

LETTER OF BUDGET TRANSMITTAL

Date: January 2, 2019

To: Division of Local Government
1313 Sherman Street, Room 521
Denver, Colorado 80203

Attached are the 2019 budget and budget message for BEAR CREEK WATER AND SANITATION DISTRICT in Jefferson County, Colorado, submitted pursuant to Section 29-1-113, C.R.S. This budget was adopted on November 12, 2018. If there are any questions on the budget, please contact:

Bear Creek Water and Sanitation District
c/o Jan C. Walker
2517 South Flower Street
Lakewood, CO 80227
Tel.: (303) 986-3422

I, Russell W. Dykstra as General Counsel of the Bear Creek Water and Sanitation District, hereby certify that the attached is a true and correct copy of the 2019 budget.

By: 



BEAR CREEK WATER AND SANITATION DISTRICT
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LAKEWOOD, CO 80227-2912
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BEAR CREEK WATER AND SANITATION DISTRICT
2019 BUDGET MESSAGE

JANUARY 1, 2019, THROUGH DECEMBER 31, 2019

ADOPTED BY THE BOARD OF DIRECTORS
AT THEIR REGULAR MEETING HELD ON
DECEMBER 10, 2018

MISSION STATEMENT

**OUR MISSION IS TO PROVIDE PUBLIC WATER AND SANITARY SEWER
SERVICES TO THE TAXPAYERS AND RATEPAYERS OF BEAR CREEK
WATER AND SANITATION DISTRICT IN A SAFE, EFFICIENT,
COST-EFFECTIVE AND SUSTAINABLE MANNER, WHILE
MEETING ALL STATUTORY AND REGULATORY REQUIREMENTS.**



BEAR CREEK WATER AND SANITATION DISTRICT BUDGET MESSAGE FOR FISCAL YEAR 2019

The Board of Directors of Bear Creek Water and Sanitation District [Bear Creek or District], at their regular meeting held December 10, 2018, adopted the 2019 Annual Budget. The Adopted Budget and related Resolutions are attached hereto in the Appendices and made a part of this document. This 2019 Annual Budget has been prepared pursuant to Colorado Revised Statutes, Titles 29 and 32. The budget is one of the most important documents produced each year by the District. It is a policy document, financial plan, operations guide, and communications tool. It shows where the funding comes from, how it is used for services provided and the cost of services.

The District.

Bear Creek Water and Sanitation District is a quasi-municipal corporation and political subdivision of the State of Colorado, established in August 1962 under the laws of the State of Colorado Special District Act [Colorado Revised Statutes, Title 32]. Bear Creek was organized for the purpose of serving public water and sanitary sewer utilities to the properties and people of the District.

Location.

The District Office is located in a residential area within the District boundaries at 2517 South Flower Street, Lakewood, Colorado 80227-2912. Official business hours are from 8:00 a.m. to 5:00 p.m., Monday through Friday, except for holidays. You may contact the District Office by telephone (303) 986-3442, fax (303) 986-8213 or E-mail at bearcreekwater@bearcreekwater.org

Service Area.

Most of Bear Creek's service area is situated within the City of Lakewood, Colorado. Portions of the District are located in unincorporated Jefferson County. The District encompasses approximately four- square miles and serves a population of approximately 32,509. An estimated population of over 37,987 is projected at ultimate development of the District.

Public Water and Sanitary Sewer Systems.

The District owns and maintains the public water distribution system and the public sanitary sewer collection system. Bear Creek has a comprehensive Operations and Maintenance (O&M) Program in place. A systematic, proactive method of managing and improving the performance and quality of the public systems is pursued by implementing best practices of the industry.

The O&M program includes scheduled inspections, repairs and maintenance, predictions of problematic areas, taking preventative measures, and planning upgrades or replacement of the infrastructure in advance of potential problems. Upon discovery or notification of any problem in the public systems, Bear Creek's O&M contractor, C&L Water Solutions, Inc., responds quickly to restore the public water or sanitary sewer systems to fully operable conditions. All elements of the public water and sanitary sewer systems are tracked on a Geographical Information System (GIS) and a Geophysical Positioning System (GPS) program and are integrated with the District's databases of the public, private and adjacent water and sanitary sewer systems. Databases also include locations, improvements, repairs, maintenance, inspections, emergencies, critical incidents, tap records, historic O&M activities and other related records and information for tracking, controlling and reporting activities of the public systems and appurtenances thereto.

Public Water Services. Bear Creek is a water distributor of Denver Water under Read and Bill Water Service Agreement No. C-200. Denver Water provides the water supply and controls the sale, setting and reading of water meters. Denver Water bills the District's customers based on Read-and-Bill water rates established by the Denver Board of Water Commissioners. At present, Bear Creek serves approximately 4,105 single family residential equivalent (SFRE) water taps and 8,506 equivalent residential units (ERU) sanitary sewer taps. A total of 5,152 SFRE water taps is anticipated at build-out of the District.

Sanitary Sewer Services. Wastewater flows by gravity from the connectors in the District through the District's public sanitary sewer collection lines to the Robert W. Hite Treatment Facility of the Metro Wastewater Reclamation District (MWRD) for treatment. This sewage treatment is provided under a Connectors Agreement between MWRD and Bear Creek. Bear Creek bills sewer use fees to the District's customers to defray the District's expenses for sewage treatment charges paid to MWRD, the cost of billing, operations and maintenance and planned capital improvement projects.

Water and Wastewater Activities Enterprise. The District, as a General Government, owns and operates a Water and Wastewater Activities Enterprise pursuant to Article 1, Title 32 of the 1973 Colorado Revised Statutes, as amended, Article X, Section 20 of the Colorado State Constitution—Taxpayers' Bill of Rights (TABOR), and Colorado Revised Statutes Title 37 Article 45.1 (Senate Bill 93-130). Although the Enterprise is exempt from most TABOR limitations, there are certain limits on the use of General Government funds.

BOARD OF DIRECTORS

Board of Directors. A five-member Board of Directors is the governing body of the District. The Directors of Bear Creek adopt Resolutions to set rules, regulations and policies and other official actions for governance of water and sanitary sewer services for its customers and to operate, maintain, repair, extend and replace the public water and sanitary sewer infrastructure.

Each Director is generally elected to a four-year term. The electorate of the District eliminated term limits for the Board of Directors at an election held on May 4, 2004.

The compensation for special district directors is set by Colorado Revised Statutes 32-1-902(3)(a)(II) at no more than \$100 for each meeting attended and not to exceed \$1,600 per year. The Statute was changed in 2017 to compensate Directors who are elected after the May 8, 2018 Board Member Election to be compensated for a maximum of 24 meetings per year not to exceed \$2,400 per year.

Regular meetings of the Board of Directors are held on the second Monday of each month at 7:00 p.m. at the District Office, 2517 South Flower Street, Lakewood, CO 80227-2912. A public notice of the regularly scheduled monthly Board Meetings is posted at the Office of County Clerk and Recorder of Jefferson County and in three locations within the District boundaries. Also, notices of public meetings, other events and general information are posted at the main entryway on the southeast side of the District Office building.

2019 Board of Directors

Dale L. Miller	Chairman/President	Nov. 2007 - May 2020
Barbara J. Coria	Vice Chairman/Vice-President	Oct. 2011 - May 2022
Charles M. Dwyer	Board Treasurer	May 2002 - May 2020
Linda M. Larsson	Director	Aug. 2018 - May 2020
Neil A. Johnson	Director	Aug. 2018 - May 2020

FINANCIAL ATTRIBUTES

Financial Structure

The District's financial fiscal year begins on January 1st and ends on December 31st of each year. The District uses the modified accrual basis of accounting. The accounts of the District are organized and presented to conform to generally accepted accounting principles (GAAP) applied to a governmental unit operated as a single enterprise fund in accordance with Colorado Revised Statutes. Enterprise accounting—also known as single-fund accounting—is used to record the operations of governmental units which are financed and operated in a manner similar to private business enterprises. [Note: The term *enterprise* is applied differently in conjunction with the TABOR Amendment to identify exempt operations under the District's Water and Wastewater Activity Enterprise.] The Annual Budget is prepared on cash basis. The cash-basis budget is tallied on the last page of budget spreadsheets to show TABOR compliance.

The costs of administration of the District are covered by general property taxes and other general fees and charges. Capital improvements are funded by investment income and permit fees for water and sanitary sewer tap connections, as well as reserve funds that have been accumulated over the past 30 years.

Water and Wastewater Activities Reserve Funds

A Water and Wastewater Activities Enterprise was established in 1993 for the purpose of exempting the public water and sanitary sewer activities and the District's reserve funds from TABOR Amendment restrictions. The District has accumulated reserve funds to systematically upgrade or replace the public water and sanitary sewer systems and to preserve the future viability and sustainability of the District. Reserve funds are derived from interest earnings on investments and tap permit sales. These reserve funds are not restricted for specific purposes, they are used generally for replacement or rehabilitation of public systems and other budgeted capital projects when annual income does not cover those capital expenses. Budgeted capital projects include needed improvements identified in the Operations and Maintenance Program, replacement of public lines scheduled in the Master Plan and other capital projects to address current and long-term needs.

In February 2017, the Bear Creek Water and Sanitation District (District) engaged Raftelis Financial Consultants, Inc. (RFC) to complete a Water and Sewer Rate Study (Study) that analyzed the financial status of the District and identified the revenue adjustments needed to support the District's continuing financial viability. The District plans to have RFC provide an update to the 2017 Rate Study in 2019. A copy of the Final Bear Creek Water and Sanitation District Rates Study Report dated June 10, 2017 is available to the public. Please contact the District Manager to receive a copy by mail or e-mail.

