

Growth in district brings increase in revenue; Renewable Water Investment Fee reduced

Rob Wadsworth of Raftelis presented to the board the preliminary results of his cost of service modeling. The analysis is the fourth he has done for the district.

According to Wadsworth, growth in the district was greater than anticipated in the last analysis of rates. The unexpected growth brought a 2.2 percent increase in revenue from water sales and a 3.3 percent increase in sewer fees, Wadsworth said. Balances in the district's funds are higher than expected due to this growth, Wadsworth added.

District Manager Jessie Shaffer noted that the district had planned to add 40 new taps in 2016, but in fact 119 taps had already been added by November 2016. The expectation was that residential construction would remain high for the next two years, and the district was planning for 80 new taps per year for the next two years.

Shaffer said he expected Misty Acres and Village Center Filing 4 to be the locations seeing the most new construction. There are about 200 vacant lots in the district that might be developed, Shaffer said.

Wadsworth said he built an assumption into his model that capital construction projects at the JV Ranch would be funded through general obligation bonds, which are paid for through taxes and not through service rates. Shaffer said construction of a pipeline to bring water from the JV Ranch to the district's customers was a project that would be funded with bonds and not through rate increases.

Wadsworth and Shaffer also said increased growth would al-

low the Renewable Water Investment Fee to be reduced by \$1 per month.

Two scenarios for rates and revenues discussed

Based on his modeling work, Wadsworth said one approach the board could use would be to avoid an increase in sewer and water rates in 2017. The previous rate modeling, done a year ago, projected an increase of 4 percent in both rates, but the higher-than-expected growth gave the board the option to delay raising rates, Wadsworth said.

Alternatively, the board could decide to raise rates slightly and use the higher rates to address the fact that non-potable water customers have historically been charged less than the cost of delivering non-potable water, and therefore have been subsidized by potable water customers. Non-potable water is not treated, and therefore has a lower cost of delivery than potable water, but non-potable customers have still been undercharged, Wadsworth said. In this second scenario, the board could increase water revenue 1 percent in 2017, 2 percent in 2018 and 4 percent in 2019 and subsequent years, and bring the fees for non-potable water in line with the cost of delivering it over the next five years.

After a lengthy discussion, the consensus of the board was to continue the transition to charging non-potable customers a rate in line with the cost of service, but to allow 10 years, rather than five, to complete the transition.

Details of the new rates are posted on the district's web page at www.woodmoorwater.com. Comments by the public can be made at the public hearing portion of the next board meeting, scheduled for 1 p.m. on Dec. 8.

Citizens question board decisions on JV Ranch purchase

A portion of the meeting was devoted to a public hearing on the proposed 2017 budget. The bulk of the public comments did not address the budget directly, but instead focused on the board's decisions concerning the purchase of the JV Ranch and how the costs related to the purchase have been passed on to district customers.

Residents Diane Betts and David Motica both argued that the board's decision to purchase the JV Ranch and its water rights was a poor one, since there was not a clearly defined plan to deliver the ranch's water to the district. Both said they thought water from the ranch would never be available for them to actually use, and objected to the fact that owners of single-family residences are charged more for the purchase costs than residents of multi-family housing are charged, which was not fair in their view. Betts and Motica argued that owners of single-family residences and residents of townhomes and apartments should all pay an identical flat rate to cover the costs of the JV Ranch water rights until such time as the water can actually be used.

Board President Jim Taylor pointed out that the purchase was a long-term investment that ensured the district would have water well into the future, and that the ranch purchase helped support the value of homes in the district. Taylor also argued that different rates were based on historical data about consumption that showed single-family residences used more water than multi-family residences.

Shaffer reminded the board that there was still a dialogue going on between the district and Colorado Springs about

how to move water from the ranch to the district, so it was premature to assume the water would never be delivered to the district. Board member at large Brian Bush said the board acted wisely when they purchased the JV Ranch water rights, because now it is very difficult, if not impossible, to purchase water rights of the same magnitude.

Revegetation effort ahead of schedule at JV Ranch

Paul Flak, the range management consultant who is man-

aging the revegetation work at the JV Ranch, gave the board a progress report. Revegetation is required to protect topsoil when water rights are converted from agricultural to municipal applications.

According to Flak, two areas have been revegetated to date, and those areas are half the total acres that need to be revegetated at the ranch. The revegetation started with the areas in the worst shape, Flak said.

In 2016, the cattle were removed from the ranch, neglected infrastructure was repaired, a

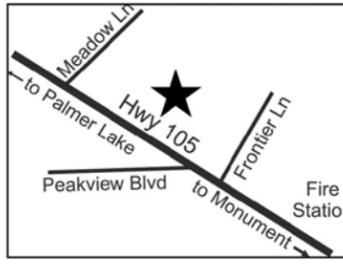


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