

El Paso County Assessor's Office
Attn: Roger Clark
1675 W. Garden of the Gods Road #2300
Colorado Springs, CO 80907

December 7, 2017

LGID # 21016

Enclosed please find the following:

1. Cover Letter to the El Paso County Assessor's Office for Certification of Mill Levies for 2018, Areas A and B.
2. Cover Letter to the Division of Local Government for Certification of Mill Levies for 2018, Areas A and B.
3. Copy of Mill Levy Certifications signed by General Manager. We now have Area A and Area B.
4. Resolution to Adopt 2018 Budget signed by Board President and Secretary.
5. Resolution to Set Mill Levies signed by Board President and Secretary.
6. Resolution to Appropriate Funds signed by Board President and Secretary.
7. 2018 Budget for Donala Water & Sanitation and the Waste Plant.

I, Kevin I. Petersen, certify that the attached is a true and accurate copy of the adopted 2018 Budget for Donala Water and Sanitation District.

Sincerely,



Kevin I. Petersen, General Manager
Donala Water & Sanitation District

received
from Elm L

Division of Local Government
Attn: Chantal Unfug
1313 Sherman St., Room 521
Denver, CO 80203

December 7, 2017

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Donala Water & Sanitation District

December 7, 2017

El Paso County Assessor's Office
Attn: Roger Clark
1675 W. Garden of the Gods Road #2300
Colorado Springs, CO 80907

Area A & Area B

Attached is the 2018 Mill Levy Certification for the Donala Water and Sanitation District and the Upper Monument Creek Regional Wastewater Treatment Facility, both in El Paso County, submitted pursuant to Section 29-1-113, CRS. If there are any questions on the budgets, please contact Mr. Kevin I. Petersen, General Manager, at (719)488-3603. Our mailing address is 15850 Holbein Drive, Colorado Springs, CO 80921. The mill levy certified to the Assessor's Office is for all general operating purposes. Based on a combined assessed valuation of \$ 78,650,370 the property tax revenue subject to limitation is \$ 1,671,943.31. Enclosed is a copy of the current mill levy certification sent to the El Paso County Assessor's Office. Also included is the Resolution to Set Mill Levies.

I hereby certify that the enclosed are true and accurate copies of the Certification of Mill Levies sent to the Assessor's Office.


John R. Denny, Sec./Treas.

Encl.

December 7, 2017

Division of Local Government
Attn: Chantal Unfug
1313 Sherman St., Room 521
Denver, CO 80203

Area A & Area B

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I hereby certify that the enclosed are true and accurate copies of the Certification of Mill Levies sent to the Assessor's Office.



John R. Denny, Sec./Treas.

Encl.

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of El Paso County, Colorado.

On behalf of the Donala Water & Sanitation District, Area A
(taxing entity)^A

the Board of Directors
(governing body)^B

of the Donala Water & Sanitation District
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 78,369,100
assessed valuation of: (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: \$ _____
(NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

Submitted: 12/07/2017 for budget/fiscal year 2018
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	<u>21.296</u> mills	<u>\$1,668,948.35</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	<input type="text"/> mills	\$ <input type="text"/>
3. General Obligation Bonds and Interest ^J	_____ mills	\$ _____
4. Contractual Obligations ^K	_____ mills	\$ _____
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
_____	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	<input type="text"/> <u>21.296</u> mills	<input type="text"/> <u>\$1,668,948.35</u>

Contact person: (print) Kevin I. Petersen Daytime phone: 719-488-3603
Signed: *Kevin I. Petersen* Title: General Manager

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 Sub-districts 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 Sub-districts 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: Water Revenue
Series: C
Date of Issue: 12-15-11
Coupon Rate: 3-4%
Maturity Date: 8-1-2036
Levy: 21.296
Revenue: 5,965,000.00

- 2. Purpose of Issue: _____
Series: _____
Date of Issue: _____
Coupon Rate: _____
Maturity Date: _____
Levy: _____
Revenue: _____

CONTRACTS^K:

- 3. Purpose of Contract: Water Rights
Title: Laughlin Ditch Water Rights
Date: 5-23-2017
Principal Amount: 3,420,000.00
Maturity Date: 3-31-2022
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.

CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments

TO: County Commissioners¹ of El Paso County, Colorado.

