

Woodmoor Water and Sanitation District, Nov. 17

Water and sewer rates to rise

By James Howald

At its November meeting, the Woodmoor Water and Sanitation District (WWSD) board heard a presentation proposing future water and sewer rate increases, discussed possible strategies to set rates, and scheduled a public hearing on rate increases. It held a brief public hearing on the draft 2023 budget. The board discussed the appointment of directors to the newly formed Loop Water Authority. Finally, the board heard details of operational reports.

Rate increases proposed

Harold Smith of Raftelis Financial Consultants, the company WWSD uses to model water and sewer rates, opened the discussion of future rates by saying his analysis addressed how to recover the cost of water and sewer service through 2027. A five-year approach allows changes to be made incrementally rather than suddenly, Smith said.

The cost of required long-range capital improvements was covered in his analysis, he said. On the sewer side, Smith projected \$1.8 million would be needed for back-up power for lift

stations, replacement costs for sewer pipelines, increases to the size of sewer pipelines adjacent to Higby Road, and the relocation of pipelines adjacent to Highway 105. Smith said these projects could be funded with cash. Another \$5.6 million will be needed between 2023 and 2040 for upgrades to the Tri-Lakes Waste Water Treatment Facility that WWSD shares with the towns of Palmer Lake and Monument, he said.

Smith recommended a 2% annual increase in the base sewer charge and the sewer volume charge from 2023 to 2027. That would mean an increase of 66 cents on the base charge and 9 cents per 1,000 gallons of waste produced, he said.

The future is more complicated concerning water, Smith explained, due to the requirements of funding and building the pipeline and treatment facilities required by the Loop project, which will bring water north from Woodmoor Ranch and Fountain Creek for use by WWSD customers.

Smith told the board the Renewable Water Infrastructure Fee, which covers the cost of the debt service on

the money borrowed to purchase the Woodmoor Ranch, could be lowered from \$40 to \$39 in 2023 while still covering debt service.

Smith told the board he estimated that capital improvement projects could be covered with cash until 2028. Smith presented two scenarios for funding the required project: a hybrid model including both Revenue bonds and General Obligation (GO) bonds, which require voter approval, and a model using only GO bonds.

In the first scenario, in 2028 and 2029 WWSD would need to issue \$50 million in Revenue bonds to fund the Loop project pipeline. In 2030 and 2031 the district would need to issue GO bonds to complete the pipeline and build a water polishing facility.

The second scenario would use only GO bonds, to the amount of \$150 million. Smith said these amounts assumed WWSD would pay all the costs of the Loop project, with the other three participating districts paying nothing. Smith said WWSD would need to increase rates by 6% in 2023, by 11% in 2024 through 2028, by 6% in 2029 and

2030, and by 4% in 2031 and 2032 to fund these projects on a "go-it-alone" basis.

Smith explained the debt service for Revenue bonds is paid out of water service rates, while the debt service for GO bonds is paid through property tax increases and must be approved by voters. Revenue bonds do not need to be approved by voters, he said. Smith pointed out that the amount of GO bonds issued can't exceed 50% of the district's assessed value, and that limitation made it unlikely that the projects could be funded with only GO bonds. GO bonds limit the impact on water rates, Smith said, but at the cost of requiring voter approval.

Board member Barrie Town pointed out that WWSD would not be funding the Loop project alone and the participation of three other districts would substantially reduce the amount of money that WWSD would need to borrow. Smith agreed the numbers he had presented were a worst-case scenario. District Manager Jessie Shaffer said borrowing less could mean only Revenue bonds would be needed.

Board member Dan Beley asked Shaffer what would happen if voters would not approve any GO bond debt. Shaffer said that would mean significant water restrictions.

Board President Brian Bush pointed out that tap fees were not included in the projections. Beley suggested tap fees should be raised to help finance the needed projects since future development is one of the drivers of increased demand. Board member Jim Wyss said increasing tap fees would not discourage people from building in the district.

Several board members said they thought voters would be reluctant to increase their property taxes to fund water infrastructure.

Shaffer said he did not want to raise rates now based on the assumption that WWSD would be the sole funder of the Loop project. He argued that the future of the Loop project would be clearer in a year or two.

Following the discussion, the board scheduled a public hearing on the proposed rate increases to be held during their next board meeting scheduled for Monday, Dec. 21 at 1 p.m. at the district's headquarters at 1845 Woodmoor Drive. After the public hearing, the board will make a final decision on rates.

In preparation for the public hearing, the board published "not to exceed" increases to water and sewer fees on the district's web page. The water base fee for a three-quarter-inch tap will increase from \$10.18 per month to \$10.80 per month. Tier 1 water usage fees (0 to 6,000 gallons) will increase from \$6.45 per 1,000 gallons to \$6.84. Tier 2 fees (6,001 to 25,000 gallons) will increase from \$10.63 to \$11.27 per 1,000 gallons. Tier 3 fees (over 25,000 gallons) will increase from \$17.00 to \$18.03.

A complete list of fees proposed for 2023 can be found at <https://www.woodmoorwater.com/>. Scroll down to find the fee notice and the attachments that detail all the water and sewer rates.

Hearing for 2023 budget held

The Nov. 17 meeting included a public hearing on the 2023 budget. There were no comments from the public. The budget hearing will remain open until the next board meeting on Dec. 21. Contact the district at 719-488-2525 with any questions or comments on the draft budget.

Shaffer said some line items for



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