To: Ridgway Town Council
From: Jen Coates, Town Manager; Joanne Fagan, Town Engineer; Chase Jones, Public Works Admin
Date: August 9, 2019
RE: Water Rates Discussion

Background

In 2018, the following were the general guidance/ goals in updating the Town's water rates.

1. Ensure solvency of the water utility (eg: cover costs and build reserve funds for maintenance, repairs, capital outlays and investments, inflation over time and unforeseen/unplanned expenses, etc.); this means being conservative with rates as revenues and expenses are variable from year to year.
2. All users pay their fair share of costs; on average, need to bring in more revenues than spend on an annual basis
3. Be good stewards of a sometimes-limited water supply to ensure water availability during a times of drought (eg: water conservation), while ensuring base rates cover costs and provide reserve funds for future improvements
4. Affordability – build increases in over time and accommodate an "averaging" for the base rates (eg: $10.50/1000) and cost of water, working to keep base rates lower/stable and overages cost more (could flip this and increase base charges and decrease overages but that was not the desire last year);
5. Simplicity in rate structure so it is easy to interpret and administer
6. Equity with rates for all users; insuring affordability means not being overly conservative with future estimated costs.

Questions asked during prior discussions:

1. Should water utility users pay more than the cost of water?

   For the purposes of removing variable costs in the Water Enterprise Fund expenditures were estimated to an average expenditure year. See Exhibit A. This essentially establishes fixed costs for the Water Fund. A base rate (e.g. $42 per month) is needed to ensure the cost of operating the utility is covered. Base rates are designed to ensure the Water Enterprise is solvent on an annual basis. Additional funds beyond the base rate and cost of annual operations are necessary for a number of reasons.

   The base rates for water usage need, and are designed, to cover all the operating expenses in order that the Water Enterprise is assured sufficient funds to operate without a deficit. In order to be competitive with securing outside funding for needed projects and to ensure sufficient water availability from year to year, it is in the Town's interest to encourage water conservation, cover the cost of water, and have a fund reserve and revenues for grant matching and loan repayments. It is prudent for a water utility to build in the cost of future improvements, including capital improvements, expensive maintenance and repair costs, and building of fund reserves.

The Town has prioritized water conservation and does outreach encouraging conservation. The Town has had voluntary watering restrictions (at least since the mid-1980's), places mandatory water restrictions when water supply is significantly limited, has a "water wasting" ordinance in place to be able to restrict water use and charge appropriately during times where conservation is required, and uses a rate structure that is designed to encourage conservation (e.g.: the more water used, the more the water costs the end user). As stated previously, the Water Enterprise needs to have and build-up sufficient reserves for matching funds to be competitive with and capitalize grant applications and awards, to fund large or infrequent maintenance events, to have sufficient funds during emergencies, etc.

It is important to note that the calculated cost of water (see Exhibit A) does not include any capital projects or major repairs or upgrades or the building of fund reserves. The rate structure for overages, which is in excess of the $10.50 per 1000-gallons, is designed to help pay for future capital projects, significant repairs and replacements, and build some reserve funds for the future. It is an option to increase the base rate and the cost of water to include these necessary costs, and this would not be an abnormal approach to setting a water rate. The "cost of water" calculation at $10.42 and the Town's capital improvements plan and estimated costs do not account for inflation, which would also increase the cost of water and the amount of funds needed for future improvements. This is a balance of reconciling operational costs and affordability.

Tap fees, or system investment fees, are planned to cover a portion of the capital projects along with grant and loan funds; however, it is reasonable to assume some reserved funds from user fees will be needed for various capital outlays and some future capital improvements costs. See FIGURE 1 for historical tap fee revenues. Note they are quite variable and are only significant with significant subdivision activity. At $6000 per ¾" water tap, and assuming there may be an average of ~8 taps purchased each year over the next 5 years (for a total of 48 taps) based on future growth, this would bring in $240,000 of the $2,768,750 needed for the 5-year capital project plan. With ~$1,202,500 in grant revenues projected over the next 5 years, this would be a total of $1,326,250 in revenues resulting in a gap in funding of $1,049,430. For simplicity purposes, and based on current growth projections for residential uses and not significant commercial uses, larger tap sizes and associated larger tap fees are not included in this calculation. A tap fee increase will likely also be needed in the coming decade as well in order to keep up with planned expenses.

The 5-year estimate for capital projects and capital outlays is $2,768,750.

The 5-10 year estimate for capital projects and capital outlays is $3,248,333.

The 10-year+ estimate for capital projects and capital outlays is $1,040,000.

Total CIP estimated expenses are $7,057,083 excluding FY 2019.

2. Under what circumstances should users pay more than the cost of water?

When the Town needs to build reserves for capital outlay and capital projects, significant and /or infrequent maintenance, and for water conservation. See detail above.

3. What is the targeted fund reserve amount?

   Fund reserves at the end of 2019 are budgeted at $450,274. This figure is quite low given the projected capital improvements over the next 10 years of approximately $7M+. A targeted fund balance/reserve is 12 months of expenses, plus reserved funds for capital outlays and improvements. If we use the estimated average year of expenses of $475,000, that is the targeted fund reserve amount.

4. How is the cost of water determined and can that figure be lower?

   See Exhibit A. In determining the cost of water, we looked at the last several years of expenses in each fiscal year budget for 2016, 2017, 2018. The budgets were reviewed line item by line item and estimated a "typical" value for each expense item. These estimated expenditures were totaled and then divided by the estimated "typical" amount of total water sold, resulting in a cost per 1000 gallons. When we did the calcs for rates in the summer of 2018, we had to use the budgeted 2019 revenues for water fees, which were estimated at $410K and the 2019 budgeted expenses of $625,509, or $597,509 if you take out $28,000 for severance payout and emergency reserves. Rather than use a single year for expenses we tried to come up with more "typical" expenses. This resulted in estimated expenditures of $488,500. We used the volume sold from 2017, which was relatively consistent with gallons sold in other recent years, of 46,873,000 gallons. This resulted in an estimated "typical" cost of $10.42 for 1000 gallons of water delivered to the customer ($488,500/ 46,873 = $10.42).

