

LETTER OF BUDGET TRANSMITTAL

Date: January 30, 2020

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

Attached are the 2020 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 11, 2019. If there are any questions on the budget, please contact:

Bear Creek Water and Sanitation District
c/o Jan Walker
2517 South Flower Street
Lakewood, CO 90338
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 2020 budget.

By: 



BEAR CREEK WATER AND SANITATION DISTRICT
2517 SOUTH FLOWER STREET
LAKEWOOD, CO 80227-2912
(303) 986-3442 OFFICE
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BEAR CREEK WATER AND SANITATION DISTRICT
2020 BUDGET MESSAGE

JANUARY 1, 2020, THROUGH DECEMBER 31, 2020

ADOPTED BY THE BOARD OF DIRECTORS
AT THEIR REGULAR MEETING HELD ON
DECEMBER 9, 2019

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 2020

The Board of Directors of Bear Creek Water and Sanitation District [Bear Creek or District], at their regular meeting held December 9, 2019, adopted the 2020 Annual Budget. The Adopted Budget and related Resolutions are attached hereto in the Appendices and made a part of this document. This 2020 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 38,086 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 Water and Sanitation District is a water distributor of Denver Water under Read and Bill Water Service Agreement No. C200. 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 4,121 single family residential equivalent (SFRE) water 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. At present, Bear Creek serves approximately 8,538 single family residential equivalent (SFRE) sanitary sewer taps. Bear Creek bills sewer use fees to the District's customers to recover 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 (This will change to a three-year term for elections to be held in 2020 and 2022 only). 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 on the District website at www.bearcreekwater.org, the entry of the District office located at 2517 South Flower Street, Lakewood, CO 80227 and at the Office of County Clerk and Recorder of Jefferson County.

2020 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 engaged RFC to provide an update to the 2017 Rate Study in 2019. A copy of the Final Bear Creek Water and Sanitation District Rates Study Reports dated July 10, 2017 and August 6, 2019, respectively, are available to the public. Please contact the District Manager to receive copies 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.

In 2019, the District engaged an external consultant, Christina Griggs of GEMSBOK Consulting to develop a fiscal planning tool in 2020 to assist the District in long-term planning, budgeting and to determine an appropriate minimum reserve amount to be held towards the future capital needs of the District.

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 2018 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, 2018 and 2019. At the Treasurer's discretion, this agreement may be renewed for the 2020 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 2019.

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 2019 general property tax levy for collection in 2020, statutory 5.5% limit was most restrictive with growth at 46.99 % plus the estimated Boulder-Denver-Greeley CPI for 2019 at 1.925%.

The actual Boulder-Denver-Greeley CPI is released early in the year [2020] for the prior year [2019]. 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 2020 was approved by the Board on December 9, 2019 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 2020 and related Resolutions are attached in the Appendices to this Budget Message. The budget spreadsheets reflect budget figures over three years:

- 2020 Total Adopted Budget
- December 30, 2019 Actual End-of-Year
- December 31, 2018 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. 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—Summary

Fund Balances. On Page 2 of the attached budget spreadsheets, a summary of the budget shows estimated Beginning and Ending Fund Balances for the years 2018, 2019, and 2020. The audited fund balance of **\$14,732,855** at the bottom of the Audited December 31, 2018 column is the beginning balance for the 2019 Projected End of Year column. Applying the 2019 projections results in a projected End of Year fund balance of **\$16,121,566** for 2019, which in turn is reflected as the estimated Beginning Fund Balance for 2020. Given the budgeted revenue and expenses and **(\$1,115,986)** to be spent from reserves, the projected Ending Fund Balance for 2019 is **\$15,005,580**.

Appropriated Funds. Appropriated funds for 2020 are shown as \$2,357,678 for Operating Expenses and \$2,447,640 for Capital Improvement Expenses, for a total appropriation of \$4,805,318.

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 2019 assessed valuation of \$206,005,315, a total net mill levy rate of 3.745 mills was certified in 2019 to Jefferson County for collection of \$771,490.00 in 2020. 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.

| 2019 Certification of Property Taxes | Mills | Revenue |
|--|--------------|---------------------|
| 2019 General Property Taxes for Collection in 2020 Based on 5.5% Statutory Limit | 4.416 | \$ 909,719.00 |
| Minus Temporary Revenue Reduction for 2019 | (.681) | (140,289.00) |
| Sub-Total | 3.735 | \$769,430.00 |
| Plus Refunds and Abatements | 0.010 | 2,060.00 |
| Total Certified to Jefferson County to be Collected in 2020 | 3.745 | \$771,490.00 |

General Property Taxes. General Property Tax revenue is a major source of operating income to the District. A levy of 4.416 mills for General Property Tax was certified to collect \$909,719 in 2020, 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 **(\$140,289)** has been certified for 2019, temporarily reducing the general mill levy rate to **3.745** including a mil levy addition of **.010** mills for refunds and abatements.

