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Littleton, CO 80123
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December 2017

Your Water

District Website

Visit us online at www.swmetrowater.org for more information about Your Water and the activities of the District

Office Location and Hours

8739 W. Coal Mine Ave.
Littleton, CO 80123
Monday - Friday 8:00 a.m. - 4:30 p.m.

Winterize!

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believe you're doing a good thing by trying to save money on your electrical bill by turning your thermostat down or off while you are away from home for several days. Interior water pipes can freeze and burst in under-heated homes causing significant property damage and water loss which will not be discovered until you return home- not the welcome home you would want. To prevent this unwanted surprise keep your thermostat set at or above 65° F while you're away over the holiday.

Keep open cabinet doors leading to exposed pipes so that household air can warm them. The natural flow or warmer air will help combat problems.

So take it from us: Don't leave for your holiday vacation unprepared. Prevent the property damage, repair bills, and inconvenience of bursting household and irrigation pipes by applying the above tips. A little preventive preparation will go a long way.

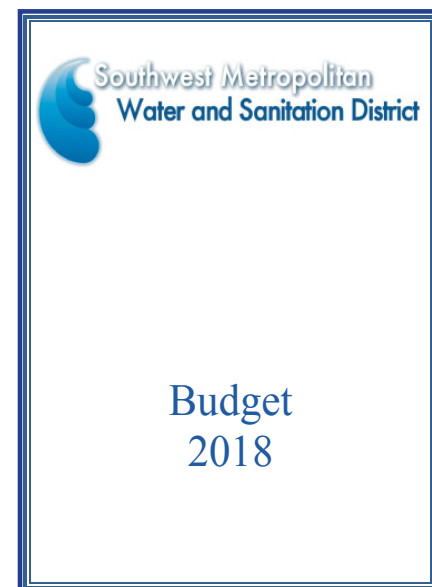
Budget

Continued from page 1

\$9,600 increase from the amount budgeted in 2017. Sewer operating costs are projected to be \$273,000 and represent no increase from the 2017 budget. The budget for administrative services is \$623,498, a \$36,645 increase from the amount budgeted in 2017.

The capital expense budget for 2018 is \$1,009,006 which reflects a \$280,302 increase from the 2017 budget. Capital projects proposed for construction in 2017 are described in the article titled District Capital Master Plan for 2018-2027 on page 2, and a more detailed explanation of projects of all projects proposed to be built over the next ten years can be found on the District's website at www.swmetrowater.org/page.cfm/ID/11/District_Projects.

The District's budget also includes financial projections for the next 10 years. Despite the 2018 increase in the water and sewer service fee, Southwest Metropolitan's expenses will exceed revenues each year through 2020. At that time, additional increases in service fee



revenue will enable the District to match operating revenue to operating expenses.

The complete Southwest Metropolitan 2017 budget is available on the District's website at: www.swmetrowater.org/page.cfm/ID/21/Financial_Information.

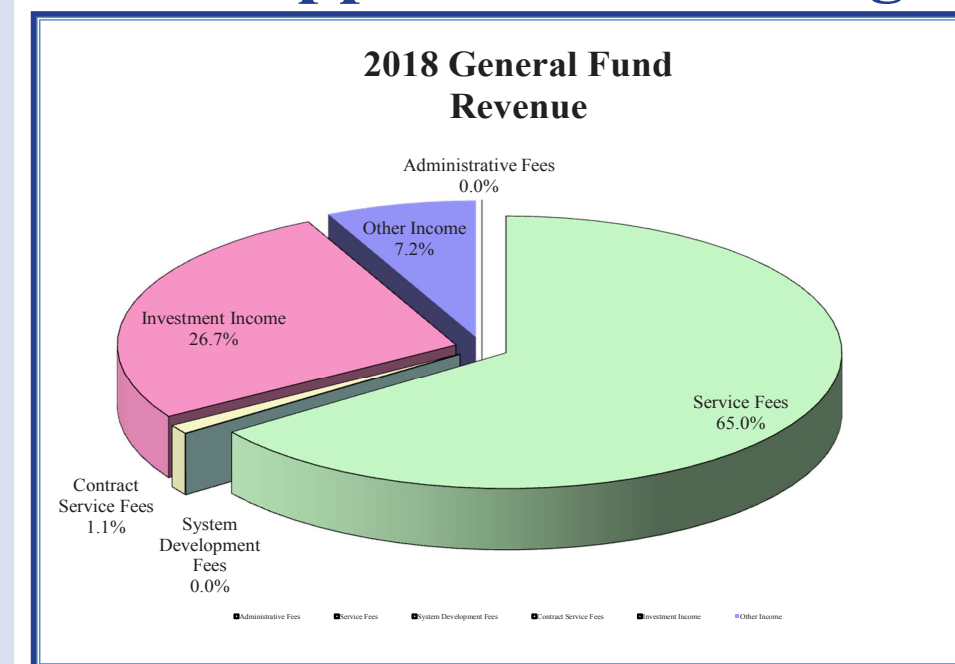
District Board Approves Service Fee Increase