   This figure is an estimate, which means it can be lower, or higher, in any given year based on the amount of water sold and the variable expenses in the fund from year to year. It is possible to do a more extensive rate study. Staff feels this analysis of recent and planned expenditures, including the extensive summary of unbudgeted capital outlays and improvements, provides a good estimate of recent fixed costs and rates, understanding rates may need to change in the future based on future investments.

   It is important to note that while the cost of water could be calculated at a lower rate, it could also be calculated at a higher rate. If 2019 budgeted expenditures are used and the same amount of water sold is used, the cost of water is $14.77 per 1000 gallons of water. Similarly, if the total cost of capital improvements, longer term significant maintenance and replacement costs and fund reserve building were built into the base rate, it could be significantly higher than $10.50 for 1000 gallons.

5. How does the town spend money based on revenue we get?

   The budget document in Exhibit A provides a line item detail of revenues and expenses for recent years, including 2019. Additional detail on larger budgeted line items in 2019 are provided below. All of these line item expenditures in 2019 were ratcheted down to estimate a more "typical" year of expenditures. This reduced the estimated cost of water ($10.42) from what it would have otherwise been ($14.77). Every year the Town has to operate, maintain, repair, enhance and plan for the future to ensure the water system will continue to provide the town with potable and non-

potable water. Each of the actions come with a cost. Capital investment costs were not included in the cost of water calculations. Detail on larger line item expenses for 2019 are below:

2019 Maintenance and Repairs (931WOO): Total $155,000 - Cabinets $ 2,000; Generator $60,000; Flow Measurement Device $ 5,000; Water Meters & Testing $20,000; Interconnection $58,000; General Maintenance $10,000.

2019 Consulting and Engineering (914WOO): Total $90,500 - Water Supply Analysis $40,000; Lake O Analysis $30,000; General Engineering Svcs $20,000 (water supply, lake O, CIP, etc.); GIS license $500.

2019 Equipment Purchase (972WOO): Total $46,250 – Used dump truck (split across 3 funds); Used 4x4 work truck (split across 3 funds); Trailer (split across 3 funds); Backup compressor pump; Hotsie.

Wages in the Water Fund are slim comprising only 17% of the 2019 Water Fund expenditures. $720,437 = 2019 total budgeted expenses and $121,170 = 2019 total budgeted wages. All personnel costs combined (taxes, health, retirement, work comp) are budgeted at just 24% of the 2019 total expenditures. In addition, in 2019 with the retirement of a full-time benefitted long-term Water Plant Operator position, a part-time employee without benefits was hired instead of a full-time employee. We are very diligent in reviewing expenses on a regular basis and finding areas to save for the benefit of the community, without jeopardizing this critical town function to safely deliver drinking water.

6. Can the town look at the specifics of each building and the uses in each building and set rates on the specific uses?

The Town has approximately 660 water taps, looking at each tap and building and uses inside each building, and then creating a specialized rate would be extremely difficult logistically and very time consuming. Changes in use would also create significant challenges as the town will not always be advised of changes in use, nor do we currently have a method for tracking such changes. Absent a business licensing program, the town has no way to monitor changes in use and therefore establish new rates with each change. The town's billing system would need to change in order to accommodate this type of rate structure. The issue of equity and fairness would likely also come to the fore with various businesses wanting to understand why one home, restaurant, lodge, service industry, multiplex, etc. is billed at a rate different from other water users. Establishing this rate schedule and insuring equity, which can often be based on perspective rather than data, will be very challenging. Comparing and justifying differing rates for similar entities would be difficult to impossible. Additionally, when one tap has multiple uses the Town will not be able to distinguish each user's individual consumption and bill it accordingly unless owners invested in a sub-metering system that is compatible with the town's system.

7. Can the town create different rates or tiered rates for different non-residential uses (ie: restaurant, office, lodge, car wash, etc.)? Can different users have different rates? What about businesses with hot tubs and pools that bring in a higher clientele who spend more money and generate more sales taxes than other businesses?

   Creating business specific rates could punish or incentivize one business type over another. Even within a particular business type, various businesses can have drastically different usages. If specific rates were created, it could be a very subjective process, which usually generates public scrutiny, and setting and justifying various rate structures would be difficult. As mentioned previously, Ridgway does not require business licenses so the Town is not always aware when a business or building changes hands or uses, and the town likely wouldn't be able adjust the rate structures in a timely manner, if at all. If the Council is inclined to consider this, staff suggest the categories be very few and very broad. In general, simpler rates are easier to explain to customers and easier to administer. Complex rate structures can be more accurate, but they are also more complicated to understand and administer.

8. Can the Town create incentive rates for users who are conserving water and/or meeting a certain water use standard?

   The current rate structure is set up to encourage conservation with all users paying more for water used above the base allocation. The base rate covers the base costs of providing water and includes more than enough water for most users most of the time. With the water rate ordinance adopted in October 2018, instead of raising the cost per thousand to cover the cost of providing more water for the base rate ($42.00 for residential users), the Town chose to lower the amount of water allocated for residential uses (from 9000 gallons to 7000 gallons and later this year to 6000 gallons) with the base rate to make it better match typical domestic usage (residential users). For non-residential users, the Town kept the base allocation the same (4000 gallons) and only slightly increased the base cost to cover the cost of water (from 36.75 to $42.00).

   One suggestion could be that non-residential users work with a third-party water auditing firm to audit water use and identify conservation opportunities for the business. This could result in some or significant decrease in water demand and therefore total cost for the business. The Town could consider offering incentives for such water audits.

9. Can the town use sales tax revenues to offset the cost of water?

   Sales tax revenues, including taxes collected on the sale of marijuana, are collected into the General Fund and appropriated for General Fund expenditures. The Water Fund is set up as an Enterprise Fund under TABOR, Article XX of the State Constitution. As an Enterprise, the Water Fund needs to operate and sustain itself, similar to a business. Enterprise Funds provide services based on the use of user fees. The bulk of the revenue for an Enterprise Fund comes from user fees and services provided under Enterprise Funds are covered by user fees not subsidies from other funds.

The Town has set the rate structure to better manage the regressive nature of the user fee structure. While the majority of users do not use the full amount of allocated water, they are still responsible for the base rate, which means they likely pay more than $10.50 per 1000 gallons. On the other hand, users using the full amount of allocated water and more, will pay the $10.50 per 1000 gallons rate up to a certain cap, after which time they may pay more than the cost of water.