On behalf of the Donala Water & Sanitation District, Area B
(taxing entity)^A

the Board of Directors
(governing body)^B

of the Donala Water & Sanitation District
(local government)^C

Hereby officially certifies the following mills to be levied against the taxing entity's GROSS \$ 281,270 assessed valuation of: (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: \$ _____ (NET^G assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)

Submitted: 12/07/2017 for budget/fiscal year 2018
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

PURPOSE (see end notes for definitions and examples)	LEVY ²	REVENUE ²
1. General Operating Expenses ^H	<u>10.648</u> mills	<u>\$2,994.96</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction ^I	< > mills	\$ < >
SUBTOTAL FOR GENERAL OPERATING:	<input style="width: 100px; height: 20px;" type="text"/> mills	<input style="width: 100px; height: 20px;" type="text"/>
3. General Obligation Bonds and Interest ^J	_____ mills	\$ _____
4. Contractual Obligations ^K	_____ mills	\$ _____
5. Capital Expenditures ^L	_____ mills	\$ _____
6. Refunds/Abatements ^M	_____ mills	\$ _____
7. Other ^N (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
TOTAL: [Sum of General Operating Subtotal and Lines 3 to 7]	<input style="width: 100px; height: 20px;" type="text"/> 10.648 mills	<input style="width: 100px; height: 20px;" type="text"/> \$2,994.96

Contact person: (print) Kevin I. Petersen Daytime phone: 719-488-3603
Signed:  Title: General Manager

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) 866-2156.

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 Sub-districts 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 Sub-districts total levies for general obligation bonds and total levies for contractual obligations should be recorded on Page 1, Lines 3 and 4 respectively.

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BONDS^J:

- 1. Purpose of Issue: Water Revenue
 Series: C
 Date of Issue: 12-15-11
 Coupon Rate: 3-4%
 Maturity Date: 8-1-2036
 Levy: 10.648
 Revenue: 5,965,000.00

- 2. Purpose of Issue: _____
 Series: _____
 Date of Issue: _____
 Coupon Rate: _____
 Maturity Date: _____
 Levy: _____
 Revenue: _____

CONTRACTS^K:

- 3. Purpose of Contract: Water Rights
 Title: Laughlin Ditch Water Rights
 Date: 5-23-2017
 Principal Amount: 3,420,000.00
 Maturity Date: 3-31-2022
 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.

Donala Water and Sanitation District
15850 Holbein Drive
Colorado Springs, CO 80921

Area A

Resolution to Set Mill Levies
2017-1

A resolution levying General Property Taxes for the year 2018 to help defray the costs of government for the Donala Water and Sanitation District, Colorado for the 2018 budget year.

Whereas, the Board of Directors of the Donala Water and Sanitation District has adopted the annual budget in accordance with the Local Government budget law, on December 7, 2017;

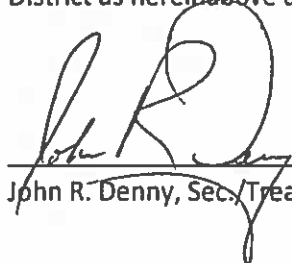
Whereas, the amount of money necessary to balance the budget for general operating expense is \$1,668,948.35 and;

Whereas, the 2018 budget year valuation for assessment for the Donala Water and Sanitation District as certified by the County Assessor is \$78,369,100 .

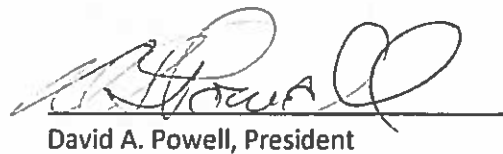
Now, therefore, be it resolved by the Board of Directors of the Donala Water and Sanitation District, Colorado:

Section 1. That for the purpose of meeting all general operating expenses of the Donala Water and Sanitation District during the 2018 budget year, there is hereby levied a tax of 21.296 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2018.

Section 2. That the Secretary is hereby authorized and directed to immediately certify to the County Commissioners of El Paso County, Colorado, the mill levies for the Donala Water and Sanitation District as hereinabove determined and set. Adopted this 7th day of December, 2017.



John R. Denny, Sec. / Treas.