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 \$2,060 in 2020 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 \$62,000 is budgeted for 2020 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 **\$310,000** in 2020.

Sewer Use Fee Billing Income

Classification of Billing Income. Sewer use fees are classified under the Water and Wastewater Activity Enterprise. An amount of **\$2,166,942** is targeted as income in the 2020 Annual Budget to offset sewage treatment charges expense to Metro Wastewater Reclamation District plus the costs for billing and Operations and Maintenance of the sanitary sewer system within the District.

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.

2020 Annual Sewer Billing Fees. Following notification of the MWRD annual charges for 2020, the Board of Directors voted unanimously at the November 11, 2019 Board of Directors meeting not to increase the sanitary sewer rate for sewer utility fees over the 2019 sanitary sewer rate. It was determined that the sewer billing rate was sufficient to recover 2020 Metro Wastewater Reclamation District (MWRD) sewage treatment charges, costs associated with billing, operations and maintenance expenses and planned capital improvement projects.

- The 2020 Annual Sanitary Sewer Rate will be \$16.60 per thousand gallons of water used from November 2019 through February 2020.
- The 2020 Residential Annual Minimum will be \$229.00 and billed at \$57.25 per quarter. The 2020 Commercial Annual Minimum will be \$397.00 and billed at \$99.25 per quarter.

The billing cycle for 2020 will continue to be billed quarterly by dividing the annual bill into quarterly installments

Preceding this action, the Board has identified and engaged in a deliberative process to prepare the 2020 budget and has considered the following factors in the process of setting appropriate water and sanitary sewer rates:

- The District engaged an external consultant to perform the 2019 Rate Study Update which was provided by Raftelis Financial Consultants
- Operations and maintenance needs of the District-owned water and sanitary sewer systems which includes such projects as replacement or relining of sanitary sewer lines and the major repair or replacement of water distribution lines
- The District's Master Plan which was updated in 2018
- Capital Improvement Projects and Long-Term Planning
- Historical considerations

The District will continue to review the sewer rates and the water surcharge amount each year to determine if a rate increase is necessary. In 2019, the District engaged an external consultant, Christina Griggs of GEMSBOK Consulting to develop a fiscal planning tool in 2020 to assist the District in long-term planning, budgeting and to determine an appropriate minimum reserve amount to be held towards the future capital needs of the District.

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 an area of Westgate and an area near a beaver pond along Bear Creek as having the most infiltration and inflow into the public sanitary sewer system. Included in the 2020 capital sewer budget is an amount of **\$1,054,000** 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 **\$2,166,942** for 2020 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 **\$11,542** is included in the 2020 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. 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 2020.

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 2020, 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 for a total of **\$39,500**. Corresponding revenue from sanitary sewer tap permits is estimated at \$20,000 plus \$3,000 for inspections for a total of **\$23,000**.

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 2020 budgeted non-operating income and expenses to reflect MWRD sewer tap fees in the amount of **\$43,400** to be collected and paid.

Tap Fees Collected for Lakehurst Water and Sanitation District. An equal amount of **\$7,000** is budgeted for 2020 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 \$300 for water and \$3,500 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 2020.

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 2020 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 **\$863,155** 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 2020 Field Operations and Maintenance (O&M) Program, budgeted at **\$190,000** (Water \$55,500 and Sewer \$134,500), 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 in 2020 at **\$236,440** for replacement of blow-off valves, replacement fire hydrants, replacing an 8-inch valve and potholing water lines. Schedule III sanitary sewer capital projects are budgeted at **\$151,450** for pipe and manhole replacement and tap repairs.

An ongoing infiltration and inflow study was initiated 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 **\$1,054,000** 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 2020 Annual Budget line items. A copy is included in the Appendices to this Budget Message.

In 2020, the District plans to spend \$1.16 million from reserves to pay for capital improvement projects for the District's water and sanitary sewer systems including:

- A Cured-in-Place (CIPP) Sanitary Sewer Lining project which will be located in a portion of the Westgate area and in a portion of a sanitary sewer line located near Bear Creek and a beaver pond that has been determined to have high infiltration into the sanitary sewer system
- Extension of the Hodgson Park water line project to improve water service reliability and water quality within the District water distribution system.

Director Fees

An amount of **\$8,000** has been included in the 2020 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** which did not change from 2019 budgeted wages due to a District employee's ten-month deployment (six months in 2020). Payroll taxes of **\$24,000** were included in the 2020 budget. Contract employees are hired as needed, for which **\$3,000** is budgeted for 2020.

Employee Benefits

A total of **\$115,000** was budgeted for employee benefits for 2020, up from \$113,000 budgeted in 2019.

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 2020 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 **\$89,000** was budgeted for group insurance premiums in 2020.

