

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT

2020 BUDGET REPORT

HIGHLIGHTS

- The 2020 Southwest Metropolitan Water and Sanitation District budget projects a deficit of \$540,700 between total revenue amounting to \$2,204,250 and total expenses of \$2,744,950.
- The 2020 budget proposes an increase in the water and sewer service fee from \$7.00 to \$8.00 per month per ¾” equivalent water tap to reduce continuing annual deficits and increase operational revenues to the level of operational expenditures.
- General Fund revenue provided from the water and sewer service fee is projected to be \$1,445,180, \$560,218 less than 2020 operating expenses of \$2,005,398.
- Service fees amounting to \$1,445,180 and investment income in the amount of \$493,620 produce 87.9 percent of total District revenue. Future developments are in the planning and construction stages, with twenty water and twenty sewer taps being projected to be sold during 2020 totaling \$162,000. 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 2020 is \$1,250,625, \$141,910 more than the amount budgeted in 2019.
- 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 2020 for these services represents a decrease of \$27,440 in water operation and maintenance and no change in sewer operation and maintenance from the amounts budgeted in 2019. The decreased budget for water services is due to the implementation of a new rating process that was developed to prioritize the replacement of water mains. This process was completed during 2019 and applied to all the water mains owned by the District.
- The budget for remedial water contract maintenance has been increased \$104,800 from \$187,000 in 2019 to \$291,800 in 2020. 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. Repairs approximating \$150,000 that were identified and budgeted in 2019 have been carried over to 2020.
- General engineering services is projected to increase \$50,000 from the 2019 budget of \$10,000 to \$60,000 in 2020. This increase is due to a planned condition assessment to provide more detailed analysis of the condition of the Districts water mains and a required Risk and Resilience Assessment as mandated by the America's Water Infrastructure Act.
- Administrative services will also continue to be provided by Platte Canyon. The 2020 budget for these services is \$651,453, \$2,020 less than the 2019 budget. Administrative costs were allocated to the District during 2019 with the implementation of the new water main replacement rating process noted above.
- The total amount budgeted in 2020 for services provided by Platte Canyon is \$1,184,425, 1.7 percent less than budgeted in 2019.

HIGHLIGHTS

- The capital expense budget for 2020 (\$739,552) is more than the average capital expenditures over the last three years (\$467,025). Over the next ten years, capital expenses are projected to average \$739,411 per year.
- A comprehensive assessment rating program was implemented during 2019. The application of this program has resulted in an increase in the number of water mains identified for replacement. At the same time, estimated construction costs have increased significantly over the planning period driving up the capital outlay for the required water main replacements.
- Three water projects totaling \$507,687 are budgeted for 2020. One project replaces 356 feet of 6-inch asbestos-cement pipe, the second project replaces 376 feet of 12-inch ductile iron pipe, and the third project downsizes 788 feet of 12-in PVC pipe with 6-inch PVC pipe.
- Over the ten-year planning period the reserve fund balance is projected to decrease \$5,159,135 to \$19,521,944 at year end 2029. 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 and allow for operating revenues to approximate or exceed operating expenditures through 2026. For planning purposes, an additional increase in the service fee in 2027 of \$2.00 per month may be necessary to continue to maintain operating revenues at the level of operating expenses through the end of 2029.

SUMMARY

The 2020 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 2020 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 2020 are described in greater detail in a separate document titled *2020 Maintenance Goals*.

Total revenue from all sources is projected to be \$2,204,250 in 2020. Total expenditures are budgeted at \$2,744,950 \$521,338 more than budgeted in 2019. General fund expenditures are budgeted at \$2,005,398, \$116,940 (6.2 percent) more than 2019 budgeted expenses. Capital expenses are budgeted at \$739,552, \$404,398 more than budgeted in 2019.

The reserve fund balance is projected to decrease \$540,700 in 2020 from a beginning balance of \$24,681,079 to \$24,140,379 at year end 2020.

REVENUE

- Total Revenue in 2020 is projected to be \$2,204,250, 15.2 percent more than 2019 budget revenue of \$1,913,431.
- No tap administrative fees are budgeted for 2020 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 \$7.00 per month per ¾” equivalent service connection but is projected to increase to \$8.00 per month per ¾” equivalent service connection effective January 1, 2020. 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 2020 is \$1,445,180 based on 15,054¾” 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 both the Wild Plum and Silver Leaf developments during 2020.
- Investment income is projected to be \$493,620 22.4 percent of total District revenue. Investment income revenue is proposed to be \$71,380 less than estimated 2019 investment income of \$565,000. 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 \$88,450.

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 quarterly based on actual costs incurred. The lease income includes Platte Canyon’s share of projected routine maintenance and repair costs and minor capital improvements. The budget for 2020 is \$33,450, \$1,275 more than the 2019 budget amount and \$910 less than the estimated actual for 2019.

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 2020.

OPERATING EXPENSES

- Total expenses for 2020 are budgeted at \$2,744,950 \$2,005,398 for administration, operations, and maintenance and \$739,552 for capital expenditures. The budget for administration and operating expenses is 6.2 percent (\$116,940) more than the amount budgeted in 2019.
- Operations and maintenance costs are budgeted at \$1,250,398 which is 12.8 percent (\$141,910) more than the amount budgeted in 2019.

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 2020 costs are budgeted at \$358,575 which reflects a \$27,440 decrease from the amount budgeted in 2019. A new rating system to prioritize the replacement of water mains was implemented during 2019 which resulted in more costs being allocated to the District.

Water contract maintenance for system failures is budgeted at \$100,000, which the same amount budgeted for 2019. Remedial maintenance and repair costs are budgeted at \$291,800, \$104,800 more than budgeted in 2019. The budget for 2020 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 2020 is presented in a separate report titled *2020 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 \$9,000, the same amount budgeted in 2019. 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 \$17,000, \$15,050 more than the amount budgeted in 2019. The increase is related to potential service maintenance and repairs required on the SCADA system. Utilities include

costs associated with electric, gas, water, and sewer services and are budgeted at \$25,500, a decrease of \$2,000 from the 2019 budget.

