 2020 through 2028.
- Capital expenses through 2028 are derived from the District’s *Capital Master Plan for 2019-2028*.

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SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2019

REVENUE

	ACTUAL 2016	ACTUAL 2017	BUDGET 2018	ESTIMATED 2018	BUDGET 2019	CHANGE FROM 2018 BUDGET
BEGINNING FUNDS	26,459,146	24,892,857	24,490,198	24,614,092	23,831,845	
ADMINISTRATIVE FEES						
Tap Administrative Fees	0	0	0	2,100	0	0
SUB-TOTAL	0	0	0	2,100	0	0
SERVICE FEES						
Service Fees	179,312	534,707	894,360	895,440	1,253,616	359,256
SUB-TOTAL	179,312	534,707	894,360	895,440	1,253,616	359,256
CONTRACT SERVICE FEES						
City of Littleton	15,000	15,000	15,000	15,000	15,000	0
SUB-TOTAL	15,000	15,000	15,000	15,000	15,000	0
SYSTEM DEVELOPMENT FEES						
Water Tap Fees	609,000	366,000	0	0	70,000	70,000
Sewer Tap Fees	160,321	96,689	0	4,377	11,000	11,000
Annexation Fees	0	157,500	0	0	0	0
SUB-TOTAL	769,321	620,189	0	4,377	81,000	81,000
INVESTMENT INCOME						
Net Investment Income	96,389	359,832	367,350	497,832	476,640	109,290
SUB-TOTAL	96,389	359,832	367,350	497,832	476,640	109,290

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2019

REVENUE

	ACTUAL	ACTUAL	BUDGET	ESTIMATED	BUDGET	CHANGE
	2016	2017	2018	2018	2019	FROM
						2018 BUDGET
OTHER INCOME						
Office Lease	47,453	79,803	43,920	51,200	32,175	(11,745)
Capital Project Reimbursement	0	0	0	0	0	0
Plan review / Inspection Fees	39,808	67,269	45,000	50,500	45,000	0
Miscellaneous	9,914	16,390	10,000	26,200	10,000	0
SUB-TOTAL	97,175	163,462	98,920	127,900	87,175	(11,745)
TOTAL REVENUE	1,157,197	1,693,190	1,375,630	1,542,649	1,913,431	537,801

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2019

EXPENDITURES

	ACTUAL 2016	ACTUAL 2017	BUDGET 2018	ESTIMATED 2018	BUDGET 2019	CHANGE FROM 2018 BUDGET
OPERATING EXPENSES						
OPERATIONS & MAINTENANCE						
Water - Operation & Maintenance	309,700	339,853	329,600	313,252	386,015	56,415
Water - Contract Maintenance						
Emergency	95,789	90,137	100,000	34,850	100,000	0
Remedial	59,065	64,091	105,000	164,075	187,000	82,000
Hogback Pump Station						
General	7,409	8,606	11,500	8,450	11,500	0
Telemetry	3,030	1,892	1,950	1,920	1,950	0
Utilities	21,005	25,011	27,500	22,625	27,500	0
Sewer - Operation & Maintenance	307,955	251,195	273,000	216,730	273,000	0
Sewer - Contract Maintenance						
Emergency	0	0	20,000	0	20,000	0
Remedial	4,885	2,123	50,000	0	50,000	0
Sewer Flow Meters						
General	8,182	3,694	5,000	0	5,000	0
Telemetry	11,586	5,923	6,000	5,995	6,000	0
Utilities	1,495	1,407	1,750	1,505	1,750	0
Utility Notification	8,483	9,378	9,300	10,690	11,000	1,700
Professional & Consulting						
Engineering - Water	3,168	686	5,000	719	5,000	0
Engineering - Sewer	391	129	5,000	254	5,000	0
Engineering - GIS	35,730	24,186	15,000	29,120	15,000	0
Engineering - Backcharge	4,310	6,294	6,000	1,965	3,000	(3,000)
SUB-TOTAL	882,183	834,605	971,600	812,150	1,108,715	137,115

