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BCWA Policy 30 - Financial Plan

Statement of Basis and Purpose

The Bear Creek Reservoir Control Regulation at 5 C.C.R. 1002-74 identifies the Bear Creek Watershed Association (BCWA) as responsible for implementing the control regulation. In order to meet the requirements of the control regulation, the BCWA membership provides cost shares to cover program expenses (See *Policy 33 Shared Cost Program*).

Cost Share Participants

Phosphorus management was a key component of the Bear Creek Control Regulation #74, the potential to generate phosphorus was originally established as the primary basis for assigning a cost share amount among the Membership Entities listed in the Control Regulation and subsequently added to the BCWA membership (*BCWA Policy 16 Membership*). The membership was divided between phosphorus point source generators and nonpoint source phosphorus generators (Table 1 and Spreadsheet *BCWA MSD20 Cost Share Structure*). All wastewater permitted members were listed as point sources with an expectation for having a total phosphorus wasteload allocation as part of the discharge permit.

Table 1 Bear Creek Watershed Membership Entities

Nonpoint Source Entity
Jefferson County
Clear Creek County
Park County
Lakewood
Unclassified
Federal Lands
State of Colorado Lands
City & County Denver
Point Source Entity
Evergreen Metro
West Jeff County
Genesee
Kittredge
Morrison
Jefferson County Schools
Conifer Metro
Forest Hills Metro
Aspen Park Metro
Conifer Sanitation
Geneva Glen
Brook Forest Inn (NA)
Tiny Town (NA)

2018 BCWA By-Laws

This financial plan specifies the procedures associated with the management and documentation of BCWA financial assets and is consistent with the adopted BCWA Association By-Laws (*PGO30 2018 By laws*, adopted 4-11-2018). As defined in the BCWA By-Laws:

1. Membership entities are responsible for financially supporting the Bear Creek Watershed management program and water quality monitoring program.
2. Participants provide financial contributions and/or in-kind services as deemed appropriate by the Association. Active Membership Entities pay cost shares and attend a minimum of 25% of annual Board meetings. Membership Entities that pay their cost share, but don't meet the attendance requirement will be listed as *Cost Share Paid, Not Active*.
3. In order for a Membership Entity to have a designation of *good standing* to meet the requirements of *BCWA Policy 19 Nutrient Trade Program Eligibility* or *BCWA Policy 6 Weighted Votes* they must attend at least 2 meetings per year over a 3-year period.
4. The BCWA has the authority to adopt or revise cost shares, budget, policies, administrative management and environmental monitoring programs.
5. Maintain an Association bank account. Place all funds under the care of a designated representative or to create separate accounts at financial institutions selected by the Association. All funds shall be subject to annual audit by either the Association or designated representative.
6. Raise revenues and incur indebtedness. Expend funds in accordance with the annual budget as adopted by the Association or amended by the Association. The Association prior to payment shall approve such expenditures.
7. The Association Board shall adopt an annual cost share structure for membership Entities (*BCWA MSD20 Cost Share Structure – Spreadsheet*).
8. The BCWA may enter and execute contracts, accept and utilize financial assistance, raise revenues and incur indebtedness.

Historic Cost Share Structure

The BCWA cost share structure was generally based on the potential for total phosphorus contributions or generation in the watershed based on data collected for the Clean Lakes Study completed by the Denver Regional Council of Governments (RPT08 Bear Creek DRCOG Clean Lakes Study, December 1990). The wastewater permitted total phosphorus estimates, at the point of discharge, were considered against the 1990 predicted total annual phosphorus load reaching Bear Creek Reservoir. Since there were no phosphorus limits on the dischargers, the wastewater predicted phosphorus loads were higher than the NPS phosphorus estimates.

Originally, the point source total phosphorus wasteload allocations were based on a 20-year projection of expected wastewater phosphorus generation using Denver Regional Council of Governments population growth to reflect potential wastewater generation for WQCD permitted wastewater dischargers (PS Cost Shares). The phosphorus generation assumed total phosphorus concentration in wastewater effluent was limited to 1 mg/l total phosphorus. The original distributions did not use the permitted hydraulic capacity of the permitted dischargers. This predicted wasteload allocation and future growth potential were used to determine the cost share among dischargers.