David A. Powell, President

Donala Water and Sanitation District
15850 Holbein Drive
Colorado Springs, CO 80921

Area B

Resolution to Set Mill Levies
2017-2

A resolution levying General Property Taxes for the year 2018 to help defray the costs of government for the Donala Water and Sanitation District, Colorado for the 2018 budget year.

Whereas, the Board of Directors of the Donala Water and Sanitation District has adopted the annual budget in accordance with the Local Government budget law, on December 7, 2017;

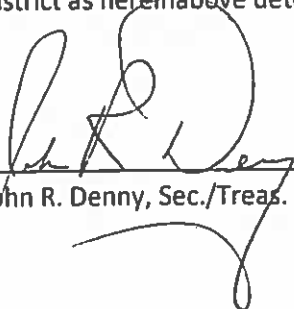
Whereas, the amount of money necessary to balance the budget for general operating expense is \$ 2,994.96 and;

Whereas, the 2018 budget year valuation for assessment for the Donala Water and Sanitation District as certified by the County Assessor is \$281,270.

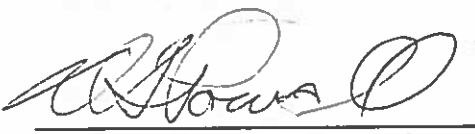
Now, therefore, be it resolved by the Board of Directors of the Donala Water and Sanitation District, Colorado:

Section 1. That for the purpose of meeting all general operating expenses of the Donala Water and Sanitation District during the 2018 budget year, there is hereby levied a tax of 10.648 mills upon each dollar of the total valuation for assessment of all taxable property within the District for the year 2018.

Section 2. That the Secretary is hereby authorized and directed to immediately certify to the County Commissioners of El Paso County, Colorado, the mill levies for the Donala Water and Sanitation District as hereinabove determined and set. Adopted this 7th day of December, 2017.



John R. Denny, Sec./Treas.



David A. Powell, President

DONALA WATER AND SANITATION DISTRICT

**Resolution to Adopt 2018 Budget
2017-3**

A resolution adopting a budget for the Donala Water and Sanitation District and the Upper Monument Creek Regional Wastewater Treatment Facility, El Paso County, Colorado, for the calendar year beginning on the first day of January 2018 and ending on the last day of December, 2018.

Whereas, the Board of Directors of the Donala Water and Sanitation District has appointed Kevin I. Petersen, General Manager, to prepare and submit the 2018 Budget to said governing body at the proper time, and

Whereas, Kevin I. Petersen, General Manager, has submitted the proposed budget by October 15, 2017 for its consideration, and;

Whereas, upon due and proper notice, published in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on October 19, 2017 and on December 7, 2017 and interested taxpayers were given the opportunity to file or register any objections to said budget, and;

Whereas, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law,

Now, therefore, be it resolved by the Board of Directors of the Donala Water and Sanitation District, Colorado;

Section 1. That estimated expenditures for the budget are as follows:

Donala W & S District	\$12,730,172
TOTAL EXPENDITURES	\$12,730,172

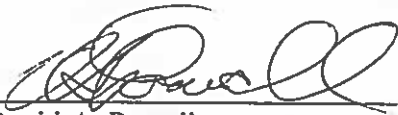
Section 2. That estimated revenues for the budget are as follows:

From un-appropriated surpluses	\$ 8,775,500
From sources other than tax	\$ 12,255,258
From tax levy	\$ 1,671,943
Total Donala W & S Dist.	\$22,702,701

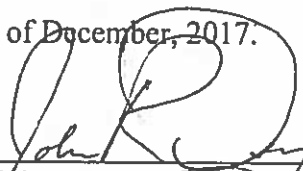
Section 3. That the budget as submitted and herein above summarized by fund, hereby is approved and adopted as the budget of the Donala Water and Sanitation District for the year stated above.

Section 4. That the budget hereby approved and adopted shall be signed by the President and Secretary and be made a part of the public records of the District.

Proposed Budget adopted this 7th day of December, 2017.