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2019

EXPENDITURES

	ACTUAL 2016	ACTUAL 2017	BUDGET 2018	ESTIMATED 2018	BUDGET 2019	CHANGE FROM 2018 BUDGET
OPERATING EXPENSES (cont.)						
ADMINISTRATION						
General Office Administration						
Administration	468,895	483,598	493,500	492,400	547,020	53,520
Office Supplies & Expense	1,735	2,037	2,000	1,720	2,000	0
Dues	2,079	1,488	2,000	1,740	2,000	0
Election	132	0	2,500	105	0	(2,500)
DWD collection fee	13,653	13,653	13,653	13,653	13,653	0
Public Relations						
Newsletters	32,320	30,230	35,000	30,054	31,600	(3,400)
Website / Other	423	440	20,145	20,837	500	(19,645)
Legal Notices	76	138	200	120	200	0
Professional & Consulting						
Audit	5,250	5,400	6,000	5,550	6,000	0
Legal - General	37,028	36,526	35,000	37,875	37,000	2,000
Legal - Backcharge	6,835	19,231	5,000	2,263	5,000	0
Technical Advisory Committee (TAC)	12,500	7,500	7,500	0	7,500	0
Other	0	0	1,000	0	1,000	0
SUB-TOTAL	580,926	600,241	623,498	606,317	653,473	29,975
INSURANCE						
Property/Inland Marine	4,100	4,822	5,000	5,201	6,240	1,240
General Liability	3,320	4,270	4,800	4,644	4,800	0
Directors & Officers / Commercial Crime	4,620	4,620	4,750	4,620	4,750	0
Bonds & Other	195	197	200	197	200	0
SUB-TOTAL	12,235	13,909	14,750	14,662	15,990	1,240

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2019

EXPENDITURES

	ACTUAL 2016	ACTUAL 2017	BUDGET 2018	ESTIMATED 2018	BUDGET 2019	CHANGE FROM 2018 BUDGET
OPERATING EXPENSES (cont.)						
BUILDING MAINTENANCE						
Maintenance	54,996	72,113	78,900	132,645	69,000	(9,900)
Utilities						
Telephone/Security	13,306	13,890	14,250	13,595	15,250	1,000
Gas & Electric	13,701	14,440	16,000	13,650	16,000	0
Water & Sewer	1,606	1,678	2,000	2,045	2,000	0
SUB-TOTAL	83,609	102,121	111,150	161,935	102,250	(8,900)
MISCELLANEOUS						
Directors Fees	5,600	5,600	6,000	5,900	6,000	0
Social Security	428	428	480	451	480	
Other	1,553	1,125	1,550	660	1,550	0
SUB-TOTAL	7,581	7,153	8,030	7,011	8,030	0
SUB-TOTAL OPERATING EXPENSES	1,566,534	1,558,029	1,729,028	1,602,075	1,888,458	159,430

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2019

EXPENDITURES

	ACTUAL 2016	ACTUAL 2017	BUDGET 2018	ESTIMATED 2018	BUDGET 2019	CHANGE FROM 2018 BUDGET
CAPITAL EXPENSES						
WATER PROJECTS						
Replacements & Rehabilitation						
S. Dudley Way Replacement (CIP-16-1W)	25,555					
W. Chatfield Ave. Replacement (CIP-17-1W)		175,147		24,903		
Hogback Pump VFD Replacemt (17-2W)		41,525				
S. Pierson St. Replacement (CIP-18-1W)			206,483	227,519		
S. Wadsworth Blvd. Abandonment (CIP-18-2W)			143,750	122,159		
S. Garland St. Replacement (CIP-19-1W)					158,945	
S. Holland St. Replacement (CIP-19-2W)					52,360	
New Facilities						
SUB-TOTAL	25,555	216,672	350,233	374,581	211,305	(138,928)
SEWER PROJECTS						
Replacement & Rehabilitation						
Garrison Ct. Replacement (CIP-15-2S)	13,816					
Cooper Pl. Replacement (CIP-15-3S)	55,264					
Dutch Creek CIPP (CIP-16-1S)	921,948	24,207				
W. Chatfield Ave. (CIP-17-1S)		4,383		93,831		
W. Coal Mine Ave. (CIP-17-2S)		59,490				
S.C.A.D.A Comm. and Hardware Upgrade (CIP-18-1E)		16,410	129,260	116,011		
W. Parkhill Ave. & S. Garland St. (CIP-18-1S)			187,997	126,284		
Sewer Rehabilitation (CIPP)			25,000		25,000	
New Facilities						
SUB-TOTAL	991,028	104,490	342,257	336,126	25,000	(317,257)