Inasmuch as the District should be able to cash fund its capital improvement and replacement program, the issuance of bonds, applications for grants or other methods of financing capital improvements may be considered at any time. Long-range financial projections are revisited periodically for adjustment to the set of assumptions, to consider new technology or industry standards, to reset projected life spans of repaired or rehabilitated lines and to adjust for other occurrences that may affect the projections.

Prepayment of Conduit Participation Charges

In December 2001, the District invested \$418,600 of Water and Wastewater Activities Reserve funds by prepaying conduit participation charges, as provided by the October 1985 Agreement with Denver Water. For water source and supply, Bear Creek shares the operation and maintenance as well as capacity in Denver Water's Kendrick conduit, pump station, reservoir and distribution system with Green Mountain and Bancroft-Clover Water and Sanitation Districts. By prepaying these participation charges, the District secured an interest in 700 single-family-residential-equivalent (SFRE) water taps. There is a conditional guarantee of water supply to build-out in the District's Water Service Agreement with Denver Water. Prepaid participation charges, plus an amount in lieu of interest income, are collected along with sales of the District's water tap permits. The total amount collected per SFRE tracks Denver Water's current charge for conduit participation. [The difference between Denver's charge and Bear Creek's charge represents the District's return on investment]

Development Policy

The District requires all developers or individual property owners to cover the cost of construction to extend the public water and sanitary sewer systems, including expenses incurred on behalf of the developments for legal and engineering services, and the costs of filing and recording associated documents. Developments must be consistent with the District's Master Development Plan, Rules and Regulations and other local, county, state and federal standards that may be applicable.

Annual External Audit

The District's basic financial statements for 2017 were audited by the firm of Crady Puca & Associates. Upon review by the Office of the Colorado State Auditor and in the opinion of the external auditors, no exceptions have been taken to the District's financial statements.

Following a Request for Proposals for audit services, Treasurer Dwyer, as Chairman of the Audit Committee, engaged the firm of Crady, Puca and Associates to conduct the audit of the basic financial statements for the year ending December 31, 2014. This engagement was renewed for the audit years ending 2015, 2016, 2017 and 2018. At the Treasurer's discretion, this agreement may be renewed for the 2019 audit as well, after which requests for proposals may be produced again.

Bond Interest, Bond Principal

Outstanding General Obligation Water Refunding Bonds, Series 92, were redeemed in December 1999, leaving the District with no outstanding debt. Bear Creek does not anticipate bonded indebtedness in the foreseeable future. Presently, capital projects are cash-funded from the District's Water and Wastewater Activities Reserve Fund. However, the issuance of bonds may be considered at any time for financing capital improvements.

Non-Financial Goals and Objectives

Policies, procedures and master plans are in place to cover non-financial functions, including but not limited to District Office activities, human resources, field operations, safety, vulnerability, sustainability, public relations, and master plans for development of the District and expansion of the public water and sanitary sewer systems. However, it is understood that all policies affect the District's finances and these effects are considered in the budget preparation and financial reporting processes.

LIMITATIONS ON GENERAL PROPERTY TAXES AND SPENDING

Statutory 5.5 percent Limit on General Property Taxes

A Statutory limit on general property tax revenue, also known as the "Annual Levy Law" (Colorado Revised Statutes §29-1-301) restricts the District's levy of general property tax revenue to an amount no greater than was levied in the preceding year plus five and one-half percent (5.5%).

Constitutional Amendment Limitation on General Property Taxes and Spending

The electors of Colorado passed the Taxpayer's Bill of Rights (TABOR) Amendment to Article X, Section 20 of the State Constitution at Election in 1992. TABOR defines an enterprise as a government-owned business authorized to issue its own revenue bonds and which receives no more than ten percent (10%) of its annual revenue in grants from all state and local governments combined. Subsequently, Senate Bill 93-130, was adopted into law during the 1993 session of the Colorado State Legislature (Colorado Revised Statutes §37-45.1), to clarify TABOR language and provide for exemptions for water and sanitation districts.

There are two TABOR limits on general property tax:

Revenue Limit. The revenue limit is reached by adjusting the previous year's certified general property tax revenue by growth and the estimated Boulder-Denver-Greeley CPI for 2018.

Mill Levy Rate Limit. The Rate limit is a factor of the assessed valuation multiplied by the previous year's rate.

Also, there is a TABOR limit on spending, which is actually a revenue-driven annual limit.

General Government Spending Limit. TABOR provisions allow an increase of no more than growth plus CPI over the previous year's revenue.

Application of Limits to Annual Budget

Upon applying the limitations described above and calculating the 2018 general property tax levy for collection in 2019, statutory 5.5% limit was most restrictive with growth at 12.61% plus the estimated Boulder-Denver-Greeley CPI for 2018 at 3.01%.

The actual Boulder-Denver-Greeley CPI is released early in the year [2019] for the prior year [2018]. At that time, TABOR limits are recalculated. If the certified property tax mill levy is found to exceed the revised limit, a temporary general property tax credit would be included in the following year's certification of property taxes. If the certified property tax mill levy is found to be less than the revised limit, no adjustments would be made.

The Certification of Tax Levies to be collected in 2019 was approved by the Board on December 10, 2018 and is shown in an appendix to this message.

THE ANNUAL BUDGET BY ACTIVITIES

The activities of the District are segregated in the accounting and budget records so that the revenues and expenses for each activity can be tracked by operating and non-operating income and expenses, as well as by activities subject to or exempt from TABOR limitations. While accounting procedures follow the modified accrual method, the annual budget is cash-based. TABOR compliance is depicted on a tally page following the annual budget spreadsheets.

The Annual Budget spreadsheets for 2019 and related Resolutions are attached in the Appendices to this Budget Message. The budget spreadsheets reflect budget figures over three years:

- 2019 Total Adopted Budget
- December 31, 2018 Actual End-of-Year
- December 31, 2017 Audited Actual Income and Expenses

Each of these categories is detailed by types of budgetary activity, as explained below:

Operating Income and Expenses

Funds collected for the general operation of District activities are shown on Page 1 of the budget spreadsheets shown in the Appendices. Also, on Page 1 are the operating expenses incurred for general administration of the District and for public water and sanitary sewer operations. Significant income and operating expenses are discussed further in this Budget Message

Non-Operating Income and Expenses

Tap permit fees and interest earned on investments comprise most of the District's non-operating income and are retained as reserve funds for capital improvements. Other non-operating income includes pass-through tap fees collected for and paid quarterly to Metro Wastewater Reclamation District and Lakehurst Water and Sanitation District under intergovernmental agreements. This income is counter-balanced by related non-operating expenses. Reimbursements from developers for costs incurred by the District on behalf of their developments are also included in non-operating income. This income offsets related non-operating expenses; however, the amounts may not be equal, depending upon billing and payment activity. Funds expended for capital improvements to the public water and sanitary sewer systems and related engineering services are budgeted as non-operating expenses. Capital improvements are projected in the District's Master Development Plan, identified by operations and maintenance program tracking, and scheduled in the annual field operations and maintenance program. Significant non-operating income and expenses are discussed further in this Budget Message.

Budget Reconciliation—Tally Sheet

Fund Balances. On Page 3 of the attached budget spreadsheets, a tally of the budget figures shows estimated Beginning and Ending Fund Balances for the years 2017, 2018, and 2019. The audited fund balance of \$13,979,995 at the bottom of the Audited December 31, 2017 column is the beginning balance for the 2018 Projected End of Year column. Applying the 2018 projections results in a projected End of Year fund balance of \$14,170,163 for 2018, which in turn is reflected as the estimated Beginning Fund Balance for 2019. Given the budgeted net estimated revenue and expenses alike of \$3,898,279 and \$316,312 to be spent from reserves, the projected Ending Fund Balance for 2019 would be \$13,853,852.

Appropriated Funds. Appropriated funds for 2019 are shown as \$2,149,779 for Operating Expenses and \$1,748,500 for Capital Improvement Expenses, for a total appropriation of \$3,898,279.

SIGNIFICANT SOURCES OF INCOME

Property Taxes

An ad valorem property tax is levied on the assessed valuation of real and personal property within the District. Upon the 2018 assessed valuation of \$178,758,794, a total net mill levy rate of 4.030 mills was certified in 2018 to Jefferson County for collection of \$720,434.00 in 2019. This levy includes general property taxes, a temporary revenue reduction and an additional amount for refunds and abatements as shown in the table below. Property tax revenue is classified under General Government for the purposes of TABOR compliance.

2018 Certification of Property Taxes	Mills	Revenue
2018 General Property Taxes for Collection in 2019 Based on 5.5% Statutory Limit	4.416	\$ 789,398.00
Minus Temporary Revenue Reduction for 2019	(.386)	(69,001.00)
Sub-Total	4.030	\$720,397.00
Plus Refunds and Abatements	0.00	37.00
Total Certified to Jefferson County to be Collected in 2019	4.030	\$720,434.00

General Property Taxes. General Property Tax revenue is the major source of operating income to the District. A levy of 4.416 mills for General Property Tax was certified to collect \$789,398.00 in 2019, based on the TABOR Mill Levy Rate calculation.

Temporary General Property Tax Credit. General Property Tax mill levies must be certified to the County on or before December 15th. The actual CPI is not known for any given year until the following year; therefore, estimates are used in the preparation of budget and certification of property taxes. In the event the certified general property tax revenues exceed the recalculations of limits based on the growth and actual CPI, temporary tax credits are certified in the succeeding year. Conversely, if the recalculated limits are less than the certified amounts, no adjustment may be made to recover the difference.

