

Academy Water and Sanitation District, Feb. 18

District focused on funding, IGA details as connection plans continue

By Susan Hindman

Since July 2014, the Academy Water and Sanitation District board has been pursuing connection of its wastewater system to the neighboring Donala Water and Sanitation District collection system and the Upper Monument Creek Regional Wastewater Treatment Facility. The focus of its meetings since that time has been on preparing an intergovernmental agreement, getting a better idea of the costs, and getting information about how to pay for it. At Academy's Feb. 18 board meeting, Keith McLaughlin, with the Colorado Water Resources and Power Development Authority,

gave a presentation about its funding programs, including the Water Pollution Control Revolving Fund, which he said has been "a low-cost source of funding" for water and wastewater entities since 1989.

New state wastewater regulations led to the need for the district to pursue connecting to Donala, replacing the district's current lagoon treatment system. The district's wastewater permit, issued in October 2013, mandates that plans and funding be in place by October 2016 and that new operations start in October 2018.

The original estimate of \$3.9 million—which would cover construction, a plant investment fee, engineering, and contingencies—was recently lowered to \$3 million by GMS Engineering. The costs will be shouldered by the district's 300 residential customers at a time when Academy had just paid off its debt after 20 years and residents saw a drop in their property tax bill.

In December, Jason Meyer, who handles funding acquisition for GMS (the district's engineering firm), spoke to the board at length about various funding options, including the revolving fund. He had suggested inviting McLaughlin to a future meeting to further explain that program.

Requests for \$2.5 million or less are addressed by low-interest loans from the revolving fund; more than that generates the issuance of bonds. The timing for getting the funding is complicated by a new requirement that revolving fund monies must be spent in two years, so only projects that are ready to start construction will be approved. Before the district can even apply for the loan, it has to have site and design approval and all engineering plans and specifications approved by the state's Water Quality Control Division.

How the district repays either the loan or the bond generated a lot of discussion. Two options were presented, one that involves a vote of the residents and one that doesn't.

General obligation bonds are what voters approve (or vote down) in elections, and, if approved, payment would come via a mill levy increase that is paid for

through property taxes. It would require compliance with TABOR (or an accompanying de-TABOR ballot question). This election couldn't be held until May 2016.

But if the district were to set up an enterprise for the sanitation side—which McLaughlin said he sees 90 percent of the time—it could get a revenue bond. Residents would pay for this bond through user fees, and TABOR would not be an issue. An enterprise can be set up by board resolution and would bypass the need for an election, though a public hearing would be required. With the tight schedule the district is facing, establishing an enterprise would allow things to move quickly. There was a lengthy discussion on this subject, and no decisions were made.

Meanwhile, the draft intergovernmental agreement with Donala continues to be refined by GMS and Academy's lawyer. The board scheduled another special meeting—the second in two months—for March 3 to review the next version.

Rate increase is first in 5 years

With current water use rates falling short of covering the costs of water production, Treasurer Walt Reis proposed increasing the water rate. The cost analysis he'd prepared indicated that while the current service fees cover the costs of repair and maintenance, the use rates don't cover what they need to. He recommended rates increase by \$1 in each of two categories:

- 0–12,000 gallons: \$8 per 1,000 gallons
 - 12,000 + gallons: \$12 per 1,000 gallons
- Water use rates haven't been raised since 2010. The increase is only on the water side; wastewater rates will remain unchanged. The board approved the increase, effective March 1.

New meeting date and time

Starting in March, the board will meet on the third Tuesday of the month at 1 p.m., at the same location, the Wescott Fire Station on Gleneagle and Jessie Drives.

The Academy Water and Sanitation District board meets at 1 p.m. the third Tuesday of every month at the fire station on Gleneagle and Jessie Drives. The next meeting is March 17.

Susan Hindman can be reached at susanhindman@ocn.me.

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