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2019

EXPENDITURES

	ACTUAL	ACTUAL	BUDGET	ESTIMATED	BUDGET	CHANGE
	2016	2017	2018	2018	2019	FROM
						2018 BUDGET
CAPITAL EXPENSES (cont)						
OFFICE/BUILDING PROJECTS						
Xeriscape Garden Shade Structure			15,000	0		
Artwork			40,000	0		
Office/Maintenance Office Improvements	72,569	92,764	12,500	12,114	6,000	
Office Parking Lot Rehab	67,800			0		
SUB-TOTAL	140,369	92,764	67,500	12,114	6,000	(61,500)
	0	0				
CONTINGENCY/EMERGENCIES						
Emergency Reserve			41,269		57,403	
Contingency			207,747		35,446	
SUB-TOTAL	0	0	249,016	0	92,849	(156,167)
SUB-TOTAL CAPITAL EXPENSES	1,156,952	413,926	1,009,006	722,821	335,154	(673,852)
TOTAL EXPENDITURES	2,723,486	1,971,955	2,738,034	2,324,896	2,223,612	(514,422)
ENDING FUNDS AVAILABLE	24,892,857	24,614,092	23,127,794	23,831,845	23,521,664	

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2019

PROPERTY TAX COMPUTATION

ASSESSED VALUATION	TAX YEAR 2015	TAX YEAR 2016	TAX YEAR 2017	TAX YEAR 2018
Jefferson County	441,839,605	436,931,028	500,708,903	499,311,842
Arapahoe County	68,094,641	70,812,408	82,256,336	86,006,568
Douglas County	15,074,950	15,076,580	16,101,630	16,049,440
Total	525,009,196	522,820,016	599,066,869	601,367,850
MILL LEVY				
Debt Service	0.000	0.000	0.000	0.000
Refunds & Abatements	0.000	0.000	0.000	0.000
General Operations	0.000	0.000	0.000	0.000
Total	0.000	0.000	0.000	0.000

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2019

PROPERTY TAX COMPUTATION

ASSESSED VALUATION	TAX YEAR 2015	TAX YEAR 2016	TAX YEAR 2017	TAX YEAR 2018
PROPERTY TAXES ASSESSED				
Jefferson County				
Debt Service	0	0	0	0
Refunds & Abatements	0	0	0	0
General Operations	0	0	0	0
Arapahoe County				
Debt Service	0	0	0	0
Refunds & Abatements	0	0	0	0
General Operations	0	0	0	0
Douglas County				
Debt Service	0	0	0	0
Refunds & Abatements	0	0	0	0
General Operations	0	0	0	0
Total Tax Assessed				
Debt Service	0	0	0	0
Refunds & Abatements	0	0	0	0
General Operations	0	0	0	0
<hr style="border-top: 1px dashed black;"/>				
Total	0	0	0	0

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2019

**EXHIBIT A
SUMMARY OF EXPENDITURES**

	ACTUAL 2016	ACTUAL 2017	BUDGET 2018	ESTIMATED 2018	BUDGET 2019	CHANGE FROM 2018 BUDGET
OPERATING EXPENSES						
Water (Schedule I)	1,518,082	1,546,178	1,594,200	1,562,829	1,729,380	135,180
Sewer (Schedule I)	1,143,205	1,077,377	1,164,350	1,030,102	1,168,210	3,860
Administration (Schedule I)	643,940	675,728	694,998	669,887	728,973	33,975
Other Operating Expenses (Schedule I)	103,425	123,183	133,930	183,608	126,270	(7,660)
EXPENDITURES NOT REQUIRING FUNDS						
Depreciation & Amortization	1,842,117	1,864,437	1,858,450	1,844,350	1,864,375	5,925
ADDITIONAL EXPENDITURES REQUIRING FUNDS						
Water Projects	25,555	216,672	350,233	374,581	211,305	(138,928)
Sewer Projects	991,028	104,490	342,257	336,126	25,000	(317,257)
Office/Building Projects	140,369	92,764	67,500	12,114	6,000	(61,500)
Emergencies	0	0	249,016	0	92,849	(156,167)
OPERATING EXPENDITURES REQUIRING APPROPRIATION	2,723,486	1,971,955	2,738,034	2,324,896	2,223,612	(514,422)