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 2020 costs are budgeted at \$273,000, and represent no increase from the 2019 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 2019. Remedial maintenance and repair costs are budgeted at \$50,000, equal to the amount budgeted in 2019. This projected expenditure is based on the estimated number of sewer point repairs anticipated to be conducted in 2020. A detailed explanation of the maintenance services to be accomplished in Southwest Metropolitan in 2020 is presented in a separate report titled *2020 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 2019. Flow meter telemetry includes costs associated with monitoring the SCADA and alarm systems at each site. Telemetry is budgeted at \$6,000 in 2020, the same amount budgeted in 2019. Utility expenses are budgeted at \$1,750 which is equal to the amount budgeted in 2020.

General engineering services include expenditures for consulting and surveying services that are non-capital project related. The District issues tasks orders for specific engineering projects identified throughout the year. In 2020 a condition assessment study will be performed to provide a more detailed analysis of the condition of the District's high priority water mains and a Risk and Resilience Assessment will be performed as mandated by the America's Water Infrastructure Act which will lead to the completion of an emergency response plan by the end of 2021. The 2020 budget includes \$30,000 for water related services and \$30,000 for sewer related services.

Engineering for mapping and geographical information related services is budgeted at \$15,000 in 2020, the same amount budgeted in 2019. 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 2020 budget

includes \$5,500 for these services, an increase of \$2,500 from the amount budgeted in 2019.

- Administrative expenses for 2020 are budgeted at \$651,453 which reflects a \$2,020 decrease from the amount budgeted in 2019.

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 2020 costs are budgeted at \$552,850, an increase of \$5,830 or 1.1% over the amount budgeted in 2019.

Office supplies include filing, printing and stationary type items. The amount budgeted for 2020, \$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 2020 budget for membership dues is \$2,000, the same amount budgeted in 2019.

Special district board member elections are schedule in May of even numbered years so \$2,000 has been budgeted in 2020 for conducting the election.

The 2020 budget includes \$26,200 for newsletters and web site maintenance which reflects a \$6,100 decrease from the 2019 budgeted amount. The costs for the newsletters, \$25,500, includes printing, postage, and mailing for quarterly newsletters or postcards in 2020. Significant customer outreach is accomplished on the website and through social media platforms. The 2020 budget includes \$500 for the maintenance of the District website.

Legal notices, budgeted at \$200 in 2020, 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 2019.

General legal services are budgeted at \$37,000, which is equal to the amount budgeted in 2019.

Legal services-backcharge include expenditures for easement preparation services for developer projects. These expenses are backcharged to the developer. The 2020 budget includes \$5,000 for these services.

The Rates and Fees Technical Advisory Committee (TAC) costs are budgeted at \$3,750. Membership dues were waived in 2018 and 2019, but members determined a dues assessment in 2020 of \$.30 per customer account was necessary to protect the reserve funds and increase revenue to participate in discussions with Denver Water on allocation of costs for the Lead Reduction Program.

Other general consulting costs are budgeted at \$1,000, the same amount budgeted in 2019.

- 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 2020 was \$15,990 which is equal to the amount budgeted in 2019.
- 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 2020 is \$46,000, \$23,000 less than the amount budgeted in 2019. This decrease is due to fewer non-routine maintenance items scheduled for 2020 compared to 2019.

Office utilities are budgeted at \$33,300, \$50 more than the amount budgeted in 2019.

- 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 2020 is \$480 based on \$6,000 of payroll.

CAPITAL EXPENSES

- Capital expenses for 2020 are budgeted at \$739,552, \$404,398 more than the amount budgeted in 2019.

- Three capital water projects are budgeted for 2020. The first project consists of replacing 356 feet of 6-inch asbestos-cement pipe in S. Flower Wy. between W. Arbor Ave. and Valve Number K06-35-1 in the Kipling Villas Subdivision at a cost of \$84,673. The second capital water project proposes the replacement of 376 feet of 12-inch ductile iron pipe in W. Walden Ave. between S. Independence Wy. and S. Hoyt Ct. in the Meadows Subdivision at a cost of \$140,301. The third capital water project proposes the replacement of 788 feet of 12-inch PVC pipe in S. Polo Ridge Dr. between Thoroughbred Run and the end of the Cul-De-Sac in the Polo Reserve Subdivision at a cost of \$186,973. Projected engineering design costs anticipated to be incurred on these 2020 projects have been estimated for 2019 expenditure. Additionally, engineering costs estimated for the 2021 projects have been budgeted for 2020 so that the design may be completed to meet desired project timelines in 2021. A detailed explanation of all these projects are included in the District's *Capital Master Plan for 2020-2029*.
- The 2020 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 2020 capital expense budget includes an emergency reserve in the amount of \$66,128 as required by the TABOR Amendment.
- The 2020 capital expense budget includes a 20 percent contingency for water and sewer capital projects in the amount of \$110,737.

PROPERTY TAXES

- Southwest Metropolitan will not certify a mill levy in 2020 for tax year 2019. The property tax schedule is included in the 2020 budget to provide information relative to property valuations within the District. Assessed valuations increased \$83,955,981 (14.1 percent) in 2019. 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 2020 is \$2,744,950.

LEASE - PURCHASE AGREEMENTS

- As required by *C.R.S. 29-1-103(3)(d)*, the 2020 budget includes a schedule for lease-purchase agreements. Southwest Metropolitan does not have any lease-purchase agreements requiring expenditure of funds in 2020.

TEN YEAR FINANCIAL PLAN

- The Ten-Year Financial Plan identifies a reserve fund balance amounting to \$24,681,079 at year end 2019. The fund balance is projected to decrease \$540,700 to \$24,140,379 at year end 2020. Over the ten-year planning period the reserve fund balance is projected to decrease \$5,159,135 to \$19,521,944 at year end 2029. 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 2020 from an assessment of \$7.00 per month per ¾" equivalent water service connection to \$8.00 per month per ¾" equivalent water service connection and is expected to produce revenue amounting to \$1,445,180. In order to continue to maintain operating revenues at a level sufficient to fund operating expenses, the fee is projected to increase by \$2.00 beginning in 2027, resulting in an assessment of \$10.00 per month, per equivalent ¾" water tap. Service fee revenue is projected to be the largest source of revenue providing approximately 65.3% of the total revenue over the ten-year planning period.
- The average interest rate for District invested funds is assumed to be 2.0% in 2020 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 26.6% of total revenue over the ten-year period.
- The District projects \$162,000 in tap fee revenue in 2020, \$324,000 in 2021, \$486,000 in 2022, \$113,400 in 2023, and \$81,000 in 2024 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 3.1% each year in 2021 through 2029. Water remedial projects amounting to \$150,000 that were carried over from 2019 to 2020 were excluded from the inflationary calculation. Over the ten-year planning

period, operating expenses are projected to total \$21,518,275 or 73.9 percent of all District expenditures

- Capital expenses through 2029 are derived from the District's *Capital Master Plan for 2020-2029*.