David A. Powell,
President



John R. Denny,
Secretary/Treasurer

Dated: 12/12/17

Dated: Dec 7, 2017

DONALA WATER AND SANITATION DISTRICT

Resolution to Appropriate Funds
2017-4

Whereas, on December 7, 2017, the Board of Directors adopted a Final Budget for the 2018 Fiscal year on December 7, 2017;

Whereas, said budget was adopted in accordance with all applicable laws;

Now, therefore, be it hereby resolved:


Section 1: By adopting the budget, the Board of Directors appropriated money from and to the respective budgetary fund in the following amounts:

Donala W & S District: \$22,702,701

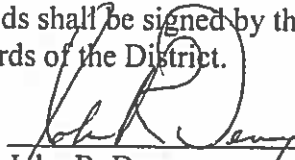
Total Money appropriated: \$22,702,701

Section 2: Submitted this 7th day of December, 2017 and approved by the Board of Directors with 4 voting for the resolution and absent voting against the resolution.

Section 3: This resolution appropriating funds shall be signed by the President and Secretary and made a part of the public records of the District.



David A. Powell
President



John R. Denny
Secretary/Treasurer

Dated: 12/07/2017

Dated: Dec 7, 2017

DONALA WATER & SAN. DIST.	ACTUAL	BUDGET	ACTUAL	BUDGET
EXPENDITURES	THRU DEC.	YR END	THRU AUG	YR END
	2016	2017	2017	2018
CHEMICAL AND LAB	\$43,719	\$36,516	\$16,416	\$35,000
REPAIR/MAINTENANCE	\$328,827	\$355,800	\$61,677	\$374,100
VEHICLES	\$17,519	\$60,000	\$53,713	\$61,000
UTILITIES	\$239,750	\$300,000	\$166,273	\$315,000
TOOLS AND EQUIPMENT	\$11,286	\$51,900	\$6,293	\$33,150
INSPECTION REFUNDS	\$200	\$2,400	\$0	\$3,000
WASTE PLANT EXPENSES	\$615,688	\$765,763	\$410,419	\$1,099,789
TV WASTE PLANT EXP.	\$521,027	\$672,591	\$343,764	\$883,899
FL WASTE PLANT EXP.	\$0	\$17,470	\$10,518	\$30,208
W & P LOAN 2006	\$338,071	\$319,449	\$319,449	\$319,449
W & P LOAN 2007	\$144,687	\$144,687	\$144,687	\$144,687
W & P LOAN 2011	\$310,722	\$310,288	\$310,288	\$310,288
AUDIT	\$19,650	\$21,000	\$20,350	\$21,000
INSURANCE	\$181,052	\$200,000	\$172,804	\$211,000
LEGAL EXPENSES	\$26,779	\$30,000	\$17,889	\$30,000
OFFICE EXPENSES	\$30,951	\$41,400	\$23,874	\$15,730
OFFICE EQUIPMENT	\$12,136	\$25,200	\$6,793	\$17,800
TELEPHONE	\$17,972	\$20,000	\$12,597	\$20,000
PROFESSIONAL ENGR.	\$120,713	\$70,000	\$55,714	\$70,000
DISTRICT ENGR.	\$58,629	\$15,000	\$6,953	\$15,000
SALARIES	\$525,437	\$722,680	\$389,423	\$751,587
PAYROLL TAXES	\$44,390	\$55,285	\$31,050	\$57,496
457 PLAN	\$35,229	\$50,588	\$25,432	\$52,611
CONTRACT SERVICES	\$56,541	\$57,000	\$42,875	\$81,790
PUBLICATIONS	\$18,861	\$15,000	\$13,228	\$15,500
FEES, PERMITS, DUES	\$14,034	\$18,000	\$13,872	\$20,000
TRAINING	\$11,576	\$9,000	\$5,506	\$10,000
INVESTMENT EXPENSES	\$24,011	\$5,000	\$1,621	\$5,000
COUNTY TREAS.	\$26,004	\$27,000	\$24,420	\$28,000
FOREST LAKES EXP	\$65	\$35,000	\$1,832	\$10,000
MISC. EXPENSES	\$37,163	\$10,000	\$6,331	\$10,000
CSU/PUEBLO/STORM	\$1,697,539	\$1,650,000	\$1,275,870	\$1,748,245
ADJ. BALANCE		\$0		\$0
TOTAL OP & ADMIN.EXP	\$5,530,227	\$6,114,017	\$3,637,649	\$6,800,329
CAPITAL PROJECTS				
OTHER	\$249,474	\$630,000	\$248,312	\$227,000
NEW WATER INF./BOND	\$1,469,519	\$2,471,000	\$112,782	\$2,611,000
LAUGHLIN DITCH RIGHTS	\$0	\$0	\$379,082	\$200,000
TABOR RESERVE	\$198,882	\$280,359	\$159,126	\$332,261
DEBT RESERVE	\$1,812,305	\$2,303,754	\$1,094,456	\$2,459,582
CONTINGENCY	\$0	\$100,000	\$0	\$100,000
TOTAL EXPENDITURES	\$9,260,408	\$11,899,130	\$5,631,408	\$12,730,172
ENDING FUND BALANCE	\$11,208,205	\$8,775,500	\$12,188,555	\$9,972,529