Because the majority of water users use less than the base allocation (see below), the majority of water users are paying more than the estimated $10.50 per 100 gallons ("cost of water").

- 77% of all users combined used less than the base allotment (either 4000 or 7000 gallons) in 2017
  - 88% during winter season
  - 65% during summer season
- 76% of all users used less than the base allotment (either 4000 or 7000 gallons) in 2018
  - 89% during winter season
  - 63% during summer season

10. Can we do a gradual water rate increase for non-residential users and what does that look like?

Yes. This could be an option. If the Council is inclined to consider this option, staff suggests that the base cost for water not be below the estimated $10.50 per 1000 gallons and that any gradual increase be only for water usage over the base allocation and cost, and that such rates also do not start below the cost of water ($10.50 per 1000 gallons).

11. Non-residential users basically get 10,000 gallons for $10.50/1000 at the current base rate and Tier 1 cost of $10.50 /1000 gallons.

This is correct. While the base allocation is 4000 gallons at a base cost of $42.00 ($10.50 per 1000 gallons) the next tier of usage of 4000 – 10,000 gallons is also billed at $10.50 per 1000 gallons so with the ordinance adopted in October 2018, non-residential users pay $10.50 per 1000 gallons for up to $10,000 gallons; however, with the base allocation at 4000 gallons those non-residential users using only 4000 gallons or less pay only the base rate of $42.00.

12. Can the town connect into TCWCD and at what cost and effort?

See Exhibit B. There are at least two possible options for a connection to TCW: 1) being a consecutive system where we purchase water from TCW and the Town continues to provide its own storage and distribution and 2) selling the Town's utility system to TCW and then purchasing taps from TCW to serve all town users. There might also be other options, e.g. does the town keep our water rights and use them for irrigation, what happens with Lake O, etc. The Town will need to talk with TCW about whether they have any interest and if they do to see what they think about the request. The community should also be aware that TCW clearly states that they are not in the

business of providing fire protection. They reluctantly try to do so in urban areas, but if the Town did not require how infrastructure is sized and built, its likely over time or in new development we would have a lower fire rating, which would likely increase insurance costs for all building owners.

13. Does the town look at debt service and ensure expenses are in line revenues?

    For purposes of the current "cost of water" at $10.50 per 1000 gallons, the town has included all Water Fund debt service into the fixed cost of operation for the utility. Loan payments need to made whether or not the town sells any water so these debt expenses need to be included in the base rate. Regarding expenses, the town works hard to keep utility costs to a minimum while keeping the operation efficient and protecting the Town's investments so as not have to incur large and expensive improvements that could be avoided with routine maintenance. The staff tailors the budget to match revenues to the extent possible. There are costs that are beyond staff's control, chemical, power, heat, controls, etc. Please refer to notes above on staffing and wages for the Water Fund. The debt service schedule is Exhibit C.

14. Can/should non-residential user rates be based on current usage to minimize the overage expenses for most users?

    Last year's (2018) water usage for non-residential users averaged 25,600 gal/month per user. There are some things to consider if the town were to raise the base allocation for non-residential users to 25,000 gallons. An average can be extremely misleading in some instances because a few relatively high or low figures can skew the average significantly. Creating a base rate off of an average can result in low users using more water and high users still complaining about the cost of water overage use. From a budgetary standpoint this is also hard to forecast since base fees, production costs and actual usages will become harder to correlate. This approach is nearing what Ouray has done for years, charging a flat monthly rate, a method they are now trying to migrate away from using. Assuming a cost of $10.42/1000 gal, the Town would have charge $260.50 to provide 25,000-gallon base rate in order to ensure the Town wasn't subsidizing any user. Also, low water users would be paying significantly more than the "cost of water" if the base allocation and base rate were to increase as they pay a flat rate for using much less water. With a good majority (57%) of non-residential users using less than the current 4,000 base allocation, this is likely not a desired approach.

15. There should be transparency with the rate setting process. Show figures and calculations to the community. The business community doesn't respect or believe that water costs that much. Show us.

    See Exhibit A.

16. There needs to be enough money to run the water supply for the town.

    This is correct. Utilities need to pay for themselves, which is why they are often set up as Enterprise Funds under TABOR in Colorado.

17. If businesses are busy, then they are making money. If businesses are using that many gallons and therefore making more money, can't they pay for the cost of water and also the demand on the water utility? Why should residential users and the town subsidize water usage that is related to making money?

    This is a question for the community and the Council to consider and discuss.

18. Water cost affects tourism and how are you supporting businesses and tourism and not punishing businesses?

    Tourism also increases the demand on the water utility and needs to be covered by user fees. This could be a political question if the Town wishes to subsidize tourism; however, where will the subsidy will come from if it is not included in the user fee? There are not a lot of revenue options for the Water Fund outside of user fees, tap fees, grants and loans, and grants are restricted in order to maintain the Enterprise status of the fund under TABOR.

19. Can the town look at ad valorem taxes as part of the equation? In the State of Colorado, commercial property owners pay more in property taxes than residents.

    Property taxes, similar to sales taxes, are collected into the General Fund and cannot be transferred to the Water Enterprise Fund as the Enterprise is established to have costs primarily covered by user fees. See question #9 above.

20. How is the town amortizing the debt in the water fund with the new rates?

    See Exhibit C. Typically, the repayment schedule is set by the funding agency and the various agencies use repayment periods of from 15 to 30 years. Except for Rural Development loans which run 40 years. The funding agencies typically will set a repayment schedule that does not exceed the anticipated design life the infrastructure especially as it relates to funding treatment works. The town has included annual debt payments into the fixed costs for the fund and they are included in the $10.50 per 1000-gallon cost.

21. Can we share the debt repayment schedules?

    Yes. See Exhibit C.

22. Should / can there be variable base rates based on meter size?

    This is possible and could be an option. There are fixed costs that need to be recovered with the base rate. Larger meters can demand a larger amount of water at any given time and therefore have a higher demand on the utility to treat and deliver that additional volume. This is sometimes

referred to as a capacity cost. The ability to demand and use more water at any given time means the utility has to be constructed to accommodate the highest demand. Water use is one thing. Potential water demand is another. The potential total water demand is what determines the overall size of the system, regardless of how much water is used at any given time.