Disability Insurance. Separate policies are held through the Special District Association of Colorado group insurance program for short-term and 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 covers the cost of the short-term disability premiums.

Insurance and Bonds

The District is a member of the Colorado Special District Property and Liability Pool. The insurance and bonds expense for 2020 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, 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 **\$10,000**. No budget was provided for Administration Capital, classified as General Government, for improvements to the District Office grounds in 2020.

Office Furniture and Equipment

The Capital budget amount of **\$60,000** is provided in 2020 budget for replacement of office furniture, equipment, and software. The District anticipates the replacement of the District office server. The District also plans to purchase new utility billing system software in 2020.

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

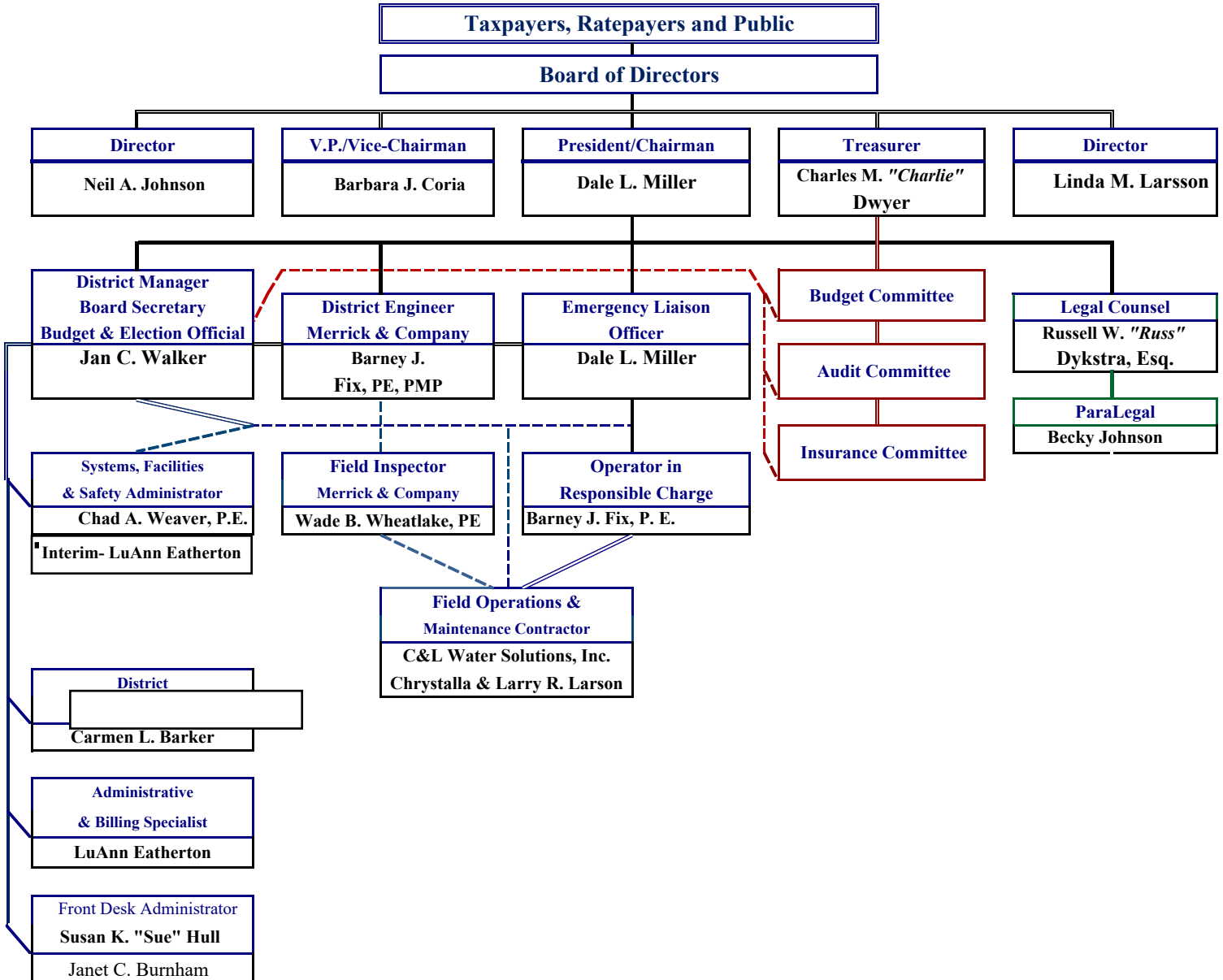
Bear Creek Water and Sanitation District
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Lakewood, Colorado 80227-2912

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


Updated
1/28/20


2020 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.