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2020

REVENUE

	ACTUAL 2017	ACTUAL 2018	BUDGET 2019	ESTIMATED 2019	BUDGET 2020	CHANGE FROM 2019 BUDGET
BEGINNING FUNDS	24,892,857	24,614,092	23,831,845	23,594,178	24,681,079	
ADMINISTRATIVE FEES						
Tap Administrative Fees	0	2,500	0	1,525	0	0
SUB-TOTAL	0	2,500	0	1,525	0	0
SERVICE FEES						
Service Fees	534,707	902,976	1,253,616	1,264,100	1,445,180	191,564
SUB-TOTAL	534,707	902,976	1,253,616	1,264,100	1,445,180	191,564
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	366,000	0	70,000	854,000	140,000	70,000
Sewer Tap Fees	96,689	8,908	11,000	410,504	22,000	11,000
Annexation Fees	157,500	0	0	0	0	0
SUB-TOTAL	620,189	8,908	81,000	1,264,504	162,000	81,000
INVESTMENT INCOME						
Net Investment Income	359,832	364,252	476,640	565,000	493,620	16,980
SUB-TOTAL	359,832	364,252	476,640	565,000	493,620	16,980

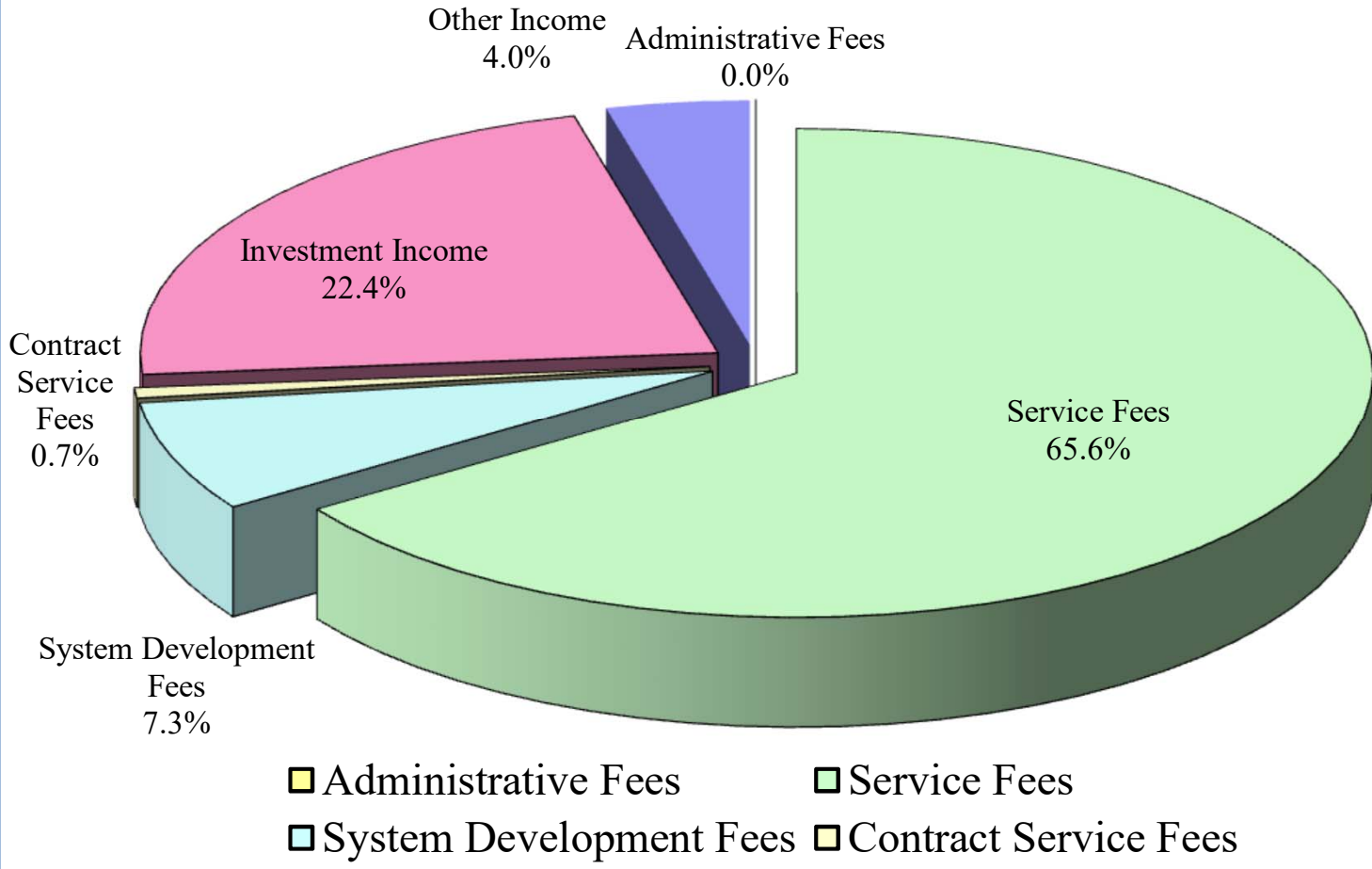
SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2020

REVENUE

	ACTUAL 2017	ACTUAL 2018	BUDGET 2019	ESTIMATED 2019	BUDGET 2020	CHANGE FROM 2019 BUDGET
OTHER INCOME						
Office Lease	79,803	56,910	32,175	34,360	33,450	1,275
Plan review / Inspection Fees	67,269	48,385	45,000	42,100	45,000	0
Miscellaneous	16,390	24,897	10,000	8,450	10,000	0
SUB-TOTAL	163,462	130,192	87,175	84,910	88,450	1,275
TOTAL REVENUE	1,693,190	1,423,828	1,913,431	3,195,039	2,204,250	290,819