2018 BUDGET
DONALA WATER AND SANITATION DISTRICT

SUBMITTED DECEMBER 7, 2017

BY

KIP PETERSEN, GENERAL MANAGER

ADOPTED DECEMBER 7, 2017

BY

DONALA WATER AND SANITATION DISTRICT

BOARD OF DIRECTORS

Summary of the Proposed Budget for 2018

Since the presentation to the Board of the Preliminary Budget on October 19, 2017, several changes to the proposed budget have occurred. As the result of a recently completed review of this District's rate and charges for water and wastewater services, several changes have warranted a reduction in the amount of revenue the District will realize from irrigation accounts for multi-family properties. These changes arise from a desire to treat multi-family irrigations accounts equitably with single family charges. This change in rate structure will result in a decrease of \$166,000 in water revenues. Other changes are explained in the details below, but include a reduction in revenue in the AVS fees charged as well as a small decrease in the amount of property taxes the District will receive. The final change is in the monthly charge for waste water services that will increase by \$2/month. This follows the recommendation of GMS in the Rate Study completed in October of 2017. The final adjusted budget for revenue projections have decreased by \$180,363. I am recommending that \$166,000 be offset by the one-time use of the District's reserve funds, if necessary. I have reduced operating expenses by \$14,200 to accommodate the balance of the reduced revenue.

Overall, excluding capital projects, the operational budget of the District will increase by 8%. The revenue projections, assuming the noted commercial and residential projects pay taps in 2018, will increase by 8.2%. It will increase an additional 27% with the Academy Water and Sanitation District payment (see notes below).

ASSUMPTIONS MADE IN THE DEVELOPMENT OF THE 2018 BUDGET

In 2018, it appears that the District will see a surge in commercial development that it has not seen in multiple years. The Academy Gateway project, located at the intersection of Struthers Road and Northgate, has at least three commercial projects proposed. As grading of the site has only started, I am anticipating that the commercial tap fees will be received in 2018. The commercial taps will include a 64 room extended stay hotel, a Starbucks and a 7-11. Taps fees for the commercial development are projected to be \$279,625. I have moved the redevelopment of the golf course into 2018. Based upon discussions with the developer, it was anticipated that 12 homes would be constructed in 2017. No homes were constructed on the golf course in 2017. I am budgeting for 12 homes to pay tap fees in 2018. This will generate \$426,000 in tap fees.

The forecast of water consumption and the impact that weather will have, not only on the consumption by customers, but on our management of our water resources is the biggest challenge in the budget development process. In 2017, we saw two potential "spills" of Pueblo Reservoir, resulting in the potential to the District of "losing" our water to downstream users. As a result, we attempted to use as much of our Willow Creek Ranch water as possible. In future years, we will reconsider when, or if, we take water during potential spill conditions.

By the end of 2018, Academy Water and Sanitation will be connecting their waste water system to the Donala system. This is an action that has long been planned for and the waste water facility has the anticipated flows built into Donala's share of dedicated capacity. As part of the IGA, Academy will be paying an infrastructure buy in charge. As outlined in the IGA, Academy

will provide a payment of \$889,000 to Donala. I am proposing that these funds be set aside for future capital needs at the waste water treatment facility. In 2018/2019, the District, and partners, will be required to upgrade the waste water treatment facility to treat for arsenic at an estimated cost of \$2,200,000.

Operating Revenue

Water Sales: At this time, I am proposing a 4% across all tiers, rate increase.

Effluent Sales: No change at this time. I am negotiating with the Arkansas Ground Water Users Association to lease the Laughlin water until such time as the legal, and storage location, have been completed.

Sewage Service: An increase of \$2 per month to each monthly bill.