Temporary Revenue Reduction. The most restrictive TABOR limit on property taxes was the statutory 5.5% limit which changes the rate and revenue based on a growth and consumer price index from the previous year. In order to protect this 4.416 mill levy rate, a revenue reduction in the amount of **(\$69,001)** has been certified for 2018, temporarily reducing the general mill levy rate to 4.030.

Refunds and Abatements. Current rulings by the Colorado Supreme Court allow the District to impose a mill levy increase that is directed at recovering amounts of taxes which the District did not receive in the previous year due to abatements and refunds granted by Jefferson County upon appeal by taxpayers. This additional levy does not result in an actual tax increase and does not require voter approval under the TABOR Amendment since it merely recovers those amounts still due to the District, which had been withheld for refunds and abatements. The District will collect \$37 in 2019 for refunded or abated taxes.

Specific Ownership Tax

Specific Ownership Tax consists of a share of taxes paid to Jefferson County when motor vehicles are registered. An amount of \$45,000 is budgeted for 2019 Specific Ownership Tax income. Specific Ownership taxes are classified as General Government Income for TABOR purposes.

Water Surcharge Income to be Collected Through Denver Water Billing

Bear Creek Water and Sanitation District is a water distributor of Denver Water under a Read and Bill Service Agreement. In the past, the District had received no income from water sales to contribute towards the Operations and Maintenance of the water lines owned by the District. As a result of the Rates Study that was performed in 2017 the Raftelis Financial Consultants recommended that the District add a water surcharge to the Denver Water billing in order to pay for capital improvement projects and the operations and maintenance of the water system which is owned by the District.

- On November 13, 2017, the Bear Creek Water and Sanitation District Board of Directors voted unanimously to add a \$6.00 per single family residential equivalent (SFRE) water surcharge to the Denver Water monthly billing beginning on January 1, 2018.
- An Intergovernmental Agreement (IGA) was signed with Denver Water to collect the surcharge on behalf of Bear Creek Water and Sanitation District. This IGA was approved on December 13, 2017 by the Denver Board of Water Commissioners.
- This water surcharge income is budgeted to collect \$294,000 in 2019.

Sewer Use Fee Billing Income

Classification of Billing Income. Sewer use fees are classified under the Water and Wastewater Activity Enterprise. An amount of \$2,130,943 is targeted as income in the 2019 Annual Budget to offset sewage treatment charges expense to Metro Wastewater Reclamation District plus the costs for billing our Bear Creek Water and Sanitation District customers.

Sewer Utility Fees Based on Water Consumption. Annual sanitary sewer utility bills are based on the number of gallons of water consumed during non-irrigation months of the previous winter. Consumption data for each water customer of the District are reported by Denver Water from water meter readings and water utility bills. Individual sewer utility bills are generated by applying a rate per 1,000 gallons to four month's winter (non-irrigation) water consumption by each customer. Beginning in 2017, the annual bill was divided into four payments and the District's customer bills were sent quarterly.

Single Rate for all Customers. The intent of the Board has been to bill all customers at one single rate per 1,000 gallons of winter water consumption to collect sufficient funds to cover the expense of sewage treatment charges billed by Metro Wastewater Reclamation District, the District's administrative billing, operations and maintenance costs, and to build funds to replace aging infrastructure. An exception to this single rate methodology is that sewer fees billed to carwash accounts were based on one-third of the annual average of water consumption, in lieu of four months of winter water consumption. This billing formula is specific to carwashes because they tend to use more water during the winter months.

2019 Annual Sewer Billing Fees. Following notification of the MWRD annual charges for 2019, the Board of Directors voted unanimously at the November 10, 2018 Board of Directors meeting not to increase the sanitary sewer rate for sewer utility fees over the 2018 sanitary sewer rate. It was determined that the sewer billing rate was sufficient to recover 2019 Metro Wastewater Reclamation District (MWRD) sewage treatment charges, costs associated with billing, operations and maintenance expenses and planned capital improvement projects.

- The 2019 Annual Sanitary Sewer Rate will be \$16.60 per thousand gallons of water used from November 2018 through February 2019.
- The 2019 Residential Annual Minimum will be \$229.00 and billed at \$57.25 per quarter. The 2019 Commercial Annual Minimum will be \$397.00 and billed at \$99.25 per quarter.
- The billing cycle for 2019 will continue to be billed quarterly by dividing the annual bill into quarterly installments.

Infiltration and Inflow (I&I) Study. An infiltration and inflow study began in 2016 to determine where unnecessary flow may be entering the public sanitary sewer system. The District Engineer identified the area of Westgate as having the most infiltration and inflow into the public sanitary sewer system. Included in the 2019 capital sewer budget is an amount of \$150,000 to install Cured-In-Place Pipe (CIPP) sanitary sewer lining in areas of high infiltration. It is anticipated that this project will decrease the flows and loadings in the sewer main lines; and thus, reduce the sewage treatment charges billed to the District.

Intergovernmental Agreements for Sanitary Sewer Flow-Through

The estimated income from sewer utility fees of \$2,130,943 for 2019 includes two sets of customers that are billed separately pursuant to intergovernmental flow-through agreements.

Flow-Through to Lakehurst Water and Sanitation District. Bear Creek pays quarterly sewage treatment charges to Lakehurst Water and Sanitation District for flows contributed to their public sanitary sewer system from properties inside District boundaries. The properties are situated in the vicinity of West Hampden Avenue and South Wadsworth Boulevard. These sewer utility customers are billed a share of total flow-through charges paid to Lakehurst plus billing expenses. Shares are based on single family residential equivalents. An amount of \$11,196 is included in the 2019 Annual Budget for charges paid to Lakehurst. The amount paid to Lakehurst is offset by billings to the flow-through customers.

Flow-Through from Bancroft-Clover Water and Sanitation District. Under an intergovernmental agreement, Bear Creek allows connection to the District's public sanitary sewer system by properties located just north of Bear Creek's district boundaries which are situated within the boundaries of Bancroft-Clover Water and Sanitation District. Bear Creek bills Bancroft-Clover for a proportionate share of the total sewage treatment charges paid by Bear Creek to Metro Wastewater Reclamation District based on the number of single family residential equivalents served. The amount billed to Bancroft-Clover is considered part of the overall billings to the District's customers shown in the budget.

Investment Interest Income

Non-operating income received from interest earnings on investments is used for capital improvements and other suitable expenses. Unused interest earnings remain in the fund balance as reserve funds.

With the recovering economy and lower interest rates for the past few years, the District has taken a conservative approach to projecting interest income. An estimated \$200,000 is included in non-operating income from Investment Interest for 2019.

Tap Permit Fees

Tap permit fees, classified in the Water and Wastewater Enterprise, are collected to fund future capital improvements to the public water and sanitary sewer systems. Based on a combination of single family, multi-family, commercial, and fire line taps anticipated in 2019, revenue for 10 single-family-residential-equivalent tap permits is estimated at \$36,500 from water tap permit sales and \$3,000 for inspection fees. Corresponding revenue from sanitary sewer tap permits is estimated at \$20,000 plus \$3,000 for inspections.

Sanitary Sewer Tap Connection Fees Collected on Behalf of Others

Tap fees collected on behalf of other entities are classified under the Water and Wastewater Enterprise.

Tap Fees Collected for Metro Wastewater Reclamation District (MWRD). Sanitary sewer tap connection fees are collected on behalf of MWRD pursuant to the District's Connector Agreement. These fees are remitted to MWRD on a quarterly basis. An equal amount is indicated in the 2018 budgeted non-operating income and expenses to reflect MWRD sewer tap fees in the amount of \$42,700 to be collected and paid.

Tap Fees Collected for Lakehurst Water and Sanitation District. An equal amount of \$7,000 is budgeted for 2019 non-operating income and expenses for sewer tap fees collected on behalf of Lakehurst for connection of properties to Bear Creek Water and Sanitation District's public sanitary sewer lines that flow into Lakehurst lines under an intergovernmental agreement (IGA) between the two districts.

KEMO Country Area Water and Sanitary Sewer Supplemental Fees

A neighborhood that was not included in the original District boundaries, KEMO Country Area, is located basically east of South Kipling Street between Morrison Road and West Wesley Court.

Reserve funds advanced by the District in the past for approved KEMO participation projects are recovered through supplemental fees which are collected in addition to tap permit fees and other related fees and charges when the properties connect to the public systems. The current KEMO supplemental fees per single-family residential equivalent tap are \$1,200 for water and \$14,000 for sanitary sewer. These fees will continue to be collected in the future until the KEMO Country Area is built-out.

KEMO Country Area Water and Sanitary Sewer Capital Improvement Projects

Parts of KEMO Country Area, described previously, have been retrofitted with public water and sanitary sewer mains for service. To initiate public water or sewer extension projects in the KEMO Country Area, property owners are first required to include their property in the District, grant any necessary easements, deposit the estimated total construction project costs and pay Supplemental Connection Fees and Tap Fees to the District.

Developer Imprest Accounts

To comply with the District's Rules and Regulations, developers are required to deposit funds with the District sufficient to cover engineering and legal costs incurred on behalf of developments. These imprest deposits are collected to assure that improvements and enlargement of the public water and sanitary sewer systems meet District standards. Upon passing initial inspection by the District Engineer, all improvements to the public water and sanitary sewer systems are owned by the District. Imprest accounts are billed for replenishment of funds on a periodic basis during the course of development. Following final inspection at the end of a one-year warranty period, the balance on deposit is returned to the respective developers. An amount of \$20,000 has been budgeted for non-operating income and expenses for water and sanitary sewer Imprest charges and other reimbursable expenses, based upon potential development in the District during 2019.