2020 General Fund Revenue



SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2020

EXPENDITURES

	ACTUAL 2017	ACTUAL 2018	BUDGET 2019	ESTIMATED 2019	BUDGET 2020	CHANGE FROM 2019 BUDGET
OPERATING EXPENSES						
OPERATIONS & MAINTENANCE						
Water - Operation & Maintenance	339,853	331,518	386,015	376,500	358,575	(27,440)
Water - Contract Maintenance						
Emergency	90,137	69,441	100,000	206,050	100,000	0
Remedial	64,091	311,194	187,000	38,945	291,800	104,800
Hogback Pump Station						
General	8,606	8,378	11,500	10,360	9,000	(2,500)
Telemetry	1,892	2,181	1,950	2,165	17,000	15,050
Utilities	25,011	20,505	27,500	23,690	25,500	(2,000)
Sewer - Operation & Maintenance	251,195	225,179	273,000	252,810	273,000	0
Sewer - Contract Maintenance						
Emergency	0	0	20,000	0	20,000	0
Remedial	2,123	0	50,000	23,000	50,000	0
Sewer Flow Meters						
General	3,694	128	5,000	730	5,000	0
Telemetry	5,923	5,896	6,000	5,800	6,000	0
Utilities	1,407	1,632	1,750	1,570	1,750	0
Utility Notification	9,378	10,602	11,000	12,465	12,500	1,500
Professional & Consulting						
Engineering - Water	686	1,338	5,000	625	30,000	25,000
Engineering - Sewer	129	255	5,000	12,460	30,000	25,000
Engineering - GIS	24,186	27,621	15,000	11,240	15,000	0
Engineering - Backcharge	6,294	5,203	3,000	2,100	5,500	2,500
SUB-TOTAL	834,605	1,021,071	1,108,715	980,510	1,250,625	141,910

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2020

EXPENDITURES

	ACTUAL 2017	ACTUAL 2018	BUDGET 2019	ESTIMATED 2019	BUDGET 2020	CHANGE FROM 2019 BUDGET
OPERATING EXPENSES (cont.)						
ADMINISTRATION						
General Office Administration						
Administration	483,598	489,800	547,020	556,525	552,850	5,830
Office Supplies & Expense	2,037	2,008	2,000	1,630	2,000	0
Dues	1,488	1,977	2,000	1,740	2,000	0
Election	0	103	0	0	2,000	2,000
DWD collection fee	13,653	13,653	13,653	13,653	13,653	0
Public Relations						
Newsletters	30,230	47,950	31,600	25,000	25,500	(6,100)
Website / Other	440	703	500	240	500	0
Legal Notices	138	82	200	105	200	0
Professional & Consulting						
Audit	5,400	5,550	6,000	5,700	6,000	0
Legal - General	36,526	32,279	37,000	27,800	37,000	0
Legal - Backcharge	19,231	2,263	5,000	2,265	5,000	0
Technical Advisory Committee (TAC)	7,500	0	7,500	0	3,750	(3,750)
Other	0	0	1,000	0	1,000	0
SUB-TOTAL	600,241	596,368	653,473	634,658	651,453	(2,020)
INSURANCE						
Property/Inland Marine	4,822	5,201	6,240	4,916	6,240	0
General Liability	4,270	4,644	4,800	4,010	4,800	0
Directors & Officers / Commercial Crime	4,620	4,620	4,750	4,619	4,750	0
Bonds & Other	197	197	200	197	200	0
SUB-TOTAL	13,909	14,662	15,990	13,742	15,990	0

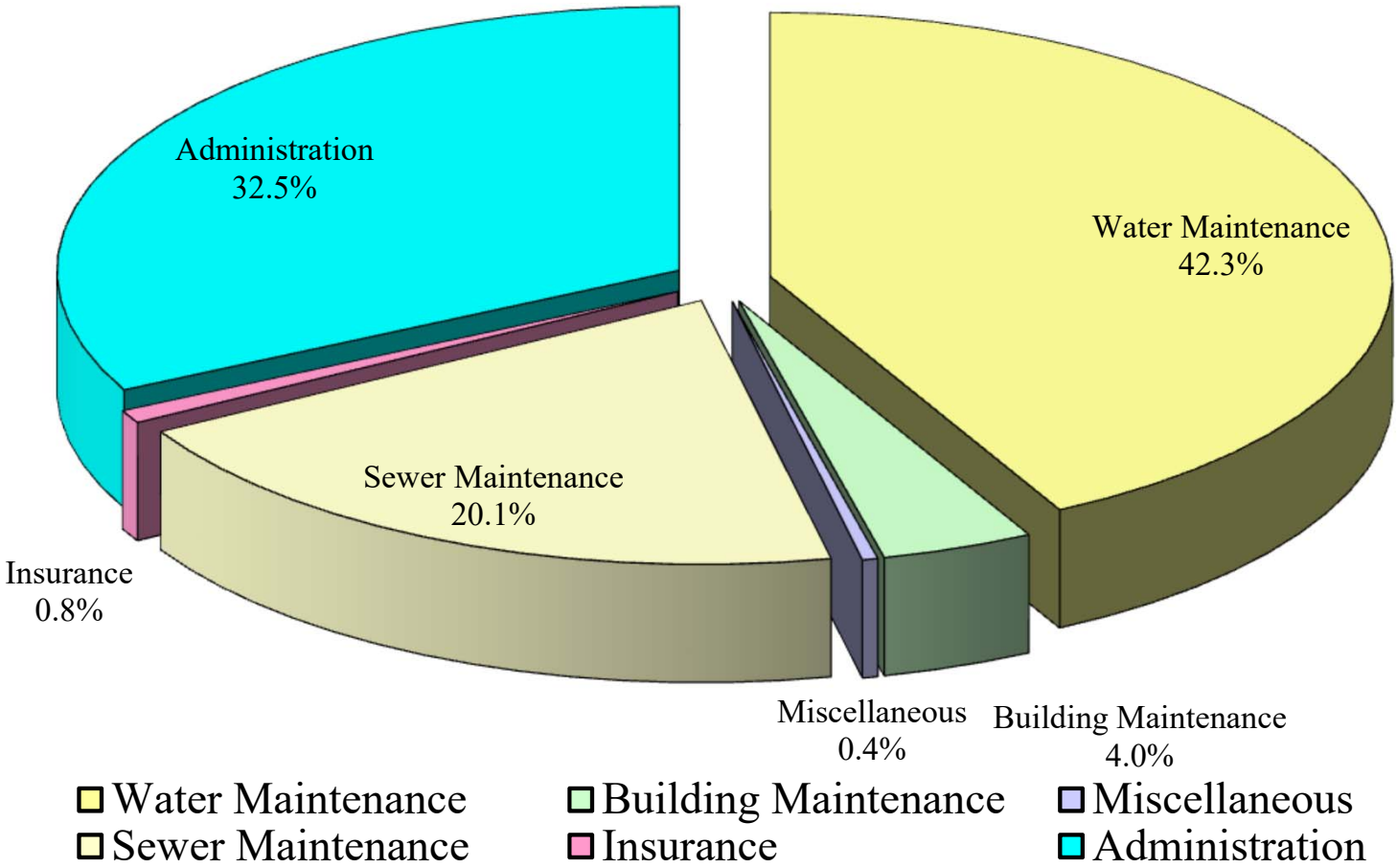
SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2020