|  Bear Creek Water and Sanitation District 2020 ADOPTED ANNUAL BUDGET Combined General Government and Enterprise Adopted December 09, 2019 | 2018 31-Dec-18 Audited | 2019 Actual 12/30/2019 | 2020 Proposed Budget |
|--|------------------------------|------------------------------|----------------------------|
| Operating Revenue/Expense | | | |
| Operating Revenue | | | |
| 5000 · Property Tax - Gen Government | 678,018 | 785,458 | 909,719 |
| 5001 · Property Tax Refunds and Abatements | 0 | 37 | 2,060 |
| 5003 · Property Tax - Prior Yr Cancel | 41 | 492 | 0 |
| 5091 · TemporaryRevenueReduction-TABOR | 0 | (69,001) | (140,289) |
| Total Property Tax - General Government | 678,059 | 716,986 | 771,490 |
| 5030 · PropTax - Specific Ownership | 66,549 | 67,205 | 62,000 |
| 5100 · Miscellaneous Income | 1,148 | 0 | 0 |
| 5115 · Contractor License Fees | 1,750 | 2,250 | 1,600 |
| 5120 · Hydrant Permit Fees | 2,000 | 1,500 | 1,000 |
| 5125 · Water Tap Inspection Fee | 1,500 | 2,100 | 3,000 |
| 5126 · Water SI Inspection Fee | 0 | 4,200 | 0 |
| 5127 · Water Surcharge Billing Income | 278,359 | 305,484 | 310,000 |
| 5130 · Sewer Use Fee Billing Income | 2,174,671 | 2,133,996 | 2,166,942 |
| 5135 · Sewer Tap Inspection Fee | 1,500 | 2,400 | 3,000 |
| 5136 · Sewer SI Inspection Fee | 2,100 | 3,900 | 0 |
| Total Operating Revenue | 3,207,636 | 3,240,321 | 3,322,032 |
| Operating Expense | | | |
| 6020 · Audit Expense | 8,300 | 8,552 | 9,000 |
| 6040 · Bank Service Charges | 7,984 | 8,429 | 20,000 |
| 6140 · Repairs & Maint - Bldg & Ground | 10,462 | 14,297 | 16,000 |
| 6150 · Utilities | 4,194 | 3,816 | 4,500 |
| 6160 · Total Communications | 11,920 | 12,423 | 13,550 |
| 6305 · Water Use Fees Billing Expense | 9,708 | 8,431 | 8,500 |
| 6300 · Sewer Use Fees Billing Expense | 21,882 | 22,743 | 25,500 |
| 6310 · Rate Study | | 19,000 | 8,000 |
| Total 6340 · Election Expense | 1,040 | 16 | 15,100 |
| Total 6390 · Engineering | 159,561 | 173,808 | 242,700 |
| 6420 · Insurance & Bonds | 11,562 | 13,656 | 15,000 |
| Total 6440 · JeffCo Treasurer Fees General | 10,212 | 10,930 | 12,000 |
| 6460 · Professional Legal Services | 23,479 | 20,973 | 25,000 |
| Total 6460 · Legal, Publications & Recordings | 23,584 | 21,112 | 25,250 |
| 6540 · Membership Dues/Subscriptions | 1,998 | 1,669 | 3,000 |
| 6550 · Conferences & Training | 10,845 | 10,761 | 15,000 |
| 6570 · Public Relations Expense | 5,260 | 2,711 | 4,000 |
| 6580 · OfcEquip,Prgmg,Repair/Maint | 25,180 | 19,201 | 26,000 |
| Total 6600 · Office Supplies & Equipment | 7,437 | 3,911 | 8,500 |
| Total 6620 · O&M Sched I, Part A, Water | 44,806 | 50,299 | 55,500 |
| Total 6630 · O&M Sched I, Part B, Sewer | 95,360 | 101,384 | 134,500 |
| Total 6681 · O&M Repair/Maint Additional | 275,058 | 177,593 | 350,000 |
| 6692 · Colorado 811 Locate Ticket Chgs | 2,220 | 2,721 | 3,000 |
| 6700 · Director Fees | 6,700 | 7,700 | 8,000 |
| Total 6710 · Salaries | 275,040 | 237,469 | 281,000 |
| 6720 · Payroll Taxes - Employer | 24,227 | 20,307 | 24,000 |
| Total 6730 · CCOERA | 24,152 | 21,903 | 26,000 |
| Total 6780 · Group Insurance - Employer | 75,059 | 57,762 | 89,000 |
| 6790 · Contract Labor | 150 | 0 | 3,000 |
| Total 6820 · SewageTreatment Chgs - MWRD | 668,516 | 814,702 | 863,155 |
| 6821 · SewageTreatment Chgs-Lakehurst | 10,345 | 9,329 | 11,542 |
| 6850 · CDPHE Permits (CO Dept of H&E) | 2,470 | 865 | 2,500 |
| 6890 · Tabor Contingency | | 23,593 | 24,881 |
| Total Operating Expense | 1,835,456 | 1,883,285 | 2,357,678 |
| Net Operating Revenue | 1,372,179 | 1,357,036 | 964,354 |

|  Bear Creek Water and Sanitation District 2020 ADOPTED ANNUAL BUDGET Combined General Government and Enterprise Adopted December 09, 2019 | | | | 2018 | 2019 | 2020 |
|---|----|------------|----|------------------|--------------------|--------------------|
| | | | | 31-Dec-18 | Actual | Proposed |
| | | | | Audited | 12/30/2019 | Budget |
| Non Operating Revenue/Expense | | | | | | |
| Total 5200 · Water Tap Permit Fees | | | | 18,250 | 79,790 | 39,500 |
| 5220 · Fire Line Fees | | | | 0 | 0 | 1,700 |
| 5260 · Ppd Part Chgs - Collected | | | | 2,895 | 15,884 | 12,300 |
| 5290 · System Enlargement Fee Water | | | | 0 | 0 | 500 |
| Total 5300 · Sewer Tap Permit Fees | | | | 15,000 | 46,840 | 23,000 |
| 5350 · MWRD Sewer Tap Fees Collected | | | | 29,540 | 119,560 | 43,400 |
| 5360 · Lakehurst SewerTapFeesCollected | | | | 0 | 0 | 7,000 |
| 5390 · System Enlargement Fee Sewer | | | | 0 | 0 | 500 |
| 5600 · Imprest Accounts Income | | | | 6,239 | 42,334 | 20,000 |
| 5610 · Reimb Expense Billing Income | | | | 3,119 | 10,178 | 4,000 |
| 5701 · Grant Reimbursements | | | | 210 | 353 | 200 |
| 5865 · KEMO Water Supplementary Fees | | | | 0 | 300 | 1,200 |
| 5875 · KEMO Sewer Supplementary Fees | | | | 0 | 0 | 14,000 |
| Total 5901 · Investment Income | | | | 177,158 | 208,388 | 200,000 |
| 5940 · Interest Income - Bank Accts | | | | 26,770 | 6,677 | - |
| 5945 · SID Income | | | | 13 | 20 | 0 |
| 5950 · JeffCo - PTax Interest Income | | | | 417 | 240 | 0 |
| Total Non Operating Revenue | | | | 281,462 | 554,932 | 367,300 |
| Non Operating Expense | | | | | | |
| 6900 · Imprest Accounts - Charges | | | | 7,323 | 35,697 | 20,000 |
| 6910 · Engineering - R/E Expenses | | | | 195 | 0 | 4,000 |
| 6920 · Field O&M - R/E Expenses | | | | 10,767 | 10,017 | 0 |
| 6950 · Sewer Tap Fees Pd to MWRD | | | | 34,234 | 119,560 | 43,400 |
| 6960 · Sewer Tap Fees Pd to Lakehurst | | | | 0 | 0 | 7,000 |
| 7000 · Office Furn, Equip & Software | | | | 0 | 0 | 60,000 |
| 7020 · Office Building & Improvements | | | | 0 | 8,428 | 10,000 |
| Total 7100 · Genl Wat/Sew Cap Improvement | | | | 0 | 8,585 | 1,054,000 |
| Total 7120 · Water Sched IIIA Capital | | | | 3,423 | 152,370 | 236,440 |
| Total 7130 · Sewer Sched IIIB Cap Improve. | | | | 0 | 0 | 151,450 |
| Total 7150 · Capital Special Studies | | | | 154,075 | 4,575 | 0 |
| Total 7180 · Cap Engr - W/S Cap | | | | 0 | 68,804 | 446,350 |
| Total 7195 · Construction in Progress | | | | 672,342 | 0 | 0 |
| Total 7200 · KEMO Water Engineering | | | | 18,270 | 115,221 | 0 |
| Total 7250 · KEMO Water Cap Construction | | | | 0 | 0 | 415,000 |
| Total Non Operating Expense | | | | 900,782 | 523,257 | 2,447,640 |
| Net Non Operating Revenue | | | | (619,320) | 31,675 | (2,080,340) |
| Net Revenue Before Spend To/From Reserves | | | | 752,860 | 1,388,711 | (1,115,986) |
| 8000 · To/From Reserves Budget Item | | | | (752,860) | (1,388,711) | 1,115,986 |
| Net Revenue | | | | 0 | 0 | 0 |
| Beginning Fund Balance | \$ | 13,979,995 | \$ | 14,732,855 | \$ | 16,121,566 |
| Ending Fund Balance | \$ | 14,732,855 | \$ | 16,121,566 | \$ | 15,005,580 |