Developer Imprest accounts are classified as non-operating income and expense under the Water and Wastewater Activity Enterprise. Income and expenses for this activity are considered pass-through funding, since the District is reimbursed by the developer for all costs incurred on behalf of the development.

SIGNIFICANT EXPENSES

3% TABOR Emergency Reserves

In compliance with the TABOR Amendment, an emergency reserve has been established in the 2019 budget, in the required amount of not less than three percent (3%) of the anticipated General Government revenue, or \$24,881. This reserve amount is reflected on the balance sheet of the District's financial statements and is adjusted annually to maintain the current total.

Sewage Treatment Charges

Sewage Treatment Charges are classified under the Water and Wastewater Activity Enterprise as Operating Expenses. The District contracts with Metro Wastewater Reclamation District (MWRD) for sewage treatment for which MWRD imposes annual charges based on flows and loadings in the sewage.

An amount of \$814,702 is budgeted for sewage treatment fees to be paid to Metro Wastewater Reclamation District.

Operations and Maintenance Water and Sanitary Sewer Systems

C&L Water Solutions, Inc. has served as the District's contractor for operation, preventative maintenance, and repair of public water and sanitary sewer systems since 1985. The District's 2019 Field Operations and Maintenance (O&M) Program, budgeted at \$185,000.00, provides for inspection of all appurtenances to the public water system every two years and the public sanitary sewer system every three years. Annual inspections are conducted on some sanitary sewer mains in problematic areas and on dead-end water mains to assure water quality.

Denver Water and its suburban water distributors, including Bear Creek, have agreed to follow standard operating procedures in the integrated water distribution system to assure compliance with the Environmental Protection Agency's Safe Drinking Water Act.

Public Water and Sanitary Sewer Systems Capital Improvements

Capital water projects in Schedule III of the Annual Field Operations and Maintenance Program are budgeted at \$282,074 for replacement of blowoff valves, replacement fire hydrants, replacing an 8-inch valve and potholing water lines. Schedule III sanitary sewer capital projects are budgeted at \$244,376 for pipe and manhole replacement and tap repairs.

An infiltration and inflow study was started in 2016. The District Engineer continues to identify the areas within the District as having the most infiltration and inflow into the public sanitary sewer system. A budget of \$358,000 has been provided for general sanitary sewer capital projects.

The District Engineer's Proposed Budget Memorandum offers a detailed look at capital improvements with color coding which correlates to the color-coded 2019 Annual Budget line items. A copy is included in the Appendices to this Budget Message.

Director Fees

An amount of \$8,000 has been included in the 2019 Annual Budget for director fees. As mentioned above, the maximum compensation for special district directors is set by Colorado Revised Statutes at no more than \$100 for each meeting attended and not to exceed \$1,600 per Director per year. The Statute was changed in 2017 to compensate Directors who are elected after the May 8, 2018 Board Member Election to be compensated for a maximum of 24 meetings per year.

District Office Salaries and Wages

The District currently has two full time permanent employees and three part-time permanent employees. Gross Wages are budgeted in the amount of \$281,000 for a decrease of \$2,000 from 2018 budgeted wages. Payroll taxes of \$24,000 were included in the 2019 budget. Contract employees are hired as needed, for which \$3,000 is budgeted for 2019.

Employee Benefits

A total of \$113,000 was budgeted for employee benefits for 2019, down from \$114,000 budgeted in 2018.

Defined Contribution Retirement Plan. In 1995, the Board of Directors established membership in the Colorado County Officials and Employees Retirement Association (CCOERA). This defined contribution plan allows participant-directed investments.

The District matches mandatory employee contributions to CCOERA of six percent (6%) of gross wages to a 401A retirement plan and matches up to three percent ($\leq 3\%$) of voluntary contributions by employees to a 457 Deferred Compensation Plan. Presently, all employees contribute to the voluntary 457 Plan. A total of \$24,000 was budgeted for 2019 payments to match employee contributions to retirement accounts.

Group Health Insurance. The District participates in the Special District Association of Colorado PPO-2 and PPO-3 group insurance program for health, vision, dental, hearing, and life insurance benefits. The District pays 100 percent of premiums for individual employee coverage and 75% of premiums for family coverage. A total of \$87,000 was budgeted for group insurance premiums in 2019.

Disability Insurance. A separate policy is held through the Special District Association of Colorado group insurance program for long term disability. Employees pay 100 percent of the long-term disability insurance premium to ensure full, non-taxable coverage in the event long-term benefits are used. The District self-insures short-term disability in accordance with its Personnel Policy Manual.

Insurance and Bonds

The District is a member of the Colorado Special District Property and Liability Pool. The insurance and bonds expense for 2018 is budgeted at \$15,000. The District opted for No-Fault Insurance for sanitary sewer backup and water damage under its liability insurance coverage. This insurance reimburses expenses for damage caused by a problem with the public sanitary sewer or public water systems within limits per incident and per year.

Professional Legal Services

Russell W. Dykstra with the firm of Spencer Fane Britt & Browne, LLP, represents the District as Legal Counsel. An amount of \$25,250 is budgeted for general professional legal services, legal publications, recording of documents and court filing costs.

Building and Grounds Improvement

General improvements to the District Office Building are budgeted at \$25,000. The main purpose for this funding is to remodel the front office for improved security and safety. It is anticipated that some of the front office remodel expenses will be reimbursed by the Safety & Loss Prevention Grant Program offered by the Colorado Special Districts Property and Liability Pool. Other items may be determined necessary based on need throughout the year. No budget was provided for Administration Capital, classified as General Government, for improvements to the District Office grounds in 2019.

Office Furniture and Equipment

The Capital budget amount of \$30,000 is provided in 2018 budget for replacement of office furniture, equipment, and software. Most of the furniture and equipment, including software programs and updates, do not meet the threshold of \$5,000 value or 5-year life expectancy.

INQUIRIES

Inquiries Regarding the Annual Budget

Any of the friendly staff at the District Office can assist you or direct you to the right party for the subject of your inquiry. Please direct all official correspondence or other inquiries in writing to:

Jan C. Walker, District Manager,
Budget Officer and Board Secretary

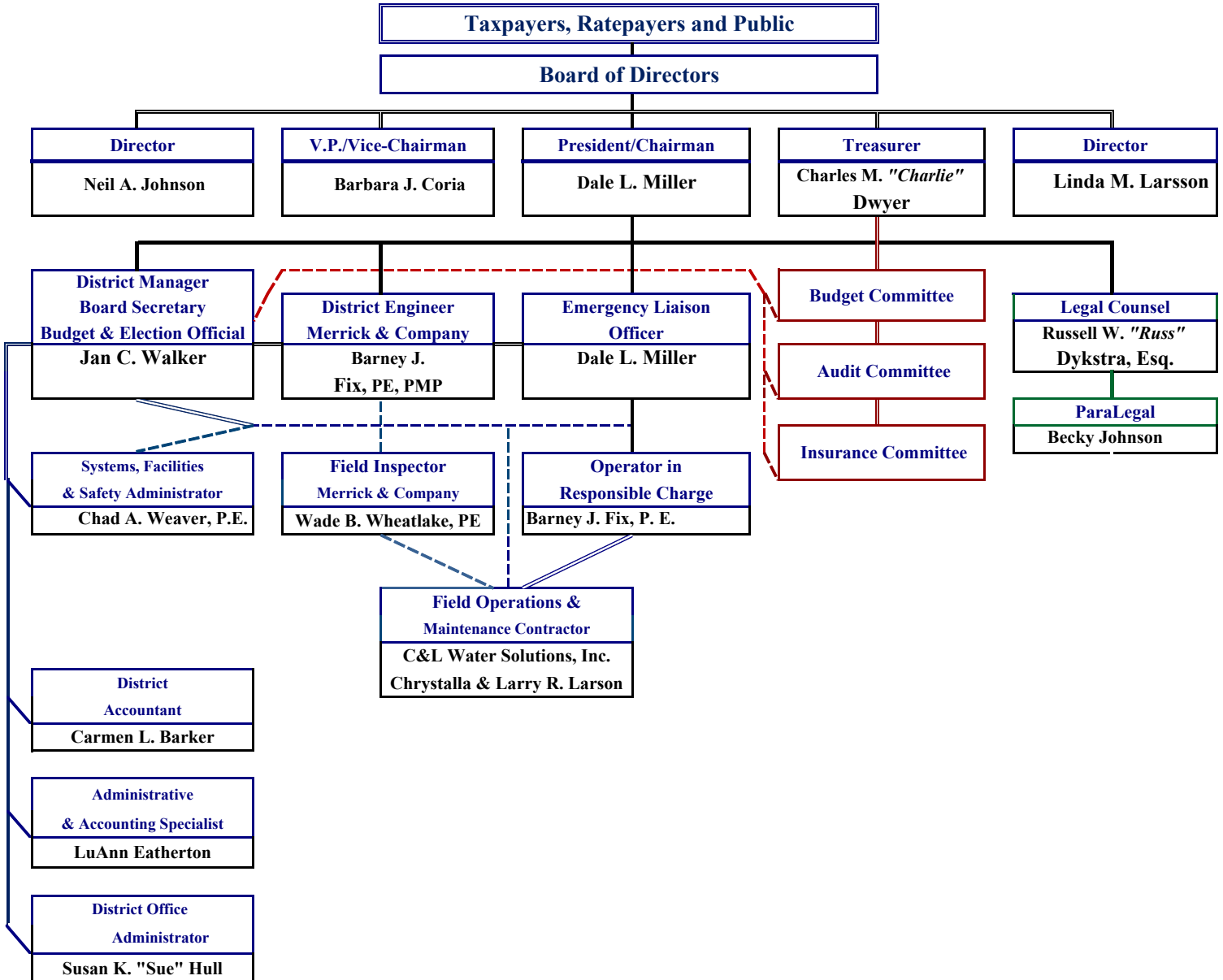
Bear Creek Water and Sanitation District
2517 South Flower Street
Lakewood, Colorado 80227-2912

Telephone	(303) 986-3442
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E-mail	JanWalker@BearCreekWater.org
Copy E-mail	BearCreekWater@BearCreekWater.org
Website	http://www.BearCreekWater.org/

**BEAR CREEK WATER AND SANITATION DISTRICT
2517 SOUTH FLOWER STREET
LAKEWOOD, COLORADO 80227-2912**

Updated
2019

2019 Organization Chart



Mission Statement

OUR MISSION IS TO PROVIDE PUBLIC WATER AND SANITARY SEWER SERVICES TO THE TAXPAYERS AND RATEPAYERS OF BEAR CREEK WATER AND SANITATION DISTRICT IN A SAFE, EFFICIENT, COST-EFFECTIVE AND SUSTAINABLE MANNER, WHILE MEETING ALL STATUTORY AND REGULATORY REQUIREMENTS.