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2019

EXHIBIT A - SCHEDULE I OPERATING EXPENSES

	ACTUAL 2016	ACTUAL 2017	BUDGET 2018	ESTIMATED 2018	BUDGET 2019	CHANGE FROM 2018 BUDGET
WATER						
Water - Operation & Maintenance	309,700	339,853	329,600	313,252	386,015	56,415
Water - Contract Maintenance						
Emergency	95,789	90,137	100,000	34,850	100,000	0
Remedial	59,065	64,091	105,000	164,075	187,000	82,000
Hogback Pump Station						
General	7,409	8,606	11,500	8,450	11,500	0
Telemetry	3,030	1,892	1,950	1,920	1,950	0
Utilities	21,005	25,011	27,500	22,625	27,500	0
Engineering - Water	3,168	686	5,000	719	5,000	0
Engineering - GIS	17,865	12,093	7,500	14,560	7,500	0
Engineering - Backcharge	2,155	3,147	3,000	983	1,500	(1,500)
Utility Notification	4,242	4,689	4,650	5,345	5,500	850
Depreciation & Amortization	994,654	995,973	998,500	996,050	995,915	(2,585)
TOTAL	1,518,082	1,546,178	1,594,200	1,562,829	1,729,380	135,180
SEWER						
Sewer - Operation & Maintenance	307,955	251,195	273,000	216,730	273,000	0
Sewer - Contract Maintenance						
Emergency	0	0	20,000	0	20,000	0
Remedial	4,885	2,123	50,000	0	50,000	0
Sewer Flow Meters						
General	8,182	3,694	5,000	0	5,000	0
Telemetry	11,586	5,923	6,000	5,995	6,000	0
Utilities	1,495	1,407	1,750	1,505	1,750	0
Engineering - Sewer	391	129	5,000	254	5,000	0
Engineering - GIS	17,865	12,093	7,500	14,560	7,500	0
General Office Administration	2,155	3,147	3,000	983	1,500	(1,500)
Utility Notification	4,242	4,689	4,650	5,345	5,500	850
Depreciation & Amortization	784,449	792,977	788,450	784,730	792,960	4,510
TOTAL	1,143,205	1,077,377	1,164,350	1,030,102	1,168,210	3,860

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2019

EXHIBIT A - SCHEDULE I OPERATING EXPENSES

	ACTUAL 2016	ACTUAL 2017	BUDGET 2018	ESTIMATED 2018	BUDGET 2019	CHANGE FROM 2018 BUDGET
ADMINISTRATION						
General Office Administration						
Administration	468,895	483,598	493,500	492,400	547,020	53,520
Office Supplies & Expense	1,735	2,037	2,000	1,720	2,000	0
Dues	2,079	1,488	2,000	1,740	2,000	0
Election	132	0	2,500	105	0	(2,500)
DWD collection fee	13,653	13,653	13,653	13,653	13,653	0
Public Relations						
Newsletters	32,320	30,230	35,000	30,054	31,600	(3,400)
Website / Other	423	440	20,145	20,837	500	(19,645)
Legal Notices	76	138	200	120	200	0
Professional & Consulting						
Audit	5,250	5,400	6,000	5,550	6,000	0
Legal - General	37,028	36,526	35,000	37,875	37,000	2,000
Legal - Backcharge	6,835	19,231	5,000	2,263	5,000	0
Technical Advisory Committee (TAC)	12,500	7,500	7,500	0	7,500	0
Other	0	0	1,000	0	1,000	0
Depreciation	63,014	75,487	71,500	63,570	75,500	4,000
TOTAL	643,940	675,728	694,998	669,887	728,973	33,975
BUILDING MAINTENANCE						
Maintenance	54,996	72,113	78,900	132,645	69,000	(9,900)
Utilities						
Telephone/Security	13,306	13,890	14,250	13,595	15,250	1,000
Gas & Electric	13,701	14,440	16,000	13,650	16,000	0
Water & Sewer	1,606	1,678	2,000	2,045	2,000	0
TOTAL	83,609	102,121	111,150	161,935	102,250	(8,900)

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2019

**EXHIBIT A - SCHEDULE I
OPERATING EXPENSES**

	ACTUAL 2016	ACTUAL 2017	BUDGET 2018	ESTIMATED 2018	BUDGET 2019	CHANGE FROM 2018 BUDGET
INSURANCE						
Property/Inland Marine	4,100	4,822	5,000	5,201	6,240	1,240
General Liability	3,320	4,270	4,800	4,644	4,800	0
Directors & Officers / Commercial Crime	4,620	4,620	4,750	4,620	4,750	0
Bonds & Other	195	197	200	197	200	0
TOTAL	12,235	13,909	14,750	14,662	15,990	1,240
MISCELLANEOUS						
Directors Fees	5,600	5,600	6,000	5,900	6,000	0
Social Security	428	428	480	451	480	0
Other	1,553	1,125	1,550	660	1,550	0
TOTAL	7,581	7,153	8,030	7,011	8,030	0
TOTAL OPERATING EXPENSES	3,408,651	3,422,466	3,587,478	3,446,425	3,752,833	165,355