From 1996 through 2014, Southwest Metropolitan did not charge customers for reliable delivery of high quality water obtained from Denver Water, nor for collection and transportation of all wastewater discharged by District customers to the Littleton - Englewood Wastewater Treatment Plant. District operations were largely funded with income generated from the investment of reserve funds. The extraordinary drop in interest rates over the past few years and the need to spend down the District's reserve fund by over \$11.0 million to rehabilitate aging sewer infrastructure made use of investment income to fund District operations untenable.

In 2014, after extensive analysis and consideration of multiple financing options, the Southwest Metropolitan Board of Directors imposed a \$1.00 per month water and sewer service fee on all District customers. Despite the imposition of this service fee, the District experienced operating deficits of up to \$1.0 million per year. This circumstance is untenable and will ultimately result in the District being unable to provide safe, reliable water delivery and wastewater collection services to residents.

In order to avoid such a circumstance, the Board of Directors determined that service fee revenue must

Board Approves 2018 Budget



The 2018 budget for Southwest Metropolitan projects expenditures of \$2,738,034; \$1,729,028 for general operations and \$1,009,006 for capital expenditures. Anticipated revenues amounting to \$1,375,630 will leave the District with a \$1,119,673 deficit. Funds will be transferred from the District's reserve fund to meet projected expenditures.

Operating revenue is expected to total \$950,064 which is \$674,469 less than budgeted operating expenses, despite an approved increase in the District's water and sewer service fee (see article to the left). Without the increase in

service fees, the operating deficit would be \$1,032,349. The District has two main sources of operating revenue; water and sewer service fees which are expected to produce \$536,220, and investment income which is estimated to be \$335,744 in 2017. Other than the service fee that is billed to Southwest customers on Denver Water's monthly bill, the District receives no revenue from the sale of water nor for sewer collection services provided. Further the District does not assess property taxes.

The general fund budget for 2018 is \$1,729,028 which is 6.4% more than the 2017 budget. Water operating costs are budgeted at \$329,600, which reflects a

District Capital Master Plan for 2018-2027

The Southwest Metropolitan Board of Directors recently approved a Capital Master Plan for 2018 - 2027. The purpose of the master plan is to itemize, prioritize and schedule water and wastewater facility expansion, rehabilitation and replacement projects to enhance the accuracy and effectiveness of budgeting and cash flow analysis. The Plan enables the District to be pro-active in confronting water and sewer system modifications and rehabilitation.

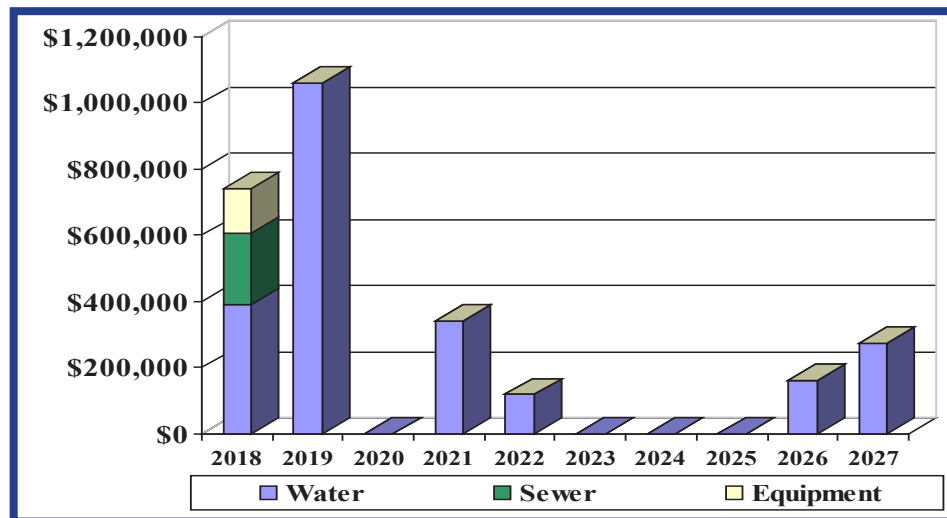
The 2018 - 2027 Capital Master Plan proposes expenditure of \$742,026 in 2018 and \$2,684,472 during the entire ten year planning period. Two capital water projects are scheduled for construction in 2018 at an estimated total cost of \$390,405.