EXPENDITURES

	ACTUAL 2017	ACTUAL 2018	BUDGET 2019	ESTIMATED 2019	BUDGET 2020	CHANGE FROM 2019 BUDGET
OPERATING EXPENSES (cont.)						
BUILDING MAINTENANCE						
Maintenance	72,113	122,766	69,000	55,100	46,000	(23,000)
Utilities						
Telephone/Security	13,890	13,800	15,250	22,665	14,500	(750)
Gas & Electric	14,440	14,475	16,000	14,540	16,000	0
Water & Sewer	1,678	2,040	2,000	2,745	2,800	800
SUB-TOTAL	102,121	153,081	102,250	95,050	79,300	(22,950)
MISCELLANEOUS						
Directors Fees	5,600	5,600	6,000	5,400	6,000	0
Social Security	428	428	480	415	480	
Other	1,125	536	1,550	135	1,550	0
SUB-TOTAL	7,153	6,564	8,030	5,950	8,030	0
SUB-TOTAL OPERATING EXPENSES	1,558,029	1,791,746	1,888,458	1,729,910	2,005,398	116,940

2020 General Fund Operating Expenses



SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2020

EXPENDITURES

	ACTUAL 2017	ACTUAL 2018	BUDGET 2019	ESTIMATED 2019	BUDGET 2020	CHANGE FROM 2019 BUDGET
CAPITAL EXPENSES						
WATER PROJECTS						
Replacements & Rehabilitation						
W. Chatfield Ave. Replacement (CIP-17-1W)	175,147	24,903				
Hogback Pump VFD Replacement (17-2W)	41,525					
S. Pierson St. Replacement (CIP-18-1W)		229,647				
S. Wadsworth Blvd. Aban. (CIP-18-2W) expensed						
S. Garland St. Replacement (CIP-19-1W)			158,945	254,034		
S. Holland St. Replacement (CIP-19-2W)			52,360	85,934		
Flower Replacement (CIP-20-1W)				4,200	84,673	
Walden Replacement (CIP-20-2W)				7,140	140,301	
Polo Ridge Replacement (CIP-20-3W)				9,660	186,973	
Engineering Design (2021)					95,740	
New Facilities						
SUB-TOTAL	216,672	254,550	211,305	360,968	507,687	296,382
SEWER PROJECTS						
Replacement & Rehabilitation						
Dutch Creek CIPP (CIP-16-1S)	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	116,033				
W. Parkhill Ave. & S. Garland St. (CIP-18-1S)		123,419				
Flow meters		35,931				
Sewer Rehabilitation (CIPP)			25,000		25,000	
New Facilities						
SUB-TOTAL	104,490	369,214	25,000	0	25,000	0

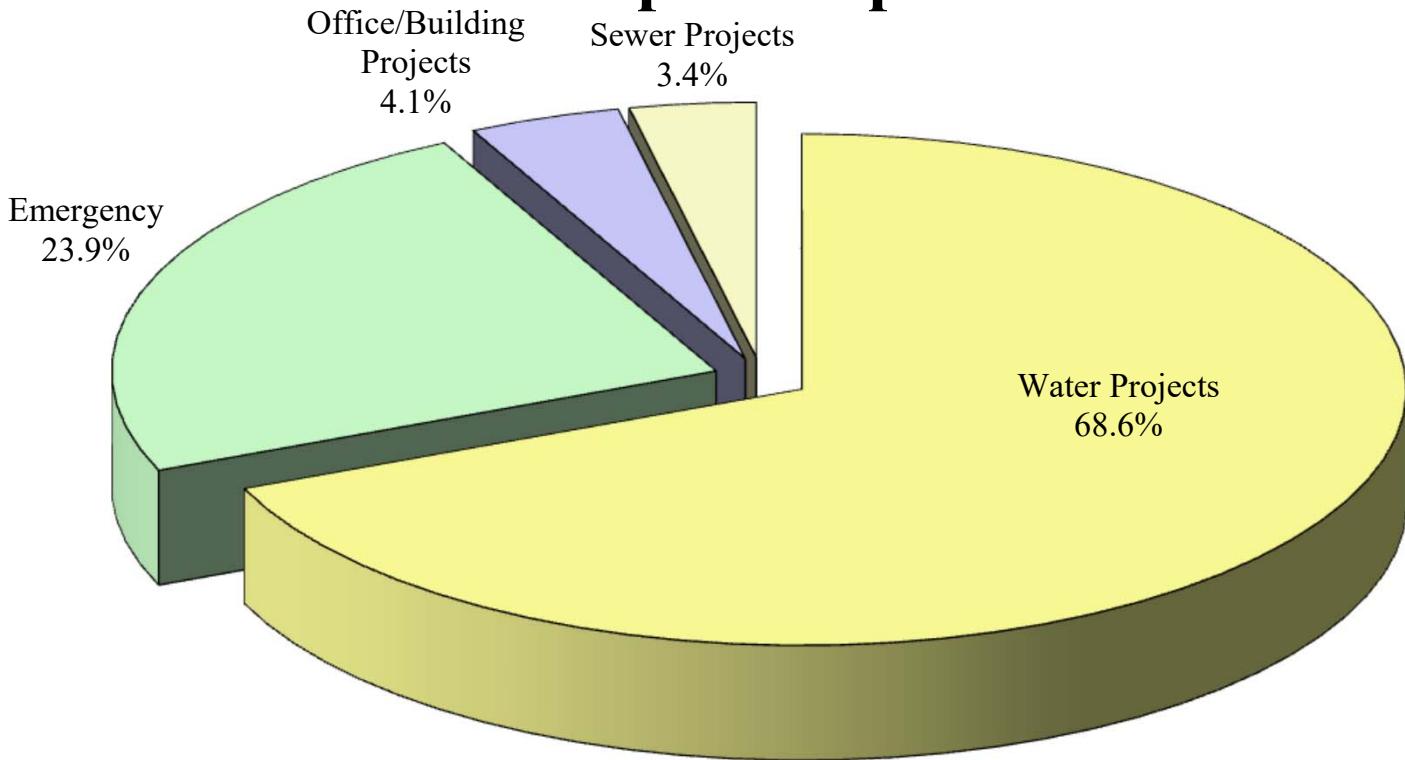
SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2020