Smaller meters could be billed at a lesser rate and larger meters could be billed at a higher rate, based on their capacity or total maximum demand on the system. The Town's rate structure somewhat already accommodates this by have lower rates for lower usage and higher rates that are above the base cost for higher usages. The system investment fee (tap fee) is based on the size of the meter.

This setup will take a bit of work as we don't readily have meter sizes inventoried and accessible, nor are the sizes in our billing system. We would need to have the Public Works crew identify and inventory the meter size for each location and then set up the billing system based on that results. It can be done. It will just take quite a bit of time to set up.

23. Why are the numbers used by some of the business owners different from the numbers used by the town? What about a rate schedule that is not punitive for higher usage and accommodates a lower cost of water for water usage above the base rate?

We understand that the figures being used by some of the business owners are estimated year end revenues and expenditures from 2018, which were provided in early 2019, after the 2018 ordinance was adopted and after the 2018 fiscal year was complete, as follows:

2018 revenues: $511,705 (instead of the budgeted 2018 revenues of $489,660)
2018 expenditures: $450,412 (instead of the budgeted 2018 expenses of $467,561)

The proposal is to take the difference between the year-end estimated expenses for 2018 ($511,705) and the budgeted expenses for 2019 ($692,437) = $180,732 and then divide the number of users (taps) into that "gap", and assess a flat rate to each user bill in the subsequent year:

$180,732 / 660 = $273.84 (per year per customer = $22.82 per month per customer)

This would mean assessing a flat rate for all users and would distribute the added cost of operating the Water Fund across all users in the fund instead of being based on water demand where the larger water users/ higher demand users pay more for that use/demand on the system. This would also significantly increase the "cost of water", or cost per 1000 gallons, for low water users using less than the base allocation of water, and who are the majority of water users (76-77%) in both 2017 and 2018. This approach does not consider that lower water users (those using less than the base allocation but who are paying more per 1000-gallons than all other users) are additionally burdened with added cost when they are already paying their "fair share" of the water fund expenses. Finally, this puts the burden of calculating rates and costs annually and does not accommodate increasing reserved funds for future projects.

We also understand that the business owners participating in this process are ok with the base rate and allocation but would like to see a decrease in cost for the overage amounts and would like to see a detail of line item costs. The line item costs were presented at prior meetings and are again provided here in Exhibit A.

24. Why there is a base rate and why users aren't just billed directly for all water used, without a base rate as some users will pay the base rate of $42.00 for 4000 gallons of water but may only use 2000 gallons of water, which means they are paying $21.00 per 1000 gallons. If the base rate remains, shouldn't some of that extra revenue be put toward the total expenditures in the Water Fund, or decrease the base rate and base allocation further?

    These fees paid for unused water are included in the fund revenues. This question is further responded to in various locations in this memo.

25. Another proposal from the business user group asks to be billed by meter size or have a special rate structure based on meter size.

    This proposal are addressed in the question summary above.

26. The Town of Ridgway raised their water rates in December based on their calculation that the cost to produce 1000 gallons was $10.42. This was arrived by dividing costs by the number of gallons produced in 2017. City provided numbers show 46,873,000 gallons produced. Their financial numbers for 2018 show that under the old billing rates, they collected fees for water provided of $426,870.00. Based on these numbers, the city was collecting $9.11 per 1000 gallons of water provided. Based on these numbers, the billing structure was only 15% to low. The new rates could have been adjusted as shown in the table below to cover this.

    This proposal does not account for any reserve funds and charges all users (including low water demand users) for higher user demands. With over $7M in capital projects and capital outlays on the 10+ year horizon for the Water Fund, this will likely result in very high annual burdens for all users instead of distributing those costs across users over time and insuring the higher system demand users are paying a fair share of the costs of the fund as the high demand users will be at the forefront of requiring the improvements.

27. Let's take a look at 2017. The water service fee was $400,463, which I interpret to be the total value of all water bills sent and paid by the customers. Assuming that is correct, then the actual average water rate all customers combined have been paying for 2017 is $400,463 / 46873 (1000 gallons) = $8.54 per 1000 gallons. If we look at all the revenue coming in for 2017, then it comes out to $549,343 / 46873 (1000 gallons) = $11.72 per 1000 gallons the water customers have been paying. Which is more than enough to cover the $10.42 cost per 1000 gallons.

- $400,463 is the number to use as those are the fees collected from all users for water consumption
- $549k includes significant tap fee revenues ($117,420) in 2017, and should not be used for purposes of looking at rate structure as there was a tap fee increase pending and incentive to purchase taps in advance
- The majority of water users are not using base allotment so most users are paying more per 1000 gallons and making up for the gap in expenses.
- If everyone used their current base allotment, the town would have to deliver that water and not see an increase in revenues.
- Funds needed:
  - Cover typical costs with base rates (est. cost at $10.42 per 1000 gallons)
  - Have 12 months in reserves/ fund balance
- Include capital project costs for 5 years – est. 50% grant and 50% town reserved funs with the 50% of reserved funds as 35% user fees and 15% tap fees.

This approach assumes that the higher demand water users will use more water and therefore pay more for water and the lower users will pay less. Residential users were billed at $42/9000 gallons and then $1/1000 (9000-18,000 gal), $2.50/1000 (18,000 – 26,000) and $6/1000 (>26,000 gallons). Non-residential users were $36.75 for 4000 gallons, $3/1000 (4-10,000 gal) and $4/1000 (over 10,000 gallons)

If rates had not increased in 2019, the fund would have been budgeted to run at a deficit. Estimated revenues would be projected at ~$415k while expenditures are budgeted at $692,437 in 2019.

The reality is we have adjusted expenses, often deferring expensive maintenance and projects, to match revenues and when possible, to grow reserve funds for future improvements.

The purpose behind the rate increase was to recover the cost of water on a 1:1 basis with demand and usage and to capture reserved funds with usage above the base allocation, while not having all the lower water uses pay the highest cost per 1000 gallons.

The Town uses averaging and estimates so every year looks different. We do not know how much demand we will have year to year or how much water we will sell and to a large extent is dependent upon the weather.