It was originally assumed that this predicted cost share distribution would remain relatively stable over the period from 1995-2017. The cost share relationship among dischargers has been

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periodically adjusted by BCWA over this time period (Table 2), which also reflected revisions made for the 2017 budget cycle as approved by the Board. When the cost share was established by a BCWA Board vote for the Denver Water Department, they were designated a PS Cost Share Member. The Board set their cost share to generally reflect a fraction of the water withdrawal in the Harriman Ditch. This withdrawal was determined by the Board to have an associated worth slightly higher than the Conifer Metropolitan District cost share. The 2017 cost share for PS Cost Share Members in relation to the hydraulic capacity of the treatment works is also shown in the Table 2.

Table 2 Example 2017 Cost-Share Distribution Among PS Members

%	Hydraulic MGD	PS Cost Share	2017 Cost Share	% Cost Share	In-Kind Worth	Program Worth	% Total Share
33%	0.99	Evergreen Metro	\$19,763	27.9%	\$18,625	\$38,388	35.3%
23%	0.7	West Jeff County	\$13,652	19.3%	\$15,000	\$28,652	26.4%
27%	0.8	Genesee	\$12,030	17.0%		\$12,030	11.1%
4%	0.125	Kittredge	\$4,016	5.7%	\$3,000	\$7,016	6.5%
7%	0.2	Morrison	\$4,016	5.7%	\$1,325	\$5,341	4.9%
2%	0.055	Jefferson Schools	\$3,742	5.3%		\$3,742	3.4%
0%		Denver Water	\$3,157	4.5%		\$3,157	2.9%
1%	0.0435	Conifer Metro	\$3,080	4.4%		\$3,080	2.8%
2%	0.05	Forest Hills Metro	\$2,702	3.8%		\$2,702	2.5%
1%	0.025	Aspen Park Metro	\$2,052	2.9%		\$2,052	1.9%
1%	0.019	Conifer Sanitation	\$2,124	3.0%		\$2,124	2.0%
0%	0.005	Tiny Town	\$413	0.6%		\$413	0.4%
100%	3.0125		\$70,745	100%	\$37,950	\$108,695	100.0%

The counties (Clear Creek, Jefferson and Park) and other non-permitted members (Lakewood), as listed in the Control Regulation, were considered as nonpoint source phosphorus contributors (NPS Cost Shares). Originally, Jefferson County and Lakewood agreed to have higher equal cost shares. A hardship discount was offered to Clear Creek County, which was also predicted to be a smaller nonpoint phosphorus generation area due to less urbanization, including forest lands and the Mt. Evans Wilderness. Jefferson County cost share was due to having the most urbanized land area that could potentially generate phosphorus. The Lakewood cost share was a result of the complexity of managing Bear Creek Reservoir, with a recognition that BCR would require additional management costs (e.g., aeration system, potential nutrient reduction practices).

The cost share distributions among NPS Cost Share members had not been adjusted since about 1998. In the 2017 cost share distribution, Lakewood’s share was increased to defray some new monitoring costs on the mainstem of Bear Creek within the City of Lakewood (Table 3). Park County was not assigned a cost share, contingent on having development (urbanization) within the Park County portion of the watershed.

Table 3 Example 2017 Cost-Share Distribution Among NPS Members

NPS Cost Share	2017 Cost Share	% Cost Share	In-Kind Worth	Program Worth	% Total Share
Jefferson	\$23,100	45%		\$23,100	36%
Lakewood	\$25,300	49%	\$13,250	\$38,550	60%
Clear Creek	\$2,950	6%		\$2,950	5%
	\$51,350			\$64,600	

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The phosphorus contributions prior to the Control Regulation were estimated at 60% PS and 40% NPS. Since the Control Regulation, the average NPS total phosphorus annual contribution is about 78% and the PS contribution is about 22%. From a regulatory perspective, it has always been recognized that managing PS phosphorus was more effective than reducing or controlling NPS phosphorus. This was due in part to the difficulty in isolating NPS phosphorus or applying controls and best management practices.

However, the cost share basis or ratio among PS Cost Share Members and NPS Cost Share members remained very close to the original adopted cost share basis by the BCWA. The PS Cost Share was set at 58% of the annual adopted budget and NPS Cost Share of 42% of the annual adopted budget. Small dischargers or other Membership Entities have been given a *hardship* price discount not linked to wastewater generation or phosphorus at the discretion of the BCWA Board. Other PS Cost Share members covered these reduced offerings with increased member cost shares so as to maintain the PS Cost Share basis. Additionally, the termination of discharge permits requires other PS Cost Share members to cover this revenue loss in order to maintain the adopted Cost Share basis among PS and NPS members.

2017 Updated Cost Share Structure

The Association adopted a new cost share spreadsheet July 12, 2017 (*BCWA MSD 20 Cost Share Structure*). This master working spreadsheet defines point source and non-point source cost shares based on a more even split between PSs and NPSs. This new cost share structure will be the bases for future cost share splits. The MSD20 spreadsheet can be adjusted by the Board as required or necessary.

In-Kind Program Support

Membership Entities and Participants as defined in the *PGO16 2018 By-Laws* and in *BCWA Policy 16 Membership* support the program by providing various types of in-kind services and costs. These in-kind services and costs (*PGO28 BCWA Membership In-Kind Support*) are essential in reducing the overall program and monitoring costs covered under the annual Cost Share Program (*BCWA Policy 33 Cost Share Program*).

Annual Cost Share Assignment

Generally, by October each year all Membership Entities are assigned a cost share amount that is subject to the BCWA Board approval with an annual review and adjustment as deemed necessary and consistent with adopted policies (*BCWA Policy 30 Financial Plan, BCWA Policy 33 Cost Share Program, BCWA Policy 35 Membership Entity Termination and Permit Closure, and BCWA MSD20 Cost Share Structure*).

Policy Positions

Budget Considerations

1. The BCWA Membership Entities participate in a cost share program (*Policy 33 Shared Cost Program*), and as set by the BCWA Board and denoted in the BCWA By-Laws.
2. Periodic cost share increases are generally limited to no more than 4%.
3. The cost share structure is loosely based on potential for total phosphorus contributions in the watershed. The cost share basis is consistent with *BCWA MSD20 Cost Share Structure*.
4. All Membership Entities are assigned a cost share amount that is subject to the BCWA Board approval with an annual review and adjustment as deemed necessary.

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5. Small dischargers or other Membership Entities maybe given a *hardship* price discount not linked to wastewater generation or phosphorus at the discretion of the BCWA Board.
6. The annual cost shares are set to cover base administrative, monitoring and other expenditures necessary to meet the intent of the Control Regulation as defined in an adopted budget.
7. The BCWA reviews and approves an annual budget as developed by the Manager with direction from Membership Entities. The budget includes at a minimum base program including: management and administration, miscellaneous operational expenses, field monitoring, laboratory analyses, monitoring equipment and contingency, special projects, studies and programs and other line items as requested by the BCWA Membership Entities.
8. New projects are subject to *BCWA Policy 22 Project Evaluation Process*.
9. An adopted budget can be reviewed and revised at the discretion of the BCWA Board by majority vote based on *BCWA PGO 30 2018 By-Laws*.
10. The BCWA will strive to keep cost shares fixed in 2-year blocks before making a cost share increase. At a minimum, the BCWA Board will review base program financial needs to make a determination on funding amounts and structure. However, changes to the Control Regulation approved by the WQCC may require additional funds to meet new monitoring or reporting requirements.
11. A membership Entity terminating a discharge permit is expected to make a cost share contribution consistent with *Policy 35 Membership Entity Termination and Permit Closure*.

Banking Positions

1. The BCWA bank account will be held with a banking institution approved by the BCWA Membership Entities.
2. The BCWA will designate *BCWA Financial Officers* for signature authority. The BCWA will maintain a minimum of four *BCWA Financial Officers*.
3. BCWA Checks for issuance are approved at a regular BCWA Board meeting by majority vote.
4. BCWA checks require two signatures from any designated *BCWA Financial Officer*, signatures not required by banking authority to be on file at the bank.
5. The BCWA can designate a new *BCWA Financial Officer* at any BCWA Board meeting with a quorum (see *BCWA Policy 6 BCWA Weighted Vote* and *BCWA By-Laws*). *BCWA Financial Officers* are confirmed at the first meeting of each year by the BCWA Board.

Treasurer

1. The BCWA Manager serves as the treasurer for the BCWA.
2. The Manager maintains the checking account, including making deposits.
3. On a monthly basis, the Manager reconciles the bank statements. Bank statements are electronically stored by the Manager in the BCWA electronic file cabinet.
4. The Manager prepares checks for BCWA Board approval and mails such checks as appropriate.
5. The Manager conducts the accounting activities for the BCWA and reports such activities to the BCWA Board at a regular meeting.
6. The Manager documents all financial activities.