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2019

EXHIBIT B

LEASE - PURCHASE SUPPLEMENTAL SCHEDULE

(29-1-103(3)(d), C.R.S)

I. Real Property Lease - Purchase Agreements:

Total Amount to be expended for all Real Property Lease - Purchase Agreements in 2016 \$0.00

II. All Lease - Purchase Agreements Not Involving Real Property:

Total Amount to be expended for all Non-Real Property Lease - Purchase Agreements in 2016 \$0.00

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
Ten Year Financial Plan
2019-2028

	ACTUAL	ESTIMATED	BUDGETED									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
BEGINNING FUNDS AVAILABLE	24,892,857	24,614,092	23,831,845	23,521,664	22,870,384	23,147,737	23,242,927	23,504,393	23,711,462	23,779,512	23,660,862	23,467,856
REVENUE												
Operating Revenue												
Property taxes General Revenue (Exhibit 1)	0	0	0	0	0	0	0	0	0	0	0	0
Property taxes Debt Service (Exhibit 1)	0	0	0	0	0	0	0	0	0	0	0	0
Specific ownership taxes	0	0	0	0	0	0	0	0	0	0	0	0
Service Fees	534,707	895,440	1,253,616	1,433,660	1,436,350	1,439,040	1,442,780	1,445,180	1,447,580	1,449,020	1,449,020	1,449,020
Tap administrative fees	75	2,100	0	0	0	0	0	0	0	0	0	0
Sewer contract fees	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Office lease	79,803	51,200	32,175	33,462	34,800	36,192	37,640	39,146	40,712	42,340	44,034	45,795
Investment Income (2019@2.0%+.25%/yr max 3.0%)	359,832	497,832	476,640	529,237	571,760	636,563	697,288	705,132	711,344	713,385	709,826	704,036
Other	16,315	26,200	10,000	0	0	0	0	0	0	0	0	0
Total Operating Revenue	1,005,732	1,487,772	1,787,431	2,011,359	2,057,910	2,126,795	2,192,708	2,204,458	2,214,635	2,219,745	2,217,880	2,213,851
Development Revenue												
Water tap fees	366,000	0	70,000	196,000	196,000	273,000	175,000	175,000	105,000	0	0	0
Sewer tap fees	96,689	4,377	11,000	30,800	30,800	42,900	27,500	27,500	16,500	0	0	0
Annexation fees	157,500	0										
Plan Review / Inspection Fees	67,269	50,500	45,000									
Contingency addback				92,849								
Bond Proceeds												
Total Development Revenue	687,458	54,877	126,000	319,649	226,800	315,900	202,500	202,500	121,500	0	0	0
TOTAL REVENUE	1,693,190	1,542,649	1,913,431	2,331,008	2,284,710	2,442,695	2,395,208	2,406,958	2,336,135	2,219,745	2,217,880	2,213,851
EXPENDITURES												
Operations - Enterprise												
Operations & Maintenance (2020 @ 3.1%)	834,605	812,150	1,108,715	1,143,085	1,178,521	1,215,055	1,252,722	1,291,556	1,331,594	1,372,874	1,415,433	1,459,311
General & Administrative	723,424	789,925	779,743	803,915	828,836	854,530	881,021	908,332	936,491	965,522	995,453	1,026,312
Total Operations	1,558,029	1,602,075	1,888,458	1,947,000	2,007,357	2,069,585	2,133,742	2,199,888	2,268,085	2,338,396	2,410,886	2,485,623
Short Term Capital Outlay (Exhibit 2)												
Other	92,764	12,114	6,000	0	0	0	0	0	0	0	0	0
Contingency/Emergency Reserve	0	0	92,849	0	0	0	0	0	0	0	0	0
Total Short Term Capital Outlay	92,764	12,114	98,849	0	0	0	0	0	0	0	0	0
Total Short Term Capital Outlay + Operations	1,650,793	1,614,189	1,987,307	1,947,000	2,007,357	2,069,585	2,133,742	2,199,888	2,268,085	2,338,396	2,410,886	2,485,623
Long Term Capital Outlay (Exhibit 2)												
Water	216,672	374,581	211,305	1,035,288	0	277,920	0	0	0	0	0	407,385
Sewer	104,490	336,126	25,000	0	0	0	0	0	0	0	0	0
Total Long Term Capital Outlay	321,162	710,707	236,305	1,035,288	0	277,920	0	0	0	0	0	407,385
Debt Service (Exhibit 1)												
Prinical payments												
Interest payments												
Total Debt Service	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	1,971,955	2,324,896	2,223,612	2,982,288	2,007,357	2,347,505	2,133,742	2,199,888	2,268,085	2,338,396	2,410,886	2,893,008
Annual Surplus/(deficit)	-278,765	-782,247	-310,181	-651,280	277,353	95,190	261,466	207,069	68,051	-118,650	-193,006	-679,158
ENDING FUNDS AVAILABLE	24,614,092	23,831,845	23,521,664	22,870,384	23,147,737	23,242,927	23,504,393	23,711,462	23,779,512	23,660,862	23,467,856	22,788,698