Phone: (303) 986-3442 ♦ Email: BearCreekWater@BearCreekWater.org ♦ Website: <http://BearCreekWater.org> ♦ Fax: (303) 986-8213





BEAR CREEK WATER AND SANITATION DISTRICT
2517 SOUTH FLOWER STREET
LAKEWOOD, CO 80227-2912
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COMBINED 2019 ANNUAL BUDGET SPREADSHEETS:

**Line-item detail of Income, Expenses and Limitations
for the 2019 Adopted Budget, Actual to December 31, 2018
and Audited figures for 2017**

**Adopted December 10, 2018
by the Board of Directors of
Bear Creek Water and Sanitation District
for the Budget Year 2019**

	Bear Creek Water and Sanitation District 2019 ANNUAL BUDGET Combined General Government and Enterprise Adopted December 10, 2018	2017 Year End Audited	2018 31-Dec-18 Actual	2019 Adopted Budget
Operating Revenue/Expense				
Operating Revenue				
5000 · Property Tax - Gen Government		687,894	678,018	789,398
5001 · Property Tax Refunds and Abatements		622	0	37
5003 · Property Tax - Prior Yr Cancel		125	41	0
5091 · Temporary Revenue Reduction-TABOR		(105,049)	0	(69,001)
Total Property Tax - General Government		583,592	678,059	720,434
5030 · PropTax - Specific Ownership		52,764	61,269	45,000
5115 · Contractor License Fees		850	1,750	800
5120 · Hydrant Permit Fees		222	400	2,000
5121 · Hydrant Inspection Fees			600	
5125 · Water Tap Inspection Fee		4,800	1,500	5,000
5126 · Water SI Inspection Fee		800	0	0
5127 · Water Surcharge Billing Income		0	278,359	294,000
5130 · Sewer Use Fee Billing Income		2,071,183	1,654,469	2,130,943
5135 · Sewer Tap Inspection Fee		600	1,500	3,000
5136 · Sewer SI Inspection Fee		2,850	2,100	0
Total Operating Revenue		2,717,661	2,680,006	3,201,177
Operating Expense				
6020 · Audit Expense		8,275	8,300	9,000
6045 · Banking Mileage		0	11	0
6040 · Bank Service Charges		8,115	7,973	20,000
6040 · Bank Service Charges		8,115	7,984	20,000
6140 · Repairs & Maint - Bldg & Ground		10,275	10,618	13,000
6150 · Utilities		4,328	4,271	5,600
6160 · Total Communications		10,806	12,452	13,450
6305 · Water Use Fees Billing Expense		10,170	9,708	8,500
6300 · Sewer Use Fees Billing Expense		20,567	21,882	25,500
Total 6340 · Election Expense		11,259	1,040	5,100
Total 6390 · Engineering		108,151	154,604	167,700
6420 · Insurance & Bonds		14,456	11,562	15,000
Total 6440 · JeffCo Treasurer Fees General		8,793	10,212	12,000
6460 · Professional Legal Services		19,187	23,479	25,000
6461 · Legal KEMO		7,313	0	0
Total 6460 · Legal, Publications & Recordings		26,510	23,584	25,250
6540 · Membership Dues/Subscriptions		3,910	2,148	2,000
6550 · Conferences & Training		6,217	10,845	15,000
6570 · Public Relations Expense		7,853	5,260	4,000
6580 · Ofc Equip, Prgmng, Repair/Maint		15,138	25,262	31,000
6600 · Office Supplies & Equipment				
Total 6600 · Office Supplies & Equipment		6,455	7,436	8,000
Total 6620 · O&M Sched I, Part A, Water		49,073	44,806	56,000
Total 6630 · O&M Sched I, Part B, Sewer		108,658	95,360	129,000
Total 6681 · O&M Repair/Maint Additional		86,994	275,058	300,000
6692 · Colorado 811 Locate Ticket Chgs		2,162	2,220	2,400
6700 · Director Fees		7,800	6,700	8,000
Total 6710 · Salaries		249,187	270,882	281,000
6720 · Payroll Taxes - Employer		25,744	24,227	24,000
Total 6730 · CCOERA		23,251	24,152	26,000
Total 6780 · Group Insurance - Employer		82,110	80,686	87,000
6790 · Contract Labor		325	150	3,000
6820 · Sewage Treatment Chgs - MWRD		1,576,128	668,516	814,702
Total 6820 · Sewage Treatment Chgs - MWRD		1,576,128	668,516	814,702
6821 · Sewage Treatment Chgs-Lakehurst		8,693	10,345	11,196
6850 · CDPHE Permits (CO Dept of H&E)		2,470	2,470	2,500
6890 · Tabor Contingency				24,881
Total Operating Expense		2,504,305	1,832,964	2,149,779
Net Operating Revenue		213,356	847,042	1,051,398

 Bear Creek Water and Sanitation District 2019 ANNUAL BUDGET Combined General Government and Enterprise Adopted December 10, 2018			
Non Operating Revenue			
5110 · Inclusion Fees	0	400	0
5210 · Water Tap Permits - Stub In	2,100	0	0
5200 · Water Tap Permit Fees - Other	21,900	18,250	36,500
Total 5200 · Water Tap Permit Fees	24,000	18,250	36,500
5220 · Fire Line Fees	1,700	0	1,700
5260 · Ppd Part Chgs - Collected	3,276	5,885	5,980
5290 · System Enlargement Fee Water	0	0	500
5300 · Sewer Tap Permit Fees	1,900	0	20,000
5310 · Sewer Tap Permits - Stub-in	0	1,000	-
5300 · Sewer Tap Permit Fees - Other	4,200	14,000	-
Total 5300 · Sewer Tap Permit Fees	6,100	15,000	20,000
5350 · MWRD Sewer Tap Fees Collected	21,100	29,540	42,700
5360 · Lakehurst SewerTapFeesCollected	0	0	7,000
5390 · System Enlargement Fee Sewer	0	0	500
5600 · Imprest Accounts Income	8,744	6,239	20,000
5610 · Reimb Expense Billing Income	58,919	14,047	4,000
5701 · Grant Reimbursements	195	210	200
5740 · Late Fees	76	0	-
5760 · InvInc Return on Ppd Part Chrgs	0	0	4,510
5865 · KEMO Water Supplementary Fees	0	0	1,200
5875 · KEMO Sewer Supplementary Fees	0	0	14,000
Total 5901 · Investment Income	171,519	148,723	200,000
5940 · Interest Income - Bank Accts	4,181	0	22,000
5945 · SID Income	4	13	0
5950 · JeffCo - PTax Interest Income	319	417	0
Total Non Operating Revenue	284,615	263,484	380,790
Non Operating Expense			
6900 · Imprest Accounts - Charges	12,491	7,323	20,000
6910 · Engineering - R/E Expenses	11,471	195	4,000
6920 · Field O&M - R/E Expenses	0	10,767	0
6930 · Legal Fees - R/E Expenses	1,094	152	0
6950 · Sewer Tap Fees Pd to MWRD	16,880	34,234	42,700
6960 · Sewer Tap Fees Pd to Lakehurst	0	0	7,000
7000 · Office Furn, Equip & Software	0	0	30,000
7020 · Office Building & Improvements	0	0	25,000
7104 · GMWSD Morrison Rd Outfall ILine	0	0	150,000
7109 · CIPP Lining	0	15,000	208,000
Total 7100 · Genl Wat/Sew Cap Improvement	0	15,000	358,000
Total 7120 · Water Sched IIIA Capital	0	0	282,074
Total 7130 · Sewer Sched IIIB Cap Improve.	26,128	0	244,376
Total 7150 · Capital Special Studies	44,398	128,145	75,000
Total 7180 · Cap Engr - W/S Cap	57,241	70,366	290,350
Total 7195 · Construction in Progress	0	635,906	0
Total 7200 · KEMO Water Engineering	0	0	70,000
7257 · KEMO Hodgson Park Proj Constr	0	0	300,000
Total Non Operating Expense	743,383	920,358	1,748,500
7999 · AdmCapSpendTo/FromReserves-Budg	0		
Net Non Operating Revenue	(458,768)	(656,874)	(1,367,710)
Net Revenue Before Spend To/From Reserves	(245,412)	190,168	(316,312)
8000 · To/From Reserves Budget Item	245,412	(190,168)	316,312
Net Revenue	0	0	0
Beginning Fund Balance	14,225,407	13,979,995	14,170,163
Ending Fund Balance	13,979,995	14,170,163	13,853,852