2020 Budget Summary


| | | |
|------------------------|----|---------------|
| Beginning Fund Balance | \$ | 16,121,566 |
| Revenue | \$ | 3,689,332 |
| Expenses | \$ | 4,805,318 |
| Spend To/From Reserves | | (\$1,115,986) |
| Ending Fund Balance | \$ | 15,005,580 |



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MEMORANDUM

DATE: October 22, 2019
TO: Ms. Jan Walker, District Manager
Bear Creek Water and Sanitation District
FROM: Barney J. Fix, P.E.
SUBJECT: 2020 Proposed Budget – Draft No. 2



1. General O&M and Field O&M: The amount for 2017 was \$3,500 per month; the amount for 2018 was \$6,500 per month; the amount projected to be spent for 2019 is \$4,820; **therefore, we recommend to use \$6,500 (the same as last year, 2019) for 2020. Proposed use of \$6,500 for 2020 (\$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 2017 budget was \$200,000; the 2018 budget was \$180,000 and the 2019 budget was \$185,000. 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 Bid prices which was awarded to C&L, plus 10%, gives a **budget of \$190,000** for the 2020 O&M. The budget is split, \$55,500.00 for water and \$134,500.00 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 **\$300,000**. The budget is split \$120,000 for water and \$180,000 for sewer, **(Budget Line 6681).**
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 2020; 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 2016 we spent about \$3,610 per month, of which \$720 per month was repairs, in 2017 we spent \$3,850 per month, of which \$745 per month was repairs, in 2018 we spent about \$3,300 of which \$740 per month was repairs (32 repairs) and in 2019, we are projecting it to be approximately \$2,100 per month, of which \$835 per month is repair observation (a total of 34). 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 2020 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 budgeting this item at a **\$10,000** level for Bear Creek to manage, **(Budget Line 6390)**.
7. Updating mapping, for data from Denver or from Chad from the GIS. Therefore, budget the amount at a **\$30,000** level, **(Budget Line 6390)**.
8. Per the Masterplan, we will need to extend the Hodgson Park line from the North side of the Park in South Hoyt Court to Wesley Drive, then east along Wesley Drive to Hoyt Street. The project also includes a waterline in South Wesley Avenue at South Hoyt Court, north of the Park. The design was completed in 2019 and we are proposing the construction to be completed in 2020. This project is estimated at **\$495,000**: \$415,000 (\$345,800 plus 20%) for construction **(Budget Line 7250)** and \$80,000 for capital engineering/inspection, **(Budget Line 7186)**.
9. 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 **\$310, 000** for this work in 2020 which is (\$208,000, plus 20% contingency = \$250,000, **Budget Line 7109** and \$60,000 for engineering **Budget Line 7189)**.
10. 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 six (6) potholes at \$9,500 per hole plus \$38,000 for testing and a 20% contingency or **\$114,000**, **(Budget Line 7120)**.
11. In 2019, an infiltration study was completed to determine areas where sanitary sewer needs lining. The results of the study showed the west portion of the Westgate subdivision (east of S. Balsam Street and west of W Harvard Dr.) experienced the most amount of infiltration. Therefore, we are recommending lining the pipes in this area. Merrick believes this project will save \$2,750,000 in METRO charges over 80 years (the lifespan of the lined pipe). The infiltration study also covered a beaver pond in the Bear Creek open space area. This area is also recommended to be lined because of infiltration. This project is estimated at **\$1,000,000**: \$804,000 (\$670,000 plus 20%) for construction **(Budget Line 7109)** and \$196,000 for capital engineering/inspection, **(Budget Line 7189)**.
12. 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 6390)**.
13. 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 6390)**.
14. 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) | 42,000.00 | 7130 |
| Replace Manhole | 13,450.00 | 7130 |
| Sewer Tap Repairs (60 each) | 96,000.00 | 7130 |
| Westgate Infiltration Lining | 804,000.00 | 7108 |
| 2020 Lining | 250,000.00 | 7109 |
| | | |
| Total Sewer Capital | \$ 1,205,450.00 | |

| Capital Water | | |
|---|----------------------|------|
| Blowoff Replacement (6) | 47,340.00 | 7120 |
| Fire Hydrant Replacement (8) | 65,600.00 | 7120 |
| 8-inch Valve Replacement | 9,500.00 | 7120 |
| Hodgson Water Main Extension Phase II Project | 415,000.00 | 7250 |
| Potholing Water Lines | 114,000.00 | 7120 |
| | | |
| Total Water Capital | \$ 651,440.00 | |

| Capital Engineering | | |
|---|----------------------|------|
| Engineering – Sewer Capital | 54,830.00 | 7180 |
| Engineering – Water Capital | 55,520.00 | 7180 |
| Master Plan for Water and Sewer | 10,000.00 | 6390 |
| Hodgson Water Main Extension Phase II Project | 80,000.00 | 7186 |
| Westgate Infiltration Lining | 196,000.00 | 7189 |
| 2020 Lining | 60,000.00 | 7189 |
| Total Capital Engineering | \$ 456,350.00 | |

| | |
|--|------------------------|
| Total Capital Improvements Budget | \$ 2,313,240.00 |
|--|------------------------|

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) | 190,000.00 | 6681 |
| Follow-up Maintenance | 300,000.00 | 6681 |
| Rules and Regulations | 10,000.00 | 6390 |
| GIS Phase II – Capital Special Studies | 10,000.00 | 6390 |
| Mapping & Meter Location, Easements, Misc. | 30,000.00 | 6390 |
| Infiltration Study | 25,000.00 | 6390 |
| Green Mtn./Morrison Road maintenance (30% of maintenance and repairs) | 50,000.00 | 6686 |
| Capital Improvements | 1,856,890.00 | } |
| Capital Engineering | 456,350.00 | |
| Grand Total: O&M, Engineering, Capital Improvements and Capital Engineering | \$ 3,085,940.00 | |

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

2020 Annual Budget - Engineer's Budget Request- Capital Improvements Total Costs

| 13. Capital Improvements Budget - Detail | | | | | | |
|---|------------------|----------------------------------|---------------------------------------|-------------|------------------|-----------------------------------|
| Capital Sewer | | General Capital - Bid | O&M Contr Schedule III | KEMO | Tally | Budget Line Number |
| Sewer Pipe Replacement (4 of them) | 42,000 | | 42,000 | | | 7130 |
| Replace Manhole | 13,450 | | 13,450 | | | 7130 |
| Sewer Tap Repairs and LMK's | 96,000 | | 96,000 | | | 7130 |
| Westgate Infiltration Lining | 804,000 | 804,000 | | | | 7108 |
| 2020 Lining | 250,000 | 250,000 | | | | 7109 |
| Total Sewer Capital | 1,205,450 | 1,054,000 | 151,450 | 0 | 1,205,450 | |
| Capital Water | | General Capital - Bid | O&M Contr Schedule III | KEMO | Tally | |
| Blowoff Replacement (6) | 47,340 | | 47,340 | | | 7120 |
| Fire Hydrant Replacement (8) | 65,600 | | 65,600 | | | 7120 |
| 8" Valve Replacement | 9,500 | | 9,500 | | | 7120 |
| Hodgson Water Main Extension Phase II Project | 415,000 | 415,000 | | | | 7250 |
| Potholing Water Lines | 114,000 | | 114,000 | | | 7120 |
| Total Water Capital | 651,440 | 415,000 | 236,440 | 0 | 651,440 | |
| Capital Engineering | | | | | Tally | |
| Engineering - Sewer Capital | 54,830 | | | | | 7180 |
| Engineering - Water Capital | 55,520 | | | | | 7180 |
| Master Plan for Water and Sewer | 10,000 | | | | | 6390 |
| Hodgson Water Main Extension Phase II Project | 80,000 | | | | | 7186 |
| Westgate Infiltration Lining | 196,000 | | | | | 7189 |
| 2020 Lining | 60,000 | | | | | 7189 |
| Total Capital Engineering | 456,350 | | | | 456,350 | |
| Total Capital Improvements Budget | 2,313,240 | | | | 2,313,240 | |

2020 Annual Budget - Engineer's Budget Request - Grand Total Costs

14. Summary of O&M, Engineering, Capital Improvements and Capital Engineering - Detail by Class

| SUMMARY | | General | | | Field O&M | | Budget Line |
|--|------------------|---------------|---------------|---------------|----------------|----------------|-------------|
| | | Admin. | Water | Sewer | Water | Sewer | |
| General Engineering | 78,000 | 19,500 | 19,500 | 19,500 | 9,750 | 9,750 | 6380 & 6385 |
| Tap Inspections (10-W & 10-S per year) | 6,000 | | | | | | 6381 |
| Special Services | 68,700 | | | | | | 6390 |
| Administration/Special Services | 5,000 | | | | | | 6390 |
| General O&M (maintenance) | 190,000 | | | | 55,500 | 134,500 | 6681 |
| Follow-up Maintenance | 300,000 | | | | 120,000 | 180,000 | 6681 |
| Rules and Regulations | 10,000 | | | | | | 6390 |
| GIS Phase II | 10,000 | | | | | | 6390 |
| Mapping and Meter Locations | 30,000 | | | | | | 6390 |
| Infiltration Study | 25,000 | | | | | | 6390 |
| Green Mtn/Morrison maintenance | 50,000 | | | | | 50,000 | 6686 |
| Capital Improvements | 1,856,890 | | | | | | |
| Capital Engineering | 456,350 | | | | | | |
| Grand Total: O&M, Engineering, Capital Improvements and Capital Engineering | 3,085,940 | 19,500 | 19,500 | 19,500 | 185,250 | 374,250 | |