EXPENDITURES

	ACTUAL	ACTUAL	BUDGET	ESTIMATED	BUDGET	CHANGE
	2017	2018	2019	2019	2020	FROM
						2019 BUDGET
CAPITAL EXPENSES (cont)						
OFFICE/BUILDING PROJECTS						
Office/Maintenance Office Improvements	92,764	28,232	6,000	17,260	30,000	
SUB-TOTAL	92,764	28,232	6,000	17,260	30,000	24,000
	0	0				
CONTINGENCY/EMERGENCIES						
Emergency Reserve			57,403		66,128	
Contingency			35,446		110,737	
SUB-TOTAL	0	0	92,849	0	176,865	84,016
SUB-TOTAL CAPITAL EXPENSES	413,926	651,996	335,154	378,228	739,552	404,398
TOTAL EXPENDITURES	1,971,955	2,443,742	2,223,612	2,108,138	2,744,950	521,338
ENDING FUNDS AVAILABLE	24,614,092	23,594,178	23,521,664	24,681,079	24,140,379	

2020 General Fund Capital Expenses



- Water Projects
- Emergency
- Office/Building Projects
- Sewer Projects

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2020

PROPERTY TAX COMPUTATION

ASSESSED VALUATION	TAX YEAR 2016	TAX YEAR 2017	TAX YEAR 2018	TAX YEAR 2019
Jefferson County	436,931,028	500,708,903	497,922,335	563,112,182
Arapahoe County	70,812,408	82,256,336	83,541,408	98,977,112
Douglas County	15,076,580	16,101,630	16,016,240	19,346,670
Total	525,009,196	522,820,016	597,479,983	681,435,964
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 - 2020

PROPERTY TAX COMPUTATION

ASSESSED VALUATION	TAX YEAR 2016	TAX YEAR 2017	TAX YEAR 2018	TAX YEAR 2019
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 - 2020

EXHIBIT A SUMMARY OF EXPENDITURES

	ACTUAL 2017	ACTUAL 2018	BUDGET 2019	ESTIMATED 2019	BUDGET 2020	CHANGE FROM 2019 BUDGET
OPERATING EXPENSES						
Water (Schedule I)	1,546,178	1,772,619	1,731,965	1,679,288	1,857,475	125,510
Sewer (Schedule I)	1,077,377	1,066,228	1,163,700	1,121,298	1,216,334	52,634
Administration (Schedule I)	675,728	683,954	724,973	724,558	742,953	17,980
Other Operating Expenses (Schedule I)	123,183	174,307	126,270	114,742	103,320	(22,950)
EXPENDITURES NOT REQUIRING FUNDS						
Depreciation & Amortization	1,864,437	1,905,362	1,858,450	1,909,975	1,914,684	56,234
ADDITIONAL EXPENDITURES REQUIRING FUNDS						
Water Projects	216,672	254,550	211,305	360,968	507,687	296,382
Sewer Projects	104,490	369,214	25,000	0	25,000	0
Office/Building Projects	92,764	28,232	6,000	17,260	30,000	24,000
Emergencies	0	0	92,849	0	176,865	84,016
OPERATING EXPENDITURES REQUIRING APPROPRIATION	1,971,955	2,443,742	2,223,612	2,108,138	2,744,950	521,338

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2020

EXHIBIT A - SCHEDULE I OPERATING EXPENSES

	ACTUAL 2017	ACTUAL 2018	BUDGET 2019	ESTIMATED 2019	BUDGET 2020	CHANGE FROM 2019 BUDGET
WATER						
Water - Operation & Maintenance	339,853	331,518	386,015	376,500	358,575	(27,440)
Water - Contract Maintenance						
Emergency	90,137	69,441	100,000	206,050	100,000	0
Remedial	64,091	311,194	187,000	38,945	291,800	104,800
Hogback Pump Station						
General	8,606	8,378	11,500	10,360	9,000	(2,500)
Telemetry	1,892	2,181	1,950	2,165	17,000	15,050
Utilities	25,011	20,505	27,500	23,690	25,500	(2,000)
Engineering - Water	686	1,338	5,000	625	30,000	25,000
Engineering - GIS	12,093	13,811	7,500	5,620	7,500	0
Engineering - Backcharge	3,147	2,602	1,500	1,050	2,750	1,250
Utility Notification	4,689	5,301	5,500	6,233	6,250	750
Depreciation & Amortization	995,973	1,006,351	998,500	1,008,050	1,009,100	10,600
TOTAL	1,546,178	1,772,619	1,731,965	1,679,288	1,857,475	125,510
SEWER						
Sewer - Operation & Maintenance	251,195	225,179	273,000	252,810	273,000	0
Sewer - Contract Maintenance						
Emergency	0	0	20,000	0	20,000	0
Remedial	2,123	0	50,000	23,000	50,000	0
Sewer Flow Meters						
General	3,694	128	5,000	730	5,000	0
Telemetry	5,923	5,896	6,000	5,800	6,000	0
Utilities	1,407	1,632	1,750	1,570	1,750	0
Engineering - Sewer	129	255	5,000	12,460	30,000	25,000
Engineering - GIS	12,093	13,811	7,500	5,620	7,500	0
General Office Administration	3,147	2,602	1,500	1,050	2,750	1,250
Utility Notification	4,689	5,301	5,500	6,233	6,250	750
Depreciation & Amortization	792,977	811,425	788,450	812,025	814,084	25,634
TOTAL	1,077,377	1,066,228	1,163,700	1,121,298	1,216,334	52,634

