

Donala Water and Sanitation District, Dec. 8

2017 budget approved, water rates up 4 percent, commercial taps up 10 percent

By Jim Kendrick

On Dec. 8, the Donala Water and Sanitation District unanimously approved five resolutions for the 2017 budget—the 2017 appropriation, setting both Donala 2017 property tax mill levies (unchanged), a 4 percent increase across all water use rate tiers, and a \$1 sewer service rate increase to \$31 per month. The board opted to add a 10 percent increase to each of the eight commercial water tap fees as well as the commercial sewer tap fee for 2017. These commercial tap fees were last increased in 2007. The commercial water development fee was also increased by \$1,500 to \$6,500 to equal the existing residential water development fee.

End-of-year finance update

District General Manager Kip Petersen reported that total 2016 revenues might be 5 to 6 percent less than the total amount budgeted, while total 2016 expenditures will be about 8.3 percent less than budgeted. Water sales revenue for 2016 will be about \$180,000 more than budgeted due to the fall being drier than forecast, resulting in higher 2016 irrigation sales. The district will use an additional \$829,000 from a low-interest loan from the Colorado Water Resources and Power Development Authority by the end of 2016 for a 2016 total of \$1.4 million to pay for Donala capital projects. Wastewater revenues and expenses for the Upper Monument Creek Regional Wastewater Treatment Facility through November were down 28.4 and 25.9 percent respectively for the totals budgeted for 2016.

2017 budget discussion

Petersen said that there were no citizen comments on the 2017 budget prior to this meeting. There were no citizen comments during the open portion of the public 2017 budget hearing as well.

Petersen noted that Donala's property mill levies in the first two resolutions will not change in 2017. The 21.296 mill rate that applies to most of the district property owners will raise \$1.63 million. The 10.648 mill rate that applies to Chaparral Hills property owners will raise \$3,047. These two mill levy resolutions were unanimously approved.

The board unanimously approved the third resolution for 2017 as presented, which estimated that total expenditures would be about \$11.9 million and total revenues would be about \$20.7 million. Petersen said the difference represents money already held by Donala "in the bank" in several mandatory cash reserve accounts.

The board unanimously approved the fourth resolu-

tion for the 2017 appropriation of this overall total of \$20.7 million as presented. The board also unanimously approved the fifth resolution for 2017 rates as amended for the commercial fees noted above. Board President Dave Powell said, "Well done." The other directors and Petersen concurred.

Petersen stated that it is likely that Colorado Water Conservation Board low-cost loan availability will be significantly reduced for the next few years. He also noted that the 2017 Pikes Peak Regional Water Authority budget had been approved at the authority's Nov. 2 meeting.

Laughlin Ditch water right due diligence

Petersen gave an update of ongoing due diligence work for the proposed renewable surface water right purchase agreement from the Gray Family Trust for a potential water right from Laughlin Ditch flows of 324 acre-feet of consumptive use surface water per year. This offer was presented to the district board by trust water broker Gary Barber at a special district board meeting on Oct. 5. This renewable ditch surface water could be reused to extinction. The trust also offered to provide seller financing for Donala's purchase.

On Oct. 20, the Donala board unanimously approved a motion for Petersen and Donala's water attorney Rick Fendel to conduct further due diligence investigations on the trust's proposed sale to Donala and the final draft of the proposed sale offer from the Gray Family Trust. The purchase price for this water right was \$3.8 million.

Petersen said he and Fendel had met with representatives of Colorado Springs Utilities (CSU) in early November to discuss possible CSU assistance in treating Laughlin ditch water and delivering the potable water to Donala. CSU was still reviewing Donala's paperwork.

The Laughlin Ditch is located near Colorado Springs Utilities' Las Vegas Wastewater Treatment Facility near the U.S. Highway 24 exit on I-25. (See http://pubs.usgs.gov/sir/2007/5028/pdf/SIR07-5028_plate1.pdf)

Annual addendum to CSU treatment agreement approved

The board unanimously approved an addendum for the second year of a three-year agreement, including a 6.5 percent CSU rate increase for month-to-month water service by CSU for Donala during 2017. CSU transports and treats Donala's renewable surface water from Willow Creek Ranch near Leadville that is stored in the federal Department of the Interior Bureau of Reclamation's Pueblo Reservoir in CSU's pipeline to a CSU water treat-

ment plant. After treatment by CSU, this now-potable water is transported to an interconnection with Donala's distribution system for direct delivery to Donala's water customers.

Operations report

The Holbein and Hull water treatment facilities will undergo annual cleaning during low demand over the next few months. Some control system upgrade and replacement work will also be performed at the Hull facility.

The Latrobe water tank line extension project is essentially complete. The line is active and moving water within the district. When the weather warms up, some asphalt work will be done on the Holbein Tank driveway.

Yocam Construction has completed the secondary Upper Monument Creek Regional Wastewater Treatment Facility access road that goes under the adjacent railroad trestle to the north gate of the facility. Reseeding the area will be completed when the weather is warm enough.

The meeting went into executive session to discuss specialized details of security arrangements at 2:45 p.m. No announcements were made or votes taken after the executive session concluded before adjournment.

The next board meeting will be held at 1:30 p.m. on Jan. 19 in the district conference room at 15850 Holbein Drive. Information: 488-3603 or www.donalawater.org. Meetings are normally held on the third Thursday of the month.

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Woodmoor Water and Sanitation District, Dec. 8

Board approves new water rates, 2017 budget

By Chris Pollard

The Woodmoor Water and Sanitation District (WWSA) board met on Dec. 8 to hear the results of a further review of the water rate structure that had been prepared by Raftelis Financial Consultants, and to get updates from Randy Gillette, the assistant district manager. The board also approved the 2017 budget.

A motion to excuse Rich Strom from the last meeting was approved along with one to excuse Directors Brian Bush and Tommy Schwab from this meeting.

Public meeting on proposed water rates—revised proposal

A revised water rate proposal was presented to the board by Rick Giardina, executive vice president, and Rob Wadsworth, senior consultant, of Raftelis. They had been tasked by Jessie Shaffer, the district manager, to revisit the cost of service for non-potable customers and adjust other parts of the rate structure due to a misalignment in allocation of costs among the five categories of customers in the district. Residential customers were basically subsidizing the costs for the non-potable water system customers, Giardina said. He noted that the changes would be less than previously proposed rates but would still provide the needed 1 percent increase in overall district revenue. The question was how to achieve that among the various customer classes.

Two adjustments had been made since November.

One new non-potable customer, a homeowners association (HOA), was classified as residential but should have been in the non-potable class (The district has only three non-potable customers: the golf course, the high school, and the new HOA). The other change was to the allocation of service charges that had been weighted toward individual customers, which made the residential class pay a disproportionate amount of the costs. The revised proposal bases costs on use and in particular commercial and non-potable irrigation customers that have a higher peaking ratio than the residential class. The current cost of service doesn't reflect revenue from those, so the November proposal was a five-year change for non-potable water of 116 percent. The revised proposal would increase residential rates by 8 percent over five years, but the other four classes would have more of their actual distribution system cost allocated to them, Giardina said.

Wadsworth said this change in cost-of-service methodology now has the customer classes more appropriately sharing in the cost that the district incurs to serve their different types of demand. The five-year cost increase for non-potable customers was revised to 78 percent from the 116 percent that had been proposed in November. First-year increases are around 5 percent, rising to the mid-teens in the last three years.

Giardina said using a five-year transition period to the higher rates for non-potable customers would be



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