Installation Fees: This line item will increase by 19%. This is the fee charged when a tap fee is paid.

Tap Fees: This line item will increase by 43% as the result of residential and commercial construction.

Water Development Fee: This line item will increase by 47% as the result of residential and commercial construction.

Sewer Development Fee: This line item will increase by 70% as the result of residential and commercial construction.

Property Tax: This line item will increase by 1.02%. With the reevaluation of the property within the District in 2017, coupled with the reduction in the overall assessment calculations, the District will net an additional \$38,729 over the 2016 rate. The final numbers from the County Assessor have decreased by \$1,412 from the preliminary budget numbers.

Auto Tax: This line item will increase by 7%. New car sales in El Paso County continue to be higher than anticipated.

Avail. Of Service: This line item will increase by 44%. This increase is the result of new, platted development. The Academy Gateway project (11 lots), and 5 lots of the golf course redevelopment have now been platted, and which have access to water and waste water services, which is when the imposition of these fees occurs. In addition, there are 14 additional platted lots within the District for a total of 30 vacant lots. Each platted, but unbuilt upon lot has a 350\$ AVS fee charged to the owner. This fee pays for the on-going maintenance of the infrastructure available to that property. This line item decreased from \$23,450 in the preliminary budget down to \$10,500 in the proposed budget.

Operating Interest: This line item will increase by 14%.

Investment Interest: This line item will increase by 66%

New Water Inf. Loan: This line item will increase by 6.6%. This line is essentially a neutral line item as it will cover the costs of the specific projects covered by the bond funds and our expenses are covered by this loan.

Water Investment Fee: This line item will increase by 61% based upon increased residential and commercial development.

FL Reimbursement: This line item accounts for the time our staff works over at Forest Lakes. We anticipate more time in 2018 due to the construction of the surface water treatment plant. Our staff will be participating in the design and monitoring construction. This line item will increase by 9%.

Misc. Revenue: I have included the anticipated payment from Academy Water & Sanitation (\$889,000) in this line item, however, once these funds are received, they will be placed in an account to assist in the District's share of arsenic removal at the waste water plant in 2018/19. This line item can vary widely each year. One example is our winter return flow obligations with the Pueblo Board of Water Works. They account for our winter return flows, using either their water (for which we pay a set amount per acre feet, payable prior to the winter return flows start). If we have enough water in Pueblo Reservoir, we will use that water, which we pay PBWW to account for, at a much reduced per acre foot. At the end of the water season we usually will receive a refund check. This past year it was \$41,000. Other misc. revenue would include the T-Mobile lease on the Holbein water tanks.

Total Operation Revenue will increase by 14.9%. Excess revenue over operations, will be placed in an interest-bearing account to assist in future repair and maintenance costs.

Operations: The operations portion of the budget will increase by 8%, in large part due to a 31% increase in the waste water treatment plant capital budget. The District's share of these two needed capital projects is estimated to be \$234,460. Excluding this capital expenditure, the operational budget will increase by 3.6%.

Reimb. Of Capital Projects: This line item covers the District's costs to repurchase equipment for Forest Lakes, who then reimburses the District for those costs. There was no line item in the 2017 budget.

Chemical and Lab.: This line item will decrease by 4.2%.

Repair/maintenance: This line item will increase by 5%. See Attachment A

Truck/mower expense: Increase by 1.2%. It includes the replacement of a high mileage work truck. See Attachment A.

Utilities: Increase by 5.5%. In conversations with Intermountain Electric, they have indicated there will be a rate increase, ranging from 5-10%. We anticipate that of the three accounts we have with Mt. View, account 45 which is the bulk of our well costs, will increase by 10%, while the other two will not see an increase. We are awaiting further details from Mt. View. Black Hills Energy has not announced a price increase at this time. Propane costs for the waste water plant are anticipated to remain constant. This line item is highly variable as the more the District produces groundwater, the higher the electrical costs are. In 2017, our electric costs were not as high as anticipated due to June and July, during which most of the water supplied to the District came from the Willow Creek Ranch, close to 90% of the supply.

Tools and Equipment: This line item will reduce by 37%. See Attachment A

Inspection Refunds: for each tap fee paid, the builder/developer will see a portion of the installation fee charged, returned (\$200). As a result of the development anticipated, this line item will increase by 20%.

Waste Plant Expenses: This line item will increase by 31%. I have previously discussed the capital requirements in the Operations summary. For more details, see UMCRRWTF proposed budget.

W & P Loan Payback: No increase. This line item represents our annual payments to the Colorado Water and Power Development Authority for the two loans the District has with them. These pay for the several large capital replacement projects.

Audit: No increase

Insurance: This line item will increase by 5.5%. This line item includes the property and casualty coverage, as well as employee health insurance. This increase is based upon the renewal information provided to the District.

Legal Expenses: No increase.

Office Expenses: This line item will decrease by 63%. Multiple annual contracts, which have previously been included here, have been moved to the Contract Service line item.

Office Equipment: This line item will decrease by 30%.

Telephone: No change.

Professional Engineer: No change. This line item primarily includes engineering work on the Willow Creek Ranch and Laughlin water rights.

District Engineer: No change. This line item covers all general engineering work done for the District. Development review is the primary use.

Salaries: This line item will increase by 4%.

Payroll Taxes: As a function of salaries, this line item will increase by 4%.

457 Plan: As a function of salaries, this line item will increase by 4%.

Contract Services: This line item will increase by 35%, primarily due to a close review of all contract services and a desire to have them all included in this line item. It did reduce costs in several other line items.

Publication: No change.

Fees, Permits, Dues: This line item will increase by 10%, primarily as a result in higher permit fees charged by the CDPHE, along with an increase in Transit loss costs.

Training: This line item will increase by 10%.

Investment Expense: No change.

County Treasure Fee: This line item will increase by 4%.

Forest Lakes Reim. Expense: This line item will decrease by 72%. We placed this line item in the budget in 2017 to track how much the District was pre-paying for equipment for Forest Lakes, which in turn will reimburse the District for all costs.

CSU WTR/BOWW: This line item will increase by 6%. CSU has not provided any proposed increase to our water costs; however, if past history is a guide, we will see an increase sometime in January or February. I have included a 5% rate increase from CSU in anticipation of an increase. The Pueblo Board of Water Works (PBWW) provides the District's required winter return flows. In 2018, the Bureau of Reclamation will increase the District's costs by 43% to cover increased OM&R costs at the North outlet works. Costs will increase from \$30,055 in 2017 to \$52,000 in 2018. We can anticipate these costs to remain high for the next four years.

Misc.: No change.

Capital Projects:

This category is broken into three categories; a general fund capital project budget, new water infrastructure project budget, and the Laughlin water right annual payment. The breakdowns of each category are included in Attachment A.

General Fund Capital: This line item will decrease by 48%.

New Water Infrastructure: These are projects which are accomplished using the bond funds. This line item will increase by 4%.

Laughlin Water Right: This line item will remain constant.

UPPER MONUMENT WASTE PLANT TREATMENT FACILITY SUPPLEMENT 2018				
12/12/2017	ACTUAL THRU DEC. 2016	BUDGET YR END 2017	ACTUAL THRU JUL. 2017	PROPOSED BUDGET 2018
UNDEVELOPED BALANCE START YR	\$96,855	\$81,342	\$92,286	\$81,342
OPERATING REVENUE				
PD-DONALD	\$642,890	\$765,763	\$408,439	\$1,099,789
PD-TRIVIEW	\$521,027	\$672,591	\$376,619	\$883,899
PD-FOREST LAKES	\$0	\$17,470	\$10,518	\$30,208
ACCOUNT INTEREST	\$82	\$0	\$22	\$50
MISC. REVENUE	\$108	\$0		\$0
ADJUST TO BALANCE	\$0	\$0	\$0	\$0
TOTAL REVENUE	\$1,164,107	\$1,455,824	\$795,598	\$2,013,946
TOTAL FUNDS AVAILABLE	\$1,260,962	\$1,537,166	\$887,884	\$2,095,288
EXPENDITURES				
OPERATING EXPENDITURES				
CHEMICAL AND LAB	\$64,829	\$82,000	\$43,991	\$87,000
REPAIR/MAINTENANCE	\$76,331	\$75,000	\$39,276	\$100,050
TRUCK/MOWER EXP.	\$1,130	\$15,000	\$695	\$15,000
UTILITIES	\$251,411	\$320,000	\$128,960	\$320,000
CONTRACT SERVICES	\$14,754	\$25,000	\$17,045	\$25,000
AFCURE	\$44,536	\$80,000	\$30,628	\$50,000
BIOSOLIDS HAULING	\$53,000	\$43,000	\$30,510	\$52,000
TOOLS AND EQUIP.	\$3,152	\$10,000	\$4,481	\$10,000
ADMIN & GENERAL EXPENSE				
INSURANCE	\$85,277	\$140,000	\$67,442	\$90,000
OFFICE EXPENSE	\$6,268	\$9,000	\$2,949	\$27,000
TELEPHONE	\$4,251	\$7,000	\$2,587	\$7,000
DISTRICT ENGINEER	\$74,942	\$35,000	\$5,873	\$50,000
SALARIES	\$313,856	\$394,784	\$190,996	\$410,575
PAYROLL TAXES	\$24,072	\$30,000	\$14,611	\$31,200
457 PLAN	\$21,156	\$27,040	\$12,480	\$28,121
TRAINING	\$1,091	\$6,000	\$681	\$4,000
FEES, PERMITS	\$10,518	\$12,000	\$1,333	\$10,000
PUBLICATIONS	\$0	\$500	\$0	\$500
O & M CAP PROJ.	\$117,171	\$88,000	\$36,645	\$617,000
MISCELLANEOUS	\$928	\$1,500	\$651	\$1,500
LEGAL FEES	\$0	\$5,000	\$0	\$3,000
ADJ TO BAL	\$0	\$0	\$0	\$0
CONTINGENCY	\$0	\$50,000	\$0	\$50,000
TOTAL OP & ADMIN. EXP	\$1,168,675	\$1,455,824	\$631,834	\$1,988,946
ENDING FUND & NEXT YR	\$92,286	\$81,342	\$256,050	\$106,342

**Summary of the
Upper Monument Creek Regional Waste Water Treatment Facility
Budget for 2018**

Overall, excluding capital projects, the operational budget of the UMCRRWWTF will decrease by 5.8%. With capital projects included, the overall budget will increase by 26% over 2017.

Capital Projects comparisons from this year to last year are not relevant. There are two large projects proposed this year. The addition of the third screen unit to remove additional solids from the waste stream flows is now necessary. This should allow for the needed capacity of the screens, as the partners continue to grow and add additional waste flows.

The second large capital project is the installation of a catwalk around the perimeter of DEB. This is needed to insure operator safety, and to allow for a more complete cleaning of DEB.

Operations: The operations portion of the budget will actually decrease by 5.8%.

Chemical and Lab – 5.7% increase due to more testing necessary for the Discharge Permit compliance.

Repair/Maintenance – 25% increase mainly due to the need to replace the roof on the original structure. All projects are listed in the budget attachment.

Truck/Mower – no increase

Utilities – no increase. The research I've done indicates a warmer than average winter. Based upon the current expenses/usage, I have proposed keeping this line item neutral in anticipation of lower than average consumption.

Contract Services – no change

Biosolids Hauling – 18% increase due to contract costs increasing, along with increased usage.

Contractor is increasing our contract by 3%.

Tools and Equipment – no change

Insurance – I overbudgeted this for 2017. Factoring in a 5.5% increase in health insurance and a 5% increase in property/casualty insurance, I was still able to lower this item by 27%

Office Expense – 77% increase. A new server is needed. This includes the server, installation and migration of programming and data.

Telephone – no change

District Engineer – A 30% increase. A majority of engineering costs will be included in the capital cost for the two, large, projects.

Salaries – 4% increase

Payroll taxes – 4% increase

457 Plan – 4% increase

Training – 33% reduction

Fees, Permits – 17% reduction

Publications – no change

Miscellaneous – no change

Legal Expense – 40% reduction. I don't anticipate any substantial needs for legal reviews in 2018

AFCURE – 37.5% reduction. This line item has been developed with the input of the AFCURE committee who has developed a budget for the participants in AFCURE. This represents the UMCRRWTF's share of the costs. AFCURE stands for Arkansas Fountain Coalition for Urban and River Evaluation and was established to address the need for site-specific data to present to the Colorado Department of Public Health and Environment for rule making consideration on Regulation 85, nutrient requirements on discharge permits.

Cost allocations are based upon the amount of flows, measured coming into the UMCRRWTF and are proportionally distributed.