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2020

EXHIBIT A - SCHEDULE I OPERATING EXPENSES

	ACTUAL 2017	ACTUAL 2018	BUDGET 2019	ESTIMATED 2019	BUDGET 2020	CHANGE FROM 2019 BUDGET
ADMINISTRATION						
General Office Administration						
Administration	483,598	489,800	547,020	556,525	552,850	5,830
Office Supplies & Expense	2,037	2,008	2,000	1,630	2,000	0
Dues	1,488	1,977	2,000	1,740	2,000	0
Election	0	103	0	0	2,000	2,000
DWD collection fee	13,653	13,653	13,653	13,653	13,653	0
Public Relations						
Newsletters	30,230	47,950	31,600	25,000	25,500	(6,100)
Website / Other	440	703	500	240	500	0
Legal Notices	138	82	200	105	200	0
Professional & Consulting						
Audit	5,400	5,550	6,000	5,700	6,000	0
Legal - General	36,526	32,279	37,000	27,800	37,000	0
Legal - Backcharge	19,231	2,263	5,000	2,265	5,000	0
Technical Advisory Committee (TAC)	7,500	0	7,500	0	3,750	(3,750)
Other	0	0	1,000	0	1,000	0
Depreciation	75,487	87,586	71,500	89,900	91,500	20,000
TOTAL	675,728	683,954	724,973	724,558	742,953	17,980
BUILDING MAINTENANCE						
Maintenance	72,113	122,766	69,000	55,100	46,000	(23,000)
Utilities						
Telephone/Security	13,890	13,800	15,250	22,665	14,500	(750)
Gas & Electric	14,440	14,475	16,000	14,540	16,000	0
Water & Sewer	1,678	2,040	2,000	2,745	2,800	800
TOTAL	102,121	153,081	102,250	95,050	79,300	(22,950)

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2020

**EXHIBIT A - SCHEDULE I
OPERATING EXPENSES**

	ACTUAL 2017	ACTUAL 2018	BUDGET 2019	ESTIMATED 2019	BUDGET 2020	CHANGE FROM 2019 BUDGET
INSURANCE						
Property/Inland Marine	4,822	5,201	6,240	4,916	6,240	0
General Liability	4,270	4,644	4,800	4,010	4,800	0
Directors & Officers / Commercial Crime	4,620	4,620	4,750	4,619	4,750	0
Bonds & Other	197	197	200	197	200	0
TOTAL	13,909	14,662	15,990	13,742	15,990	0
MISCELLANEOUS						
Directors Fees	5,600	5,600	6,000	5,400	6,000	0
Social Security	428	428	480	415	480	0
Other	1,125	536	1,550	135	1,550	0
TOTAL	7,153	6,564	8,030	5,950	8,030	0
TOTAL OPERATING EXPENSES	3,422,466	3,697,108	3,746,908	3,639,885	3,920,082	173,174

SOUTHWEST METROPOLITAN WATER & SANITATION DISTRICT

BUDGET - 2020

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
2020-2029

	ACTUAL	ESTIMATED	BUDGETED									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
BEGINNING FUNDS AVAILABLE	24,614,092	23,594,178	24,681,079	24,140,379	23,897,180	24,510,514	24,773,925	24,326,231	23,375,362	21,908,358	20,822,544	19,951,108
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	902,976	1,264,100	1,445,180	1,447,100	1,450,940	1,456,700	1,458,050	1,459,010	1,459,010	1,823,760	1,823,760	1,823,760
Tap administrative fees	2,500	1,525	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	56,910	34,360	33,450	34,788	36,180	37,627	39,132	40,697	42,325	44,018	45,779	47,610
Investment Income (2020 @ 2.0% +.25%/yr max 3.0%)	364,252	565,000	493,620	543,159	597,430	674,039	743,218	729,787	701,261	657,251	624,676	598,533
Other	24,897	8,450	10,000	0	0	0	0	0	0	0	0	0
Total Operating Revenue	1,366,535	1,888,435	1,997,250	2,040,047	2,099,549	2,183,366	2,255,400	2,244,494	2,217,596	2,540,029	2,509,215	2,484,903
Development Revenue												
Water tap fees	0	854,000	140,000	280,000	420,000	98,000	70,000	0	0	0	0	0
Sewer tap fees	8,908	410,504	22,000	44,000	66,000	15,400	11,000	0	0	0	0	0
Annexation fees	0	0										
Plan Review / Inspection Fees	48,385	42,100	45,000									
Contingency addback				176,865								
Bond Proceeds												
Total Development Revenue	57,293	1,306,604	207,000	500,865	486,000	113,400	81,000	0	0	0	0	0
TOTAL REVENUE	1,423,828	3,195,039	2,204,250	2,540,911	2,585,549	2,296,766	2,336,400	2,244,494	2,217,596	2,540,029	2,509,215	2,484,903
EXPENDITURES												
Operations - Enterprise												
Operations & Maintenance (2021 @ 3.1%)*	1,021,071	980,510	1,250,625	1,134,744	1,169,921	1,206,189	1,243,581	1,282,132	1,321,878	1,362,856	1,405,105	1,448,663
General & Administrative	770,675	749,400	754,773	778,171	802,294	827,165	852,808	879,245	906,501	934,603	963,575	993,446
Total Operations	1,791,746	1,729,910	2,005,398	1,912,915	1,972,216	2,033,354	2,096,388	2,161,376	2,228,379	2,297,459	2,368,680	2,442,109
Short Term Capital Outlay (Exhibit 2)												
Other	28,232	17,260	30,000	0	0	0	0	0	0	0	0	0
Contingency/Emergency Reserve	0	0	176,865	0	0	0	0	0	0	0	0	0
Total Short Term Capital Outlay	28,232	17,260	206,865	0	0	0	0	0	0	0	0	0
Total Short Term Capital Outlay + Operations	1,819,978	1,747,170	2,212,263	1,912,915	1,972,216	2,033,354	2,096,388	2,161,376	2,228,379	2,297,459	2,368,680	2,442,109
Long Term Capital Outlay (Exhibit 2)												
Water	254,550	360,968	507,687	871,195	0	0	687,705	1,033,987	1,456,220	1,328,384	1,011,971	471,958
Sewer	369,214	0	25,000	0	0	0	0	0	0	0	0	0
Total Long Term Capital Outlay	623,764	360,968	532,687	871,195	0	0	687,705	1,033,987	1,456,220	1,328,384	1,011,971	471,958
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	2,443,742	2,108,138	2,744,950	2,784,110	1,972,216	2,033,354	2,784,093	3,195,363	3,684,599	3,625,843	3,380,651	2,914,067
Annual Surplus/(deficit)	-1,019,914	1,086,901	-540,700	-243,199	613,333	263,411	-447,694	-950,869	-1,467,003	-1,085,814	-871,436	-429,164
ENDING FUNDS AVAILABLE	23,594,178	24,681,079	24,140,379	23,897,180	24,510,514	24,773,925	24,326,231	23,375,362	21,908,358	20,822,544	19,951,108	19,521,944
CASH RESERVE PER POLICY			13,921,898	13,829,415	13,888,716	13,949,854	14,012,888	14,077,876	14,144,879	14,213,959	14,285,180	14,358,609