The first project, CIP 18-1W, contemplates replacement of 945 feet of 8-inch ductile iron pipe with PVC pipe in S. Pierson St. between W. Bowles Pl. and W. Capri Ave. Four electrolysis caused water main breaks have been experienced on the segment of pipe since 1998 with the latest occurring in 2017. The estimated cost of this project is \$237,455.

The second water project planned for 2018, CIP 18-2W, calls for removal of two connections to a 10-inch water main in S. Wadsworth Blvd. and reconnection of two water mains to a 16-inch water main in S. Wadsworth Blvd. This work will enable the District to abandon a 10-inch asbestos-cement pipe. The estimated cost of this project is \$152,950.

One sewer project, CIP 18-1S, is scheduled for construction in 2018. The project consists of replacing 228 feet of vitrified clay pipe at W. Parkhill Ave. at S. Garland St. in the Kipling Villas Subdivision. The existing pipe is misaligned causing grease and debris to build up and block the flow. The main is cleaned every three months to prevent backups in the pipe and into residences connected to the pipe. The estimated cost of this project is \$216,197.

A final capital project planned for 2018, CIP 18-1E, calls for replacement of components of the District's supervisory control and data acquisition system that provides control and data for the operation of the Hogback Pump Station and several sewer flow metering stations. The equipment has reached the end of its



Ten-Year Capital Expenditures

useful life and will be replaced with state of the art components that will provide more reliable operational control and data acquisition and transmittal. The estimated cost of this project is \$135,424.

With the completion of the multi-year cured in place lining of nearly all of the District's concrete interceptor sewer pipe at a cost exceeding \$10.6 million, sewer related capital expenditures will be significantly reduced over the next 10 years. No sewer capital projects are proposed between 2018 and 2027.

The District currently has sufficient financial resources to complete all projects proposed in the 2018-2027 Capital Master Plan. Annual increases are proposed in the District's water and sewer

service fee which is billed by Denver Water on customer water bills. The future adjustments will enable the District to match operating revenue with operating costs and therefore avoid depleting the District's capital reserve. The District's Board of Directors have determined that the reserve should be maintained at or above \$19,000,000 to ensure adequate funds are available for ongoing capital requirements.

The entire Capital Master Plan for 2018 - 2027 is available for download or review at the District's website: www.swmetrowater.org/page.cfm/ID/11/District_Projects.



West Chatfield Avenue Sewer Rehabilitation

Service Fee

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2018 Service Fee Amounts

Size of Water Tap	Monthly Service Fee Amount
3/4-inch	\$5.00
1-inch	\$10.00
1 1/2-inch	\$20.00
2-inch	\$40.00
3-inch	\$90.00
6-inch	\$470.00