| SUMMARY | | Special Services | | | Capital Improvements | | Capital Engineering | | Tally |
|--|--|------------------|---------------|---------------|----------------------|------------------|---------------------|----------------|------------------|
| | | Admin. | Water | Sewer | Water | Sewer | Water | Sewer | |
| General Engineering | | | | | | | | | 78,000 |
| Tap Inspections (10-W & 10-S per year) | | | 3,000 | 3,000 | | | | | 6,000 |
| Special Services | | | 34,350 | 34,350 | | | | | 68,700 |
| Administration/Special Services | | 5,000 | | | | | | | 5,000 |
| General O&M (maintenance) | | | | | | | | | 190,000 |
| Follow-up Maintenance | | | | | | | | | 300,000 |
| Rules and Regulations (Cap SS) | | 10,000 | | | | | | | 10,000 |
| GIS Phase II (Cap SS) | | | 5,000 | 5,000 | | | | | 10,000 |
| Mapping, Meter Locations & Lines (Cap SS) | | | 15,000 | 15,000 | | | | | 30,000 |
| Infiltration Study | | | | 25,000 | | | | | 25,000 |
| Green Mtn/Morrison Road Maintenance | | | 0 | 0 | | | | | 50,000 |
| Capital Improvements | | | | | 651,440 | 1,205,450 | | | 1,856,890 |
| Capital Engineering--W/S Capital and KEMO Capital | | | | | | | 140,520 | 315,830 | 456,350 |
| Grand Total: O&M, Engineering, Capital Improvements and Capital Engineering | | 15,000 | 57,350 | 82,350 | 651,440 | 1,205,450 | 140,520 | 315,830 | 3,085,940 |

2,313,240

RESOLUTION
TO ADOPT 2020 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 2020 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, 2020, AND ENDING ON THE LAST DAY OF DECEMBER, 2020,

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 11, 2019 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 \$909,719; and

WHEREAS, the Board of Directors finds that it is required to temporarily lower the operating mill levy to render a refund for \$ (-140,289); 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/abatements is \$2,060.00 and

WHEREAS, the 2019 valuation for assessment for the District as certified by the County Assessor of Jefferson County is \$206,005,315.00; 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 **2020**.

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 **2020** 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 2020 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 2019.

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 (-0.681) mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year 2019.

C. Levy for General Obligation Bonds and Interest. That for the purposes of meeting all debt retirement expense of the District during the 2020 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 0.00 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year **2019**.

D. Levy for Contractual Obligations. That for the purposes of meeting the contractual obligation expense of the District during the 2020 budget year, as detailed in the following "Certification of Tax Levies," there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year **2019**.

E. Levy for Capital Expenditures. That for the purposes of meeting all capital expenditures of the District during the 2020 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 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year **2019**.

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 0.010 mills upon each dollar of the total valuation of assessment of all taxable property within the boundaries of the District for the year **2019**.

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.

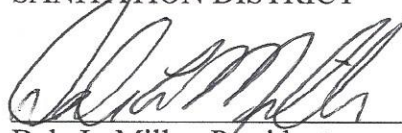
Section 6. Certification. That the appropriate officers of the District are hereby authorized and directed to certify by December 15, 2019, to the Board of County Commissioners of Jefferson County, Colorado, the mill levies for the District herein above determined and set, or be authorized and directed 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, 2019 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 | \$2,357,678 |
| Capital Outlays | <u>\$2,447,640</u> |
| TOTAL General Fund | \$4,805,318 |

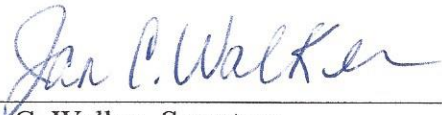
ADOPTED this 9th day of December 2019.

BEAR CREEK WATER AND
SANITATION DISTRICT



Dale L. Miller, President

ATTEST:



Jan C. Walker, Secretary



ATTACH COPY OF THE ADOPTED BUDGET AND
THE CERTIFICATION OF TAX LEVIES

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:

206,005,315

(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 10, 2019 for budget/fiscal year 2020
(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 | \$ 909,719 |
| 2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I | < (0.681) > | mills | \$ < (140,289) > |
| SUBTOTAL FOR GENERAL OPERATING: | 3.735 | mills | \$ 769,430 |
| 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 | 0.010 | mills | \$ 2,160 |
| 7. Other ^N (specify): | 0.00 | mills | \$ 0.00 |
| | | mills | \$ |
| TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7] | 3.745 | mills | \$ 771,490 |

Contact person:
(print)

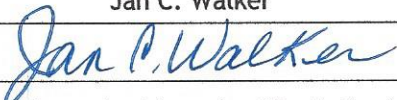
Jan C. Walker

Daytime

phone: (303)

986-3442

Signed:



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.