 Bear Creek Water and Sanitation District 2019 ADOPTED ANNUAL BUDGET TALLY Combined General Government and Enterprise December 10, 2018	12/31/17 TOTAL AUDITED ACTUAL	12/31/17 Gen Gov Audited Actual	12/31/17 Enterprise Audited Actual	2018 TOTAL Actual	2018 Gen Gov Actual	2018 Enterprise Actual	12/31/19 TOTAL ADOPTED BUDGET	12/31/19 Gen Gov Adoped Budget	12/31/19 Enterprise Adopted Budget
	14,225,407			13,979,995			14,170,164		
BEGINNING FUND BALANCE									
REVENUE	3,002,275	637,796	2,364,480	2,943,491	740,112	2,203,378	3,581,969	988,234	2,593,733
Net Spent Into/From Reserves at End-of-Year	245,412	(90,780)	336,192	190,169	171,589	18,579	316,312	(297,453)	613,765
Total Revenue	3,247,688	547,016	2,700,672	3,133,658	911,701	2,221,957	3,898,279	690,781	3,207,498
EXPENSES	3,247,688	547,016	2,700,672	2,753,322	568,523	2,184,799	4,214,591	690,781	3,523,810
Net Spent Into/From Reserves at End-of-Year	(245,412)	90,780	(336,192)	190,169	171,589	18,579	(316,312)	297,453	(613,765)
Total Expenses	3,002,276	637,796	2,364,480	2,943,491	740,112	2,203,378	3,898,279	988,234	2,910,045
ENDING FUND BALANCE	13,979,995			14,170,164			13,853,852		

Breakdown for 2018 Appropriation Resolution:

Operating Expenses
 \$ (316,312) Expenses from Reserves included in Capital Improvement Expenses
 Total Appropriation of Funds

2018
Appropriation
\$ 1,896,797
\$ 2,118,180
\$ 4,014,977

2019
Appropriation
\$ 2,149,779
\$ 1,748,500
\$ 3,898,279

TABOR Limits:

Property Tax Certification
 General Property Tax
 Minus Temporary Revenue Reduction
 Plus Refunds and Abatements
 Total Property Tax Certification

2018
TABOR
Calculations
2018 Revenue
\$ 775,536
(98,081)
\$ 361
\$ 677,816

2019
TABOR
Calculations
2019 Revenue
\$ 789,398
(69,001)
\$ 37
\$ 720,434

2018 Mills
4.416
(0.558)
0.002
3.860

2019 Mills
4.416
(0.386)
0.000
4.030

Budget Year	Assessed Value	A \$	% Change
2019	\$ 178,758,794	3,139,102	1.7874%
2018	\$ 175,619,692	\$ 19,992,093	12.8461%
2017	\$ 155,627,599	\$ 116,117	0.0747%
2016	\$ 155,511,482	\$ 25,002,896	19.1580%
2015	\$ 130,508,586	\$ (662,234)	-0.5049%
2014	\$ 131,170,820	\$ 2,944,672	2.2965%
2013	\$ 128,226,148	\$ 1,184,786	0.9326%
2012	\$ 127,041,362	\$ (7,484,938)	-5.8639%
2011	\$ 134,526,300	\$ (526,970)	-0.3902%
2010	\$ 135,053,270		

MEMORANDUM

DATE: October 26, 2018

TO: Ms. Jan Walker, District Manager
Bear Creek Water and Sanitation District

FROM: Barney J. Fix, P.E.

SUBJECT: 2019 Proposed Budget – Draft No. 2

-
1. General O&M and Field O&M: The amount for 2016 was \$4,200 per month; the amount for 2017 was \$3,500 per month; the amount projected to be spent for 2018 is \$5,670; **therefore, we recommend increasing the amount to \$6,500 this year. This amount has not been increased for over seven years. Proposed use of \$6,500 for 2019 (\$78,000 per year), (Budget Lines 6380 and 6385).** The inspections, since they are the most difficult to estimate, are removed from this account. The tap inspection services are estimated at 10 water taps and 10 sewer taps per year at \$300.00 per tap (**\$6,000.00 per year), (Budget Line 6381).** Other inspections, locates and fire hydrant inspections are covered in Item 3 below.
 2. Field O&M Contract: The 2016 budget was \$185,000; the 2017 budget was \$200,000 and the 2018 budget was \$180,000. This year, as was the last three years, we are following the Denver Water SOP's. Also, we are T.V.ing the sewer lines between the manholes inspected. Therefore, using the 2018 Bid prices which was awarded to C&L, plus 10%, gives a **budget of \$185,000** for the 2019 O&M. The budget is split, \$56,000.00 for water and \$129,000.00 for sewer, **(Budget Line 6681).**

Also, other maintenance costs are for follow-up services; such as, repairing or raising valve boxes, repairing hydrants and blowoffs, etc. These services are estimated at **\$250,000**. The budget is split \$100,000 for water and \$150,000 for sewer, **(Budget Line 6690).**
 3. Special Services are sometimes needed for the District or extra items not anticipated. We do see a need for some items, services or studies in 2019; which would include inspections over the normal tap inspections, METRO flow projections, and reviews for Lakewood or CDOT, infiltration studies, etc. Also, other items included are sewer tap repair inspections, locates, fire hydrant inspections, water breaks, inclusions, etc. Other items such as reviewing the sanitary sewer tapes will also need to be included. In 2015 we spent about \$3,400 per month, of which \$865 per month was repairs, in 2016 we spent \$3,610 per month, of which \$720 per month was repairs, in 2017 we spent about \$3,850 of which \$745 per month was repairs (37 repairs) and in 2018, we are projecting it to be approximately \$3,000, of which \$700 per month is repair observation (a total of 30). The cost and amount of sewer repairs seem to be going up each year; therefore, I would suggest utilizing an amount that should cover up the forty (40) repairs over the year; **therefore, the budget will be set the same as last year at \$5,725.00 per month, \$68,700 per year in 2019 for this work, (Budget Line 6390).**
 4. We also perform some other Administration and Special Services; therefore, we recommend **\$5,000** be budgeted for this item, **(Budget Line 6390).**

5. Preparation of reviewing and/or revising the rules and regulations and fees and charges **\$10,000, (Budget Line 6390)**. Moved to operating split between water \$5,000 and sewer \$5,000)
6. Since we do have the GIS system running, there will be other items needed or done to the system that the District would like. So, I would recommend keeping this item at the **\$20,000** level, **(Budget Line 7150)**.
7. Updating mapping, showing meter location received from Denver on CAD and GIS maps, and to update the maps to match Denver Waters. Therefore, keep the amount at the **\$20,000** level, **(Budget Line 7150)**.
8. Green Mountain Outfall Capital – In the master plan report we have shown that the Green Mountain line should be able to hold our ultimate capacity (we basically have a 20% to 30% share of this line). I do feel that the line under Bear Creek is most vulnerable to us and we should budget for replacement should this be broken or our capacity, with future development could exceed our capacity. We should monitor the line and when a problem is detected, we would need to replace or install the line at that time. Also, With the coming of the Solterra project and with Projects within the District that may impact this line we will need to pay our share. The master plan has shown a cost of approximately **\$180,000 (Budget Line 7104)**. (\$150,000 plus 20%) for construction and approximately **\$60,000** for engineering and inspection, **(Budget Line 7187)**.
9. The Hodgson Public Water line that was designed this year will be Constructed in 2019 Project, this project extends the public water main from the intersection of South Kipling Street and Morrison Road, east along Morrison Road and then north through Hodgson Park to South Hoyt Court. This project is estimated at **\$430,000**: \$360,000 (\$300,000 plus 20%) for construction **(Budget Line 7257)**.and \$70,000 for capital engineering/inspection, **(Budget Line 7210)**.
10. Per the Masterplan, we will need to extend the Hodgson Park line (above) from the North side of the Park in South Hoyt Court to Wesley Drive, then east along Wesley Drive to Hoyt Street. We are proposing only to do the design work in 2019 and the construction will be completed in 2020. This project is estimated at **\$250,000**: \$192,000 (\$160,000 plus 20%) for construction **(No Budget Line until FY2020)**.and \$60,000 for capital engineering/inspection, **(Budget Line 7186)**.
11. Sanitary Sewer Lining – We will have some lining to do within the District once the Videos are reviewed from last year's maintenance projects, as well as, projects coming from the 2019 cleaning and videos. Therefore, I would recommend that we budget approximately **\$300, 000** for this work in 2019 which is (\$208,000, plus 20% contingency = \$250,000, **Budget Line 7109** and \$50,400 for engineering **Budget Line 7189)**.
12. Facilities over 50 years old are starting to occur within the District; therefore, we are recommending that we pothole some of the lines to analyze their condition. We have assumed ten (10) potholes at \$6,500 per hole plus a 20% contingency or **\$78,000, (Budget Line 7120)**.
13. Infiltration Study (Continuation) – With the rainfall that occurred two years ago (2015), it was decided to review the infiltration that is occurring in the District and come up with an amount of infiltration and alternatives that could alleviate the issue. **\$25,000, (Budget Line 7156)**.