* Excludes \$150,000 carryover water expenses from 2019 to 2020

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
Ten Year Financial Plan
2020-2029

EXHIBIT 1 PROPERTY TAX REVENUE

	ACTUAL	ESTIMATED										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Assessed Valuation												
Taps Sold	0	130	20	40	60	14	10	0	0	0	0	0
Total Taps	18,435	18,435	18,565	18,585	18,625	18,685	18,699	18,709	18,709	18,709	18,709	18,709
Assessed Value per Tap (5 % - 2020, +6% every even year)	28,360	32,496	32,393	34,012	34,012	36,053	36,053	38,216	38,216	40,509	40,509	42,940
New Assessed Value	0	4,224,502	647,851	1,360,487	2,040,731	504,741	360,529	0	0	0	0	0
Assessed Value	522,820,016	599,066,869	601,367,850	632,116,486	633,476,974	673,648,767	674,153,508	714,984,879	714,984,879	757,883,972	757,883,972	803,357,011
General Operations												
Assessed Valuation	522,820,016	597,479,983	681,435,964	632,116,486	633,476,974	673,648,767	674,153,508	714,984,879	714,984,879	757,883,972	757,883,972	803,357,011
General Operating Mill Levy+Abatemei	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	15,054	15,074	15,114	15,174	15,188	15,198	15,198	15,198	15,198	15,198
Service Fee	60.00	84.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	120.00	120.00	120.00
	891,900	1,253,616	1,445,184	1,447,104	1,450,944	1,456,704	1,458,048	1,459,008	1,459,008	1,823,760	1,823,760	1,823,760

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT
Ten Year Financial Plan
2020-2029

EXHIBIT 2 CAPITAL EXPENDITURES - DISTRICT CAPITAL IMPROVEMENTS

	<u>ACTUAL</u>	<u>ESTIMATED</u>	<u>BUDGETED</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>	<u>2029</u>
WATER												
W. Chatfield Ave. Replacemt - 17-1W	24,903											
Hogback Pump VFD Replacemt - 17-2W												
S. Pierson St. Replacemt - 18-1W	229,647											
S. Wadsworth Blvd. Replacemt - 18-2W												
S. Garland St. Replacemt - 19-1W		254,034										
S. Holland St. Replacemt - 19-2W		85,934										
S. Flower Wy. Replacemt - 20-1W		4,200	84,673									
W. Walden Ave. Replacemt - 20-2W		7,140	140,301									
S. Polo Rodge Dr. Replacemt - 20-3W		9,660	186,973									
S. Holland Wy. Replacemt - 21-1W			9,528	95,286								
S. Kipling St. Replacemt - 21-2W			86,212	775,909								
W. Coal Mine Ave. Replacemt - 24-1W							432,979					
Old Coal Mine Rd. Replacemt - 24-2W							254,726					
S. Carr St. - 25-1W								1,033,987				
W. Chatfield Ave. - 26-1W									1,456,220			
S. Everett Wy. - 27-1W										114,657		
S. Cody Wy. - 27-2W										540,927		
Santa Fe Dr. - 27-3W										672,800		
Santa Fe Dr. - 28-1W											1,011,971	
Blakeland Subdivision - 29-1W												118,312
Hogback P.S. Inlet - 29-2W												236,375
W. Walder Dr. - 29-3W												117,271
Additional Capital Water Projects												
TOTAL WATER	254,550	360,968	507,687	871,195	0	0	687,705	1,033,987	1,456,220	1,328,384	1,011,971	471,958
SEWER												
W. Chatfield Ave. CIPP - 17-1S	93,831											
W. Coal Mine Ave. CIPP - 17-2S												
SCADA Comm. & Hardware - 18-1E	116,033											
W. Parkhill Ave. Replacemt - 18-1S	123,419											
Sewer Rehabilitation (CIPP)			25,000									
Additional Capital Sewer Projects												
TOTAL SEWER	333,283	0	25,000	0	0	0	0	0	0	0	0	0
OTHER CAPITAL	64,163	17,260	30,000	0	0	0	0	0	0	0	0	0
CONTINGENCY/EMERGENCY RESERVE			176,865									
TOTAL CAPITAL	651,996	378,228	739,552	871,195	0	0	687,705	1,033,987	1,456,220	1,328,384	1,011,971	471,958