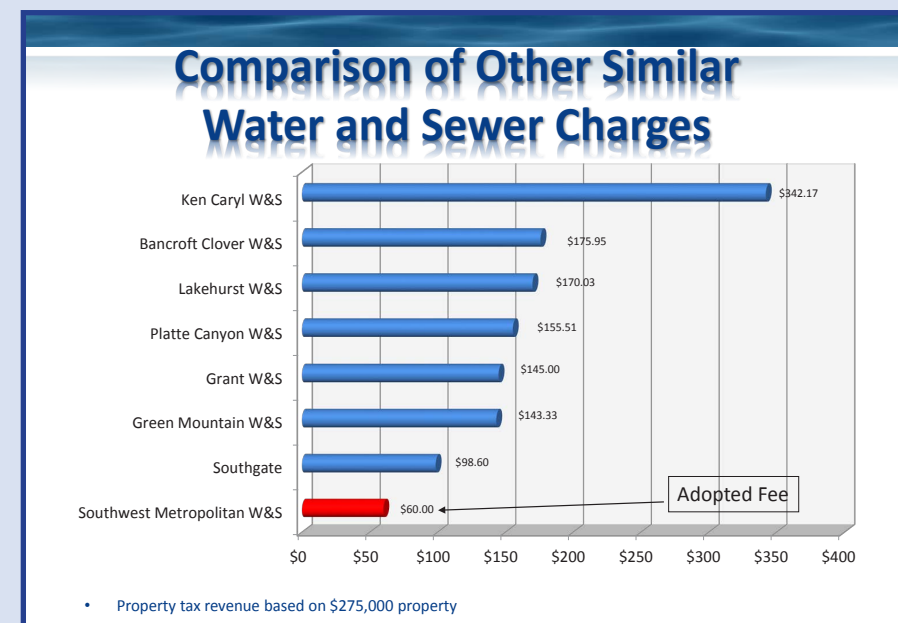
match operating expenses within the next three years. Over the past few years, the fee has been gradually raised each year and that will continue again in 2018.

At the November 2018 meeting of the District's Board of Directors, the decision was made to set the 2018 monthly service fee for a 3/4" tap at \$5.00. This is a \$2.00 per month increase from 2017. All other tap sizes will see an increase in the monthly service fee that is dependent on the size of the tap (see the included table for more details). It is expected that there will be additional increases to the service fee in the 2019 and 2020 budget years; however, increases beyond 2018 will

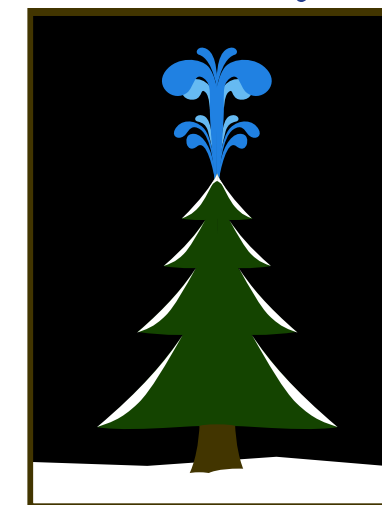
be evaluated on an annual basis during preparation and consideration of each year's budget.

The fee is based on the size of the water service pipe serving each property so those customers with larger than typical single family sized water taps pay slightly more than nearly all residential customers. The \$60.00 per year charge is well below the amount it costs to provide the services supplied to customers, and the amount charged by all surrounding water and sewer utilities. Typically, water and sewer utilities in the Denver Metropolitan Area charge between \$150 and \$250 for the same services provided by Southwest Metropolitan. As an example, the owner of a \$300,000 home in Platte Canyon Water and Sanitation District pays \$169.65 for the exact same services received by Southwest Metropolitan customers.

Not only does Southwest Metropolitan need to reliably fund facility operations and maintenance, it will continue to incur large capital outlays in the coming years as water and sewer infrastructure reaches the end of its useful life. An extensive analysis of the condition of the District's assets is conducted each year to ensure that capital funds are being spent wisely. While facility age is important in determining when rehabilitation is needed, the District looks at many factors before deciding to spend capital funds. A description of the analysis conducted each year is included in the District's Capital Master Plan which is available on the District's website.



Don't Let a Burst Pipe Dampen Your Holidays



Before you head out of town for the holidays, we recommend the following tips to help prevent unexpected damage from freezing while you're away.

Turn off and drain automatic and manual sprinkler systems: Ruptured sprinkler lines can cause property damage, flooding into the home's foundation, impact neighboring properties and has been known to create an ice rink on driveways, sidewalks and streets resulting in walking and driving hazards for passerby. To prevent costly property damage and possible law suits, ensure that your sprinkler system is prepared for your time away from home.

Turn off outdoor faucets and be sure to disconnect hoses: Make sure all faucets and outside piping is fully drained. Disconnect the hose to assure that freeze-proof faucets will drain.

Insulate water pipes that may be vulnerable to the cold or have caused problems before: Pipes close to exterior walls or in an unheated portion of the basement can be wrapped with pieces of insulation. Don't overlook pipes near windows, which can quickly freeze. For particularly difficult pipes, consult a professional on how to select and apply heat tape. Improper use of heat tape can cause fires.

Do not turn off the heat: You might Please see *Winterize!* on page 4