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
Ten Year Financial Plan
2019-2028

EXHIBIT 1 PROPERTY TAX REVENUE

	ACTUAL	ESTIMATED										
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Assessed Valuation												
Taps Sold	44	0	10	28	28	39	25	25	15	0	0	0
Total Taps	18,391	18,435	18,435	18,445	18,473	18,501	18,540	18,565	18,590	18,605	18,605	18,605
Assessed Value per Tap (5 % - 2020, +6% every even year)	28,428	32,496	32,621	34,252	34,252	36,307	36,307	38,486	38,486	40,795	40,795	43,242
New Assessed Value	1,250,834	0	326,210	959,057	959,057	1,415,979	907,679	962,140	577,284	0	0	0
Assessed Value	522,820,016	599,066,869	601,367,850	631,778,763	632,737,820	671,718,689	673,134,668	714,484,888	715,447,028	758,985,770	758,985,770	804,524,916
General Operations												
Assessed Valuation	522,820,016	599,066,869	601,367,850	631,778,763	632,737,820	671,718,689	673,134,668	714,484,888	715,447,028	758,985,770	758,985,770	804,524,916
General Operating Mill Levy+Abateme	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
General Operating Property Tax	0	0	0	0	0	0	0	0	0	0	0	0
Debt Service Mill Levy	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Debt Service Property Tax	0	0	0	0	0	0	0	0	0	0	0	0
Service Fees												
Water Taps	14,865	14,924	14,924	14,934	14,962	14,990	15,029	15,054	15,079	15,094	15,094	15,094
Service Fee	36.00	60.00	84.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00
	535,140	895,440	1,253,616	1,433,664	1,436,352	1,439,040	1,442,784	1,445,184	1,447,584	1,449,024	1,449,024	1,449,024

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
Ten Year Financial Plan
2019-2028

EXHIBIT 2 CAPITAL EXPENDITURES - DISTRICT CAPITAL IMPROVEMENTS

	<u>ACTUAL</u>	<u>ESTIMATED</u>	<u>BUDGETED</u>									
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
WATER												
W. Chatfield Ave. Replacem - 17-1W	175,147	24,903										
Hogback Pump VFD Replacem - 17-2W	41,525											
S. Pierson St. Replacem - 18-1W		227,519										
S. Wadsworth Blvd. Replacem - 18-2W		122,159										
S. Garland St. Replacem - 19-1W			158,945									
S. Holland St. Replacem - 19-2W			52,360									
S. Polo Rodge Dr. Replacem - 20-1W				149,523								
S. Kipling St. Replacem - 20-2W				885,765								
W. Walden Ave. Replacem - 22-1W						155,848						
S. Holland Wy. Replacem - 22-2W						122,072						
S. Hoyt Ct. Replacem - 28-1W												132,888
Old Coal Mine Rd. Replacem - 28-2W												111,345
W. Brittany Dr. Replacem - 28-3W												95,854
9525 W. Coal Mine Ave. Repl. - 28-4W												67,298
Additional Capital Water Projects												
TOTAL WATER	216,672	374,581	211,305	1,035,288	0	277,920	0	0	0	0	0	407,385
SEWER												
Dutch Creek Interceptor CIPP - 16-1S	24,207											
W. Chatfield Ave. CIPP - 17-1S	4,383	93,831										
W. Coal Mine Ave. CIPP - 17-2S	59,490											
W. Parkhill Ave. Replacem - 18-1S		126,284										
Sewer Rehabilitation (CIPP)			25,000									
Additional Capital Sewer Projects												
TOTAL SEWER	88,080	220,115	25,000	0	0	0	0	0	0	0	0	0
OTHER CAPITAL	109,174	128,125	196,760	0	0	0	0	0	0	0	0	0
CONTINGENCY/EMERGENCY RESERVE			92,849									
TOTAL CAPITAL	413,926	722,821	525,914	1,035,288	0	277,920	0	0	0	0	0	407,385