The Town strives to have 12 months of operating reserves as the fund balance. 12 months of reserves based on 2019 figures is $692,437. 6 months of reserves using 2019 expenses would be $346,219. The estimated fund reserves at the end of 2019 are $450,274.

In addition, some portion of the cost of capital improvements needs to be incorporated into the rate structure and added to the reserve amount.

- 57% of non-residential users used 4000 gallons or less in 2018
  - 64% during winter months
  - 50% during summer months
- 84% of residential users used 7000 gallons or less in 2018
  - 97% during winter months

    - 71% during summer months
- 57% of non-residential users used 4000 gallons or less in 2017
    - 63% during winter months
    - 50% during summer months
- 85% of residential users used 7000 gallons or less in 2017
    - 96% during winter months
    - 75% during summer months
- 77% of all users used less than the base allotment (either 4000 or 7000 gallons) in 2017
    - 88% during winter season
    - 65% during summer season
- 76% of all users used less than the base allotment (either 4000 or 7000 gallons) in 2018
    - 89% during winter season
    - 63% during summer season

A large majority of users (on average76-77% of users) are paying more than the cost of water by paying the base rate and using less than the base allocation. Further, more residential users (on average 84-85%) compared with non-residential users (57%) are paying more per 1000 gallons than non-residential users. This skews the cost per gallon per user to the high end, with the lowest water users paying the most per 1000 gallons. For example, if a residential user only uses 2,000 gallons, the cost per 1000 gallons is $21.00.

At the previous rate and allotment schedule, the cost per 1000 at the base rate was as follows:

Residential users (9000 gallons for $42.00) = $4.67 per 1000 gallons

Non-residential users (4000 gallons for $36.75) = $9.19 per 1000 gallons

School District (16,000 gallons for $97) = $6.06 per 1000 gallons

With the October 2018 ordinance, the cost per 1000 at the base rate is as follows:

Residential users (7000 gallons for $42.00) = $6.00 per 1000 gallons (graduated increases combined with decreased base allocation to 6000 gallons through 2023 get to eventual cost per 1000 of $10.50).

Non-residential users (4000 gallons for $42) = $10.50 per 1000 gallons

School District (10,000 gallons for $97) = $9.70 per 1000 gallons

28. However, the statement in the 2019.05.22 TC Memo on Water Rates you sent me on June 5th, page 19 is as follows *"The rates charged in 2018 were determined many years ago at a cost of $3.00 per 1000 gallons of treated water."* That is really surprising, because the town actually received $11.72 (or $8.54 if you want to look at it that way) per 1000 gallons in 2017. So, far above the $3 mentioned cost.

    This is an oversimplification of the rates in averaging all users. You could look at the income and expenses to be flat like this and identify the average cost of water to be distributed amongst all users; however, this approach does not accommodate that most users are actually paying more

than the "cost of water" per 1000 gallons with a significant minority users, who are the highest demand users and the higher users that the water system needs to be designed to accommodate, paying much less than the cost of water. Under the old rate structure these high demand users were paying somewhere between just $1 - $6/ 1000 gallons used over the base allotment. The vast majority of residential users 84-85% on average) have been paying the most per 1000 gallons of water.

Prior to December 2018, customers were billed as follows:

Residential users were billed at $42/9000 gallons and then $1/1000 (9000-18,000 gal), $2.50/1000 (18,000 – 26,000) and $6/1000 (>26,000 gallons). Non-residential was $3/1000 (4-10,000 gal) and $4/1000 (over 10,000 gallons)

29. On page 7 of that same document, it is stated *"The current rate structure does not cover the cost of treatment and delivery"*. However, given the above analysis, that statement is false. It looks to me that the logic the town used was something to the effect of
    - The cost to produce water is $10.42 per 1000 gallons (so far that seems a true statement)
    - Our old water rates are based on a cost of $3 per 1000 gallons (might or might not be true, but it is actually irrelevant)
    - Therefore, we need to raise our water rates (false conclusion, as the cost of water is more than covered with the old rate structure)

This is a simplistic summary that does not fully describe the inputs, the process or the complications and nuances of setting utility rates. One goal of the restructuring of rates in 2018 was water conservation by decreasing the base allotment for residential users and charging more than the cost of water for usage over the base allotment. Where the old rate structure didn't necessarily discourage higher water use, and encouraged at least using the base allotment of 9,000 gallons, or even 18,000 gallons, to pay the least per 1000 gallons. In addition, with the majority of users using less than the base allotment, the old rate structure penalized low-water users as they pay significantly more per gallon with lower water usage.

At the current base rates ($42 for residential and non-residential) and for all users (~660 tap and 720 users) the town would collect approximately $350,000 in base fees. (This is an estimate with many variables). This is less than what is needed to operate the utility (near term average annual estimate of expenses at $475,000) and not provide any revenues for reserved funds for emergencies, capital outlays and capital projects.

For capital improvements and capital outlays, the Town currently has ~$2,768,750 in estimated expenses on the 5-year plan and another $3,248,333 on the 5-10 year plan and $1,040,000 on the 10+ year plan.

At the end of 2019, the Town is budgeted to have approximately $450,274 in reserved funds.

1. If we use an estimated, average annual expenditure of ~$475,000 for each year over the next 5 years (which is conservative even with retiring debt in the next 5 years); and
2. We have a goal of having 12 months of reserves in the fund balance, which is ~$475,000; and

3. Funds for capital improvements/outlays over the next 5 years of ~$1,566,250 (total improvements of $2,768,750, assumes the town will need to provide $1,566,250 of that amount (with the remaining $1,202,500 covered by grant/loan funds)
4. Of the $1,566,250 cash needed from the town, 15% ($234,938) of these funds will come from tap fees, which is conservative considering the last 5 years (2015-2019 est.) had revenues of $294,148, and the 5 years prior (2010-2014) to that had tap fee revenues of $89,750; and
5. User fees make up the difference in revenues needed ($1,331,313) to be divided over 5 years = $266,263 (amongst 720 units/users = ~$31 per month per user); and
6. This does not include the additional $4,288,333 for capital improvements and outlays in the 5-10 and 10+ year plan, which will need to be accommodated and collected in future years; and
7. Using 2020 as an example year: $25,000 (fund balance/reserves gap) + $475,000 (operating funding) + $266,263 (CIP/Outlay funds/5 years) = $766,263 total revenues needed in 2020; therefore
8. Making some assumptions, the rate structure in the Oct 2018 ordinance would generate revenues of $639,084.