14. Merrick we may need to prepare an update to the 2018 Water and Sanitary Sewer Master Plan construction costs once the samples are returned, adjustments may need to occur in priorities and amounts once the results are returned...**\$10,000 (Budget Line 7155).**
15. Green Mountain and Morrison road shared lines maintenance. This year Green mountain district will be doing Videos and repairs on the outfall lines, our share is approximately 30% for these lines. There is approximately 10,000 Lineal feet of 12 inch to 24 inch pipe, and approximately 30 manholes within this system I recommend that we budget a minimum of **\$50,000 (Budget Line 6686).**

11. The Capital Improvements budget should be as follows:

Capital Sewer		Budget Line
Sewer Pipe Replacement (4 of them)	36,280.00	7130
Replace Manhole	11,700.00	7130
Sewer Tap Repairs (60 each)	96,000.00	7130
Green Mountain Line (20%)	150,000.00	7100
2019 Lining	208,000.00	7109
Miscellaneous (~20%)	100,396.00	
Total Sewer Capital	\$ 602,376.00	

Capital Water		
Blowoff Replacement (6)	41,172.00	7120
Fire Hydrant Replacement (8)	57,240.00	7120
8-inch Valve Replacement	8,650.00	7120
Wesley Water Connection Project	0.00	
Hodgson Water Main Extension Project	300,000.00	7250
Potholing Water Lines	78,000.00	7120
Miscellaneous (~20%)	97,012.00	
Total Water Capital	\$ 582,074.00	

Capital Engineering		
Engineering – Sewer Capital	54,830.00	7180
Engineering – Water Capital	55,520.00	7180
Green Mountain Outfall	60,000.00	7180
Master Plan for Water and Sewer	10,000.00	7155
Wesley Water Connection engineering	60,000.00	7186
Hodgson Water Main Extension Project	70,000.00	7200
2019 Lining	60,000.00	7189
Total Capital Engineering	\$ 370,350.00	

Total Capital Improvements Budget	\$ 1,554,800.00
--	------------------------

12. Summary of O&M, Engineering, Capital Improvements and Capital Engineering:

SUMMARY		
General Engineering	78,000.00	6380 & 6385
Tap Inspections (10 water and 10 sewer per year)	6,000.00	6381
Special Services	68,700.00	6390
Administration/Special Services	5,000.00	6390
General O&M (Maintenance)	185,000.00	6680
Follow-up Maintenance	250,000.00	6680
Rules and Regulations	10,000.00	7150
GIS Phase II – Capital Special Studies	20,000.00	7150
Mapping & Meter Location, Easements, Misc.	20,000.00	7150
Infiltration Study	25,000.00	7156
Green Mtn./Morrison Road maintenace (30% of maintenance and repairs)	50,000.00	6686
Capital Improvements	1,184,450.00	}
Capital Engineering	370,350.00	
Grand Total: O&M, Engineering, Capital Improvements and Capital Engineering	\$ 2,272,500.00	

If you should have any questions or comments, please call.

**RESOLUTION
TO ADOPT 2019 BUDGET, APPROPRIATE SUMS OF MONEY,
AND AUTHORIZE THE CERTIFICATION OF THE TAX LEVY
BEAR CREEK WATER AND SANITATION DISTRICT**

A RESOLUTION SUMMARIZING REVENUES AND EXPENDITURES FOR EACH FUND, ADOPTING A BUDGET, LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2019 TO HELP DEFRAY THE COSTS OF GOVERNMENT, AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS IN THE AMOUNTS AND FOR THE PURPOSES SET FORTH HEREIN FOR THE BEAR CREEK WATER AND SANITATION DISTRICT, JEFFERSON COUNTY, COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2019, AND ENDING ON THE LAST DAY OF DECEMBER, 2019,

WHEREAS, the Board of Directors of the Bear Creek Water and Sanitation District has authorized its consultants to prepare and submit a proposed budget to said governing body at the proper time; and

WHEREAS, the proposed budget has been submitted to the Board of Directors of the District for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was available for inspection by the public at a designated public office, a public hearing was held on November 12, 2018 and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues or planned to be expended from reserves or fund balances so that the budget remains in balance, as required by law; and

WHEREAS, the amount of money necessary to balance the budget for general operating purposes from property tax revenue is \$789,398 and

WHEREAS, the Board of Directors finds that it is required to temporarily lower the operating mill levy to render a refund for \$(-69,001); and

WHEREAS, the amount of money necessary to balance the budget for voter-approved bonds and interest is \$0 and

WHEREAS, the amount of money necessary to balance the budget for contractual obligation purposes from property tax revenue as approved by voters from property tax revenue is \$0 and

WHEREAS, the amount of money necessary to balance the budget for capital expenditure purposes from property tax revenue as approved by voters or at public hearing is \$0; and

WHEREAS, the amount of money necessary to balance the budget for refunds/abatelements is \$37; and

WHEREAS, the 2018 valuation for assessment for the District as certified by the County Assessor of Jefferson County is \$178,758,794; and

WHEREAS, at an election held on N/A, the District has eliminated the revenue and expenditure limitations imposed on governmental entities by Article X, Section 20 of the Colorado Constitution and Section 29-1-301, C.R.S., as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BEAR CREEK WATER AND SANITATION DISTRICT OF JEFFERSON COUNTY, COLORADO:

Section 1. Adoption of Budget. That the budget as submitted, and attached hereto and incorporated herein by this reference, and if amended, then as amended, is hereby approved and adopted as the budget of the Bear Creek Water and Sanitation District for calendar year 2019.

Section 2. Budget Revenues. That the estimated revenues for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 3. Budget Expenditures. That the estimated expenditures for each fund as more specifically set out in the budget attached hereto are accepted and approved.

Section 4. Levy of General Property Taxes. That the Board of Directors does hereby certify the levy of general property taxes for collection in 2019 as follows:

A. Levy for General Operating and Other Expenses. That for the purposes of meeting all general operating expense of the District during the 2019 budget year, there is hereby levied a tax of 4.416 mills upon each dollar of the total valuation of assessment of all taxable property within the District for the year 2018.

B. Temporary Tax Credit or Rate Reduction. That pursuant to Section 39-1-111.5, C.R.S. for the purposes of effect of a refund for the purposes set forth in Section 20 of Article X of the Colorado Constitution, there is hereby certified a temporary property tax credit or temporary mill levy rate reduction of _

(-.386) mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2018.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2019 budget year, as the funding requirements of the current outstanding general obligation indebtedness is detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0.0000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2018.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2019 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0.0000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2018.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2019 budget year pursuant to Section 29-1-301(1.2) or 29-1-302(1.5), C.R.S., there is hereby levied a tax of 0.0000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2018.

F. Levy for Refunds/Abatements. That for the purposes of recoupment of refunds/abatements of taxes pursuant to Section 39-10-114(1)(a)(I)(B), C.R.S., there is hereby levied a tax of 0.0000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2018.

Section 5. Property Tax and Fiscal Year Spending Limits. That, being fully informed, the Board finds that the foregoing budget and mill levies do not result in a violation of any applicable property tax or fiscal year spending limitation.

Section 6. Certification. That the appropriate officers of the District are hereby authorized and directed to certify by December 15, 2018, to the Board of County Commissioners of Jefferson County, Colorado, the mill levies for the District herein above determined and set, or be authorized and directed to certify to the Board of County Commissioners of Jefferson County, Colorado, as herein above determined and set, but as recalculated as needed upon receipt of the final certification of valuation from the County Assessor on or about December 10, 218 in order to comply with any applicable revenue and other budgetary limits or to implement the intent of the District. That said certification shall be in substantially the form set out and attached hereto and incorporated herein by this reference.

Section 7. Appropriations. That the amounts set forth as expenditures and balances remaining, as specifically allocated in the budget attached hereto,

are hereby appropriated from the revenue of each fund, to each fund, for the purposes stated and no other.

General Fund	
Operating Expenses	\$2,149,779
Capital Outlays	<u>\$1,748,500</u>
Total General Fund	\$3,898,279

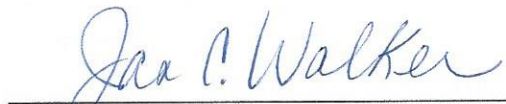
ADOPTED this 10th day of December 2018.

BEAR CREEK WATER AND
SANITATION DISTRICT



President

ATTEST:



Secretary



CERTIFICATION OF TAX LEVIES for NON-SCHOOL GovernmentsTO: County Commissioners¹ of Jefferson County, Colorado.On behalf of the Bear Creek Water and Sanitation District,(taxing entity)^Athe Board of Directors(governing body)^Bof the Bear Creek Water and Sanitation District(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ assessed valuation of:

178,758,794

(GROSS^D assessed valuation, Line 2 of the Certification of Valuation Form DLG 57^E)

Note: If the assessor certified a NET assessed valuation (AV) different than the GROSS AV due to a Tax Increment Financing (TIF) Area^F the tax levies must be calculated using the NET AV. The taxing entity's total property tax revenue will be derived from the mill levy multiplied against the NET assessed valuation of:

\$ -0-

(NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)
USE VALUE FROM FINAL CERTIFICATION OF VALUATION PROVIDED BY ASSESSOR NO LATER THAN DECEMBER 10

Submitted: December 12, 2018 for budget/fiscal year 2019
(no later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)**LEVY²****REVENUE²**

1. General Operating Expenses ^H	4.416 mills	\$ 789,398.00
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< 0.386 > mills	\$ < 69,001.00 >
SUBTOTAL FOR GENERAL OPERATING:	4.030 mills	\$ 720,397.00
3. General Obligation Bonds and Interest ^J	0.00 mills	\$ 0.00
4. Contractual Obligations ^K	0.00 mills	\$ 0.00
5. Capital Expenditures ^L	0.00 mills	\$ 0.00
6. Refunds/Abatements ^M	0.00 mills	\$ 37.00
7. Other ^N (specify): _____	0.00 mills	\$ 0.00
	mills	\$
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	4.030 mills	\$ 720,434.00

Contact person: (print) Jan C. Walker Daytime phone: (303) 986-3442
Signed: Jan C. Walker Title: District Manager and Board Secretary

Include one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 864-7720.

¹ If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.

² Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of Form DLG57 on the County Assessor's **FINAL** certification of valuation).

CERTIFICATION OF TAX LEVIES, continued

THIS SECTION APPLIES TO TITLE 32, ARTICLE 1 SPECIAL DISTRICTS THAT LEVY TAXES FOR PAYMENT OF GENERAL OBLIGATION DEBT (32-1-1603 C.R.S.). Taxing entities that are Special Districts or Subdistricts of Special Districts must certify separate mill levies and revenues to the Board of County Commissioners, one each for the funding requirements of each debt (32-1-1603, C.R.S.) Use additional pages as necessary. The Special District's or Subdistrict's total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

CERTIFY A SEPARATE MILL LEVY FOR EACH BOND OR CONTRACT:

BONDS^J:

- | | | |
|----|-------------------|-----|
| 1. | Purpose of Issue: | N/A |
| | Series: | |
| | Date of Issue: | |
| | Coupon Rate: | |
| | Maturity Date: | |
| | Levy: | |
| | Revenue: | |
| | | |
| 2. | Purpose of Issue: | |
| | Series: | |
| | Date of Issue: | |
| | Coupon Rate: | |
| | Maturity Date: | |
| | Levy: | |
| | Revenue: | |

CONTRACTS^K:

- | | | |
|----|----------------------|--|
| 3. | Purpose of Contract: | |
| | Title: | |
| | Date: | |
| | Principal Amount: | |
| | Maturity Date: | |
| | Levy: | |
| | Revenue: | |
| | | |
| 4. | Purpose of Contract: | |
| | Title: | |
| | Date: | |
| | Principal Amount: | |
| | Maturity Date: | |
| | Levy: | |
| | Revenue: | |

Use multiple copies of this page as necessary to separately report all bond and contractual obligations per 32-1-1603, C.R.S.

Notes:

^A **Taxing Entity**—A jurisdiction authorized by law to impose ad valorem property taxes on taxable property located within its territorial limits (please see notes B, C, and H below). For purposes of the DLG 70 only, a *taxing entity* is also a geographic area formerly located within a *taxing entity*'s boundaries for which the county assessor certifies a valuation for assessment and which is responsible for payment of its share until retirement of financial obligations incurred by the *taxing entity* when the area was part of the *taxing entity*. For example: an area of excluded property formerly within a special district with outstanding general obligation debt at the time of the exclusion or the area located within the former boundaries of a dissolved district whose outstanding general obligation debt service is administered by another local government^C.

^B **Governing Body**—The board of county commissioners, the city council, the board of trustees, the board of directors, or the board of any other entity that is responsible for the certification of the *taxing entity*'s mill levy. For example: the board of county commissioners is the governing board ex officio of a county public improvement district (PID); the board of a water and sanitation district constitutes ex officio the board of directors of the water subdistrict.

^C **Local Government** - For purposes of this line on Page 1 of the DLG 70, the *local government* is the political subdivision under whose authority and within whose boundaries the *taxing entity* was created. The *local government* is authorized to levy property taxes on behalf of the *taxing entity*. For example, for the purposes of this form:

1. a municipality is both the *local government* and the *taxing entity* when levying its own levy for its entire jurisdiction;
2. a city is the *local government* when levying a tax on behalf of a business improvement district (BID) *taxing entity* which it created and whose city council is the BID board;
3. a fire district is the *local government* if it created a subdistrict, the *taxing entity*, on whose behalf the fire district levies property taxes.
4. a town is the *local government* when it provides the service for a dissolved water district and the town board serves as the board of a dissolved water district, the *taxing entity*, for the purpose of certifying a levy for the annual debt service on outstanding obligations.

^D **GROSS Assessed Value** - There will be a difference between gross assessed valuation and net assessed valuation reported by the county assessor only if there is a "tax increment financing" entity (see below), such as a downtown development authority or an urban renewal authority, within the boundaries of the *taxing entity*. The board of county commissioners certifies each *taxing entity*'s total mills upon the *taxing entity*'s *Gross Assessed Value* found on Line 2 of Form DLG 57.

^E **Certification of Valuation by County Assessor, Form DLG 57** - The county assessor(s) uses this form (or one similar) to provide valuation for assessment information to a *taxing entity*. The county assessor must provide this certification no later than August 25th each year and may amend it, one time, prior to December 10th. Each entity must use the **FINAL** valuation provided by assessor when certifying a tax levy.

^F **TIF Area**—A downtown development authority (DDA) or urban renewal authority (URA), may form plan areas that use "tax increment financing" to derive revenue from increases in assessed valuation (gross minus net, Form DLG 57 Line 3) attributed to the activities/improvements within the plan area. The DDA or URA receives the differential revenue of each overlapping *taxing entity*'s mill levy applied against the *taxing entity*'s gross assessed value after subtracting the *taxing entity*'s revenues derived from its mill levy applied against the net assessed value.

^G **NET Assessed Value**—The total taxable assessed valuation from which the *taxing entity* will derive revenues for its uses. It is found on Line 4 of Form DLG 57. **Please Note:** A downtown development authority (DDA) may be both a *taxing entity* and have also created its own *TIF area* and/or have a URA *TIF Area* within the DDA's boundaries. As a result DDAs may both receive operating revenue from their levy applied to their certified *NET assessed value* and also receive TIF revenue generated by any *tax entity* levies overlapping the DDA's *TIF Area*, including the DDA's own operating levy.

^H General Operating Expenses (DLG 70 Page 1 Line 1)—The levy and accompanying revenue reported on Line 1 is for general operations and includes, in aggregate, all levies for and revenues raised by a *taxing entity* for purposes not lawfully exempted and detailed in Lines 3 through 7 on Page 1 of the DLG 70. For example: a fire pension levy is included in general operating expenses, unless the pension is voter-approved, if voter-approved, use Line 7 (Other).

^I Temporary Tax Credit for Operations (DLG 70 Page 1 Line 2)—The Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction of 39-1-111.5, C.R.S. may be applied to the *taxing entity*'s levy for general operations to effect refunds. Temporary Tax Credits (TTCs) are not applicable to other types of levies (non-general operations) certified on this form because these levies are adjusted from year to year as specified by the provisions of any contract or schedule of payments established for the payment of any obligation incurred by the *taxing entity* per 29-1-301(1.7), C.R.S., or they are certified as authorized at election per 29-1-302(2)(b), C.R.S.

^J General Obligation Bonds and Interest (DLG 70 Page 1 Line 3)—Enter on this line the total levy required to pay the annual debt service of all general obligation bonds. Per 29-1-301(1.7) C.R.S., the amount of revenue levied for this purpose cannot be greater than the amount of revenue required for such purpose as specified by the provisions of any contract or schedule of payments. Title 32, Article 1 Special districts and subdistricts must complete Page 2 of the DLG 70.

^K Contractual Obligation (DLG 70 Page 1 Line 4)—If repayment of a contractual obligation with property tax has been approved at election and it is not a general obligation bond (shown on Line 3), the mill levy is entered on this line. Per 29-1-301(1.7) C.R.S., the amount of revenue levied for this purpose cannot be greater than the amount of revenue required for such purpose as specified by the provisions of any contract or schedule of payments.

^L Capital Expenditures (DLG 70 Page 1 Line 5)—These revenues are not subject to the statutory property tax revenue limit if they are approved by counties and municipalities through public hearings pursuant to 29-1-301(1.2) C.R.S. and for special districts through approval from the Division of Local Government pursuant to 29-1-302(1.5) C.R.S. or for any *taxing entity* if approved at election. Only levies approved by these methods should be entered on Line 5.

^M Refunds/Abatements (DLG 70 Page 1 Line 6)—The county assessor reports on the *Certification of Valuation* (DLG 57 Line 11) the amount of revenue from property tax that the local government did not receive in the prior year because taxpayers were given refunds for taxes they had paid or they were given abatements for taxes originally charged to them due to errors made in their property valuation. The local government was due the tax revenue and would have collected it through an adjusted mill levy if the valuation errors had not occurred. Since the government was due the revenue, it may levy, in the subsequent year, a mill to collect the refund/abatement revenue. An abatement/refund mill levy may generate revenues up to, but not exceeding, the refund/abatement amount from Form DLG 57 Line 11.

1. Please Note: Pursuant to Article X, Section 3 of the Colorado Constitution, if the *taxing entity* is in more than one county, as with all levies, the abatement levy must be uniform throughout the entity's boundaries and certified the same to each county. To calculate the abatement/refund levy for a *taxing entity* that is located in more than one county, first total the abatement/refund amounts reported by each county assessor, then divide by the *taxing entity*'s total net assessed value, then multiply by 1,000 and round down to the nearest three decimals to prevent levying for more revenue than was abated/refunded. This results in an abatement/refund mill levy that will be uniformly certified to all of the counties in which the *taxing entity* is located even though the abatement/refund did not occur in all the counties.

^N Other (DLG 70 Page 1 Line 7)—Report other levies and revenue not subject to 29-1-301 C.R.S. that were not reported above. For example: a levy for the purposes of television relay or translator facilities as specified in sections 29-7-101, 29-7-102, and 29-7-105 and 32-1-1005 (1) (a), C.R.S.; a voter-approved fire pension levy; a levy for special purposes such as developmental disabilities, open space, etc.