Graphs and Charts:

FIGURE 1: WATER TAP FEE REVENUES

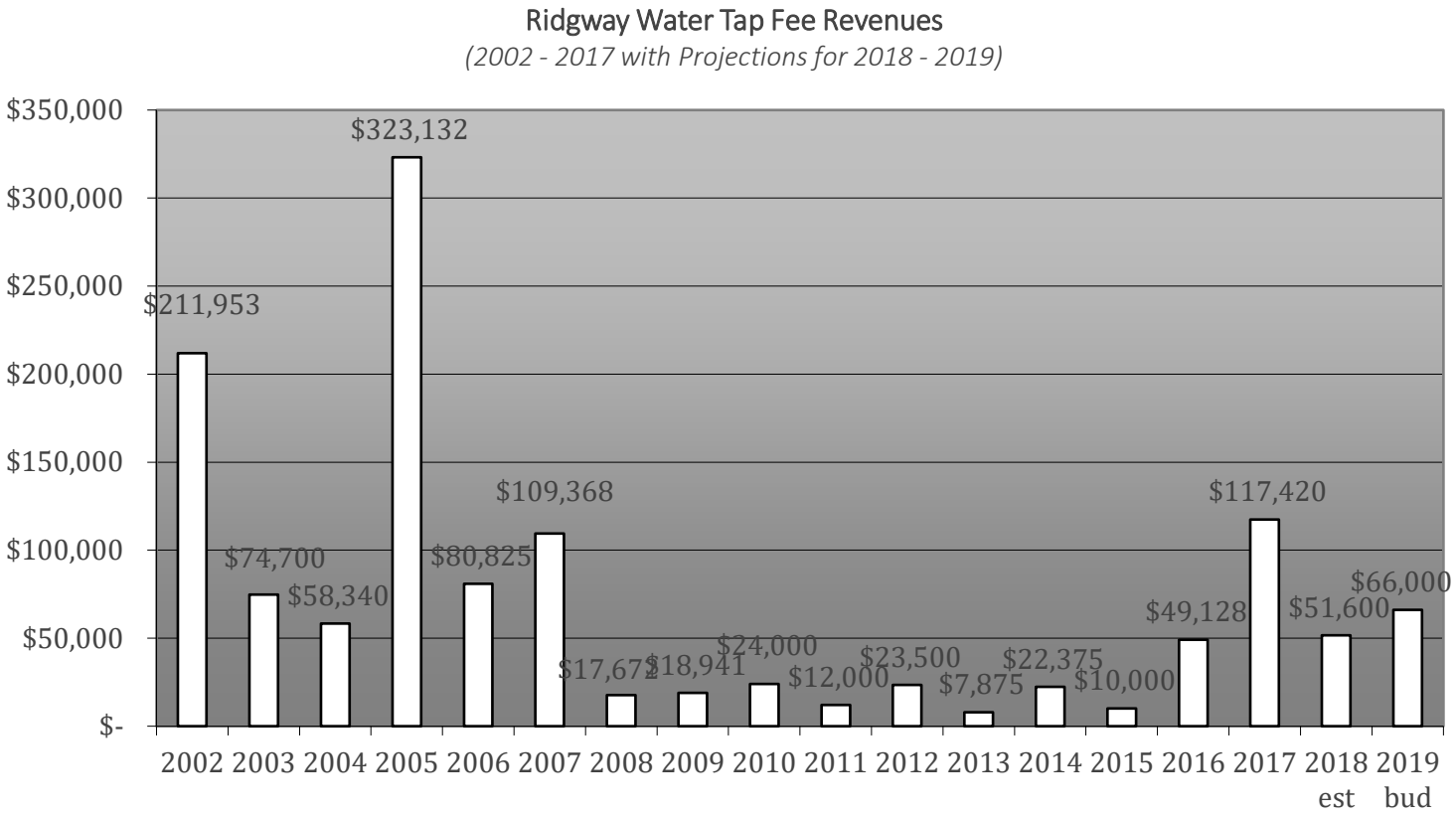


FIGURE 2: 2019 Water Fund Expenditures

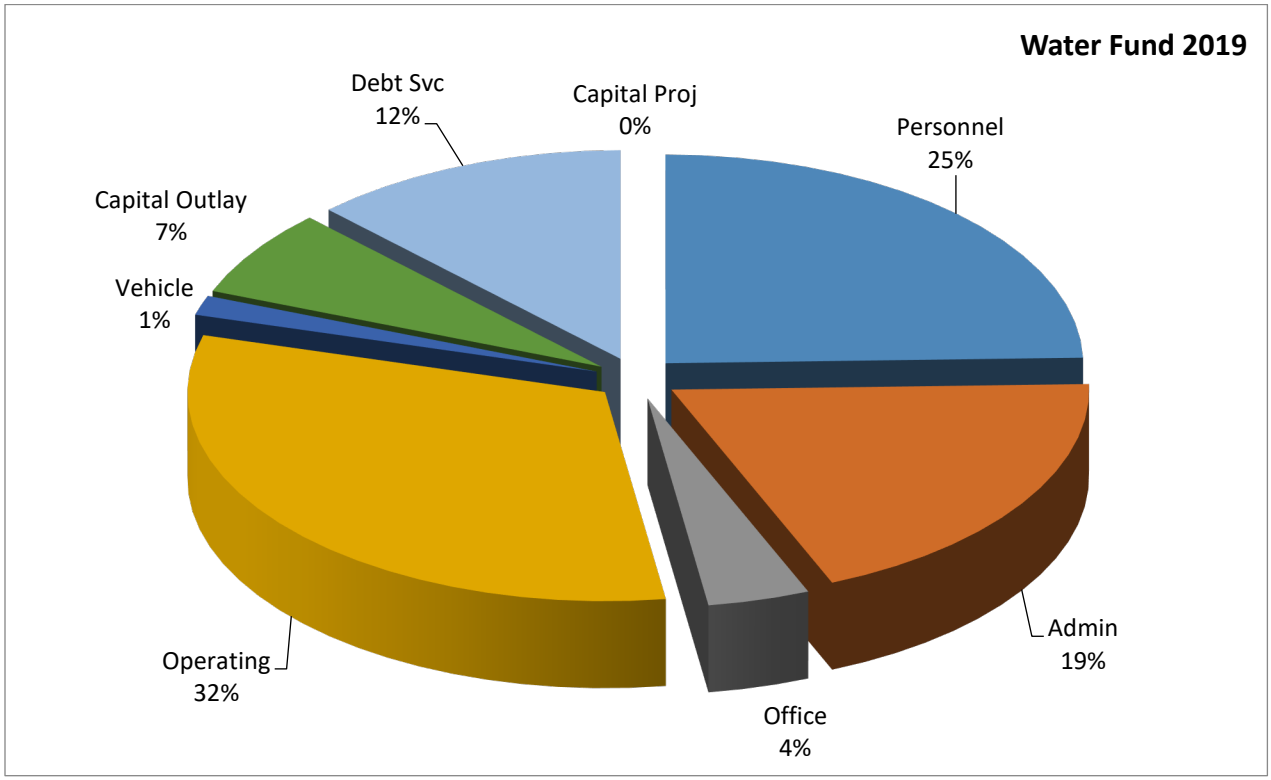
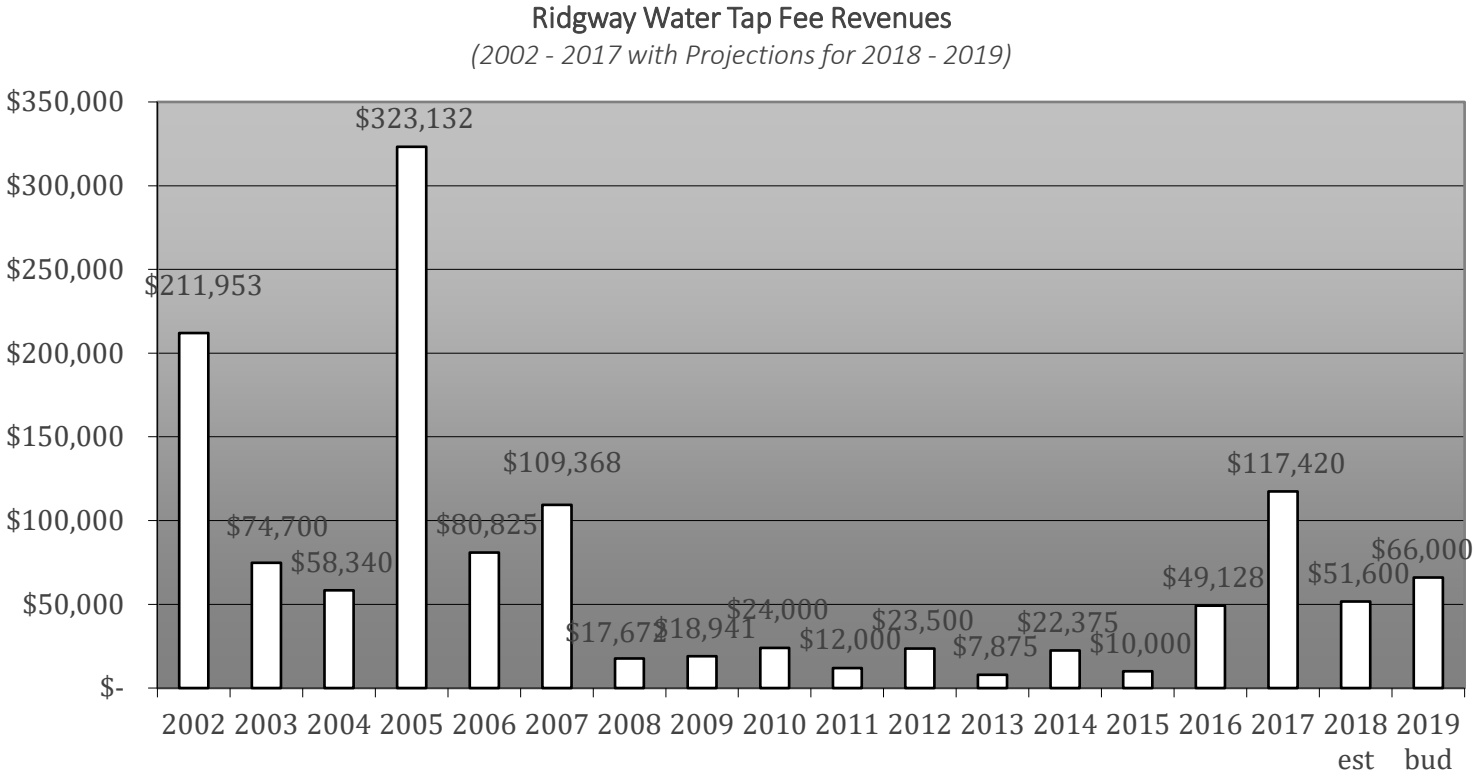


FIGURE 3: Water Fund Tap Fee Revenues



EXHIBITS:

EXHIBIT A: Water Rate Analysis for $10.50 per 1000 gallons

EXHIBIT B: Plaindealer article on Tri-County Water Conservancy District

EXHIBIT C: Water Enterprise Fund Debt Repayment Schedule

EXHIBIT D: Water Fund Capital Projects and Capital Outlay Plan

EXHIBIT E: Water Wasting Ordinance

WATER ENTERPRISE FUND							
		2017	2018	AS OF	ESTIMATED	2019	Est. Avg.
		ACTUAL	ADOPTED	8/1/2018	YR. END 2018	ADOPTED	Costs
			BUDGET			BUDGET	est in 2018
	BEGINNING FUND BALANCE	**445,369**	**433,514**		**502,482**	**524,581**	
ACCOUNT#							
460WOO	Water Service Charges	400,463	410,000	246,263	415,000	514,380	400,000
461WOO	Penalty Fees on Water Charges	3,210	3,000	1,840	3,500	3,000	3,000
462WOO	Transfer fees - water	1,010	1,000	341	560	750	1,000
464WOO	Material/Labor Reimbursement - water	24,064	20,000	9,705	11,500	20,000	20,000
463WOO	Tap Fees - water	117,420	60,000	32,600	51,600	66,000	60,000
465WOO	Other - water	100	12,500	0	0	37,500	12,500
456WOO	Investment Income/Desgn Reserves	3,076	2,900	3,969	7,500	4,500	1,800
	TOTAL WATER FUND REVENUES	**549,343**	**509,400**	**294,718**	**489,660**	**646,130**	**498,300**
	TOTAL AVAILABLE RESOURCES	**994,712**	**942,914**	**294,718**	**992,142**	**1,170,711**	**498,300**
	EXPENDITURES						
	PERSONNEL						
900WOO	Water Wages	130,129	134,750	75,295	124,351	121,170	134,750
905WOO	Water - Seasonal Wages	2,499	3,600	900	2,400	3,600	3,600
901WOO	Employer Tax Expense	9,443	10,584	5,468	9,696	9,545	10,584
902WOO	Health Insurance	25,060	25,110	13,986	21,504	25,785	25,110
903WOO	Retirement Fund	5,198	5,300	2,549	4,318	4,847	5,300
904WOO	Workers Compensation Insurance	3,394	6,116	6,116	6,116	5,225	6,116
	ADMINISTRATIVE EXPENSE						
920WOO	Insurance (Property & Casualty)	6,144	6,653	709	6,653	7,403	6,653
921WOO	Workshops & Training	468	6,000	608	1,000	2,500	6,000
919WOO	Wellness Program	1,479	1,750	721	1,400	1,650	1,750
914WOO	Consulting & Engineering Services	3,177	46,900	1,529	28,000	90,500	0
917WOO	IT Services	195	2,000	353	850	846	2,000
912WOO	Auditing Services	3,000	3,000	0	3,000	3,000	3,000
911WOO	Legal Services	833	5,000	752	2,500	25,000	5,000
918WOO	Permits - water	310	1,650	0	1,650	1,650	1,650
	OFFICE EXPENSE						
913WOO	Office - misc	2,052	5,000	937	2,000	2,500	4,000
915WOO	Dues & Memberships	353	400	97	250	400	400
916WOO	Filing Fees/Recording Costs	63	100	198	225	200	100
942WOO	Utilities	9,016	12,000	5,616	10,000	12,000	12,000
943WOO	Telephone	2,127	2,300	1,227	2,250	2,450	2,300
930WOO	Computer	3,164	2,800	2,034	3,280	317	2,800
941WOO	Office Supplies	720	2,000	571	1,250	2,000	1,750
947WOO	Records Management	89	250	48	150	250	250
948WOO	Office Equipment - Leases	500	500	240	500	500	500
949WOO	Office Equipment - Maint & Repairs	200	250	200	200	250	250
951WOO	Postage - water	1,499	2,000	1,296	2,000	2,000	2,000
952WOO	GIS Mapping - water	4,119	8,000	3,063	8,000	4,500	3,000
	OPERATING EXPENSE						
931WOO	Maintenance & Repairs	98,737	95,000	8,572	51,000	155,000	50,000
932WOO	Supplies & Materials	13,641	20,000	6,604	18,500	10,000	18,000
933WOO	Tools	1,024	1,500	0	500	1,000	1,500
988WOO	Taps & Meters	12,573	15,000	16,189	20,000	20,000	15,000
989WOO	Plant Expenses - water	19,800	22,000	11,550	22,000	22,000	22,000
934WOO	Safety Equipment	832	1,600	373	500	1,600	1,600
990WOO	Testing - water	5,063	4,500	2,878	4,500	4,500	4,500
987WOO	Weed Control	1,338	1,000	0	0	5,000	1,000
928WOO	Other - water	157	550	175	250	550	550
	VEHICLE EXPENSE						
960WOO	Gas & Oil	4,136	4,500	2,682	4,500	4,500	4,500
961WOO	Vehicle & Equipment Maint & Repair	1,560	6,500	1,861	4,500	6,000	6,500

WATER ENTERPRISE FUND							
		2017	2018	AS OF	ESTIMATED	2019	Est. Avg.
		ACTUAL	ADOPTED	8/1/2018	YR. END 2018	ADOPTED	Costs
			BUDGET			BUDGET	est in 2018
	CAPITAL OUTLAY						
971WOO	Office Equipment Purchase	553	500	0	0	500	1,000
972WOO	Equipment Purchase	0	38,333	5,255	5,255	46,250	15,000
	DEBT SERVICE						
991WOO	Equipment Leases - CAT Equipment	6,342	4,729	4,729	4,729		4,729
997WOO	Debt Service - CWCB (1)	7,571	7,571	7,571	7,571	7,571	7,571
992WOO	Debt Service - DOLA	9,795	9,795	0	9,795	9,795	9,795
993WOO	Debt Service - CWRPDA	22,500	22,500	11,250	22,500	22,500	22,500
994WOO	Debt Service - Bank of Colorado	17,160	17,000	521	17,000	14,665	17,000
998WOO	Debt Service - CWCB (2)	30,917	30,918	0	30,918	30,918	30,918
	TOTAL WATER FUND EXPENDITURES	**468,930**	**597,509**	**204,723**	**467,561**	**692,437**	**474,526**
TRANSFER CAPITAL PROJECT - Lake Otonowanda Renovation							
TRANSFER CAPITAL PROJECT - Line Extension-RAMP Proj		23,300					
	TOTAL TRANS. TO CAPITAL PROJECTS	**23,300**					
	Retirement & Severance Payout		8,000	0	**0**	8,000	4,000
	Emergency Reserves		20,000	0	**0**	20,000	10,000
	ENDING WATER FUND BALANCE	**502,482**	**317,405**		**524,581**	**450,274**	**488,526**
Water Sold 2017 (000's gal)		46,873					
water sold not varied much in last several yrs							
Cost per 1000		**$ 10.00**			**$ 9.98**	**$ 14.77**	**$ 10.42**

OURAY COUNTY
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SINCE 1877

Ridgway principal leaves behind legacy

P3

Weehawken, Sherbino offer art aplenty

Inside

Donation puts Ouray PD in focus

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CITY OF OURAY

Flood worries center on debris

BY MIKE WIGGINS
mike@ouraynews.com

Ouray city leaders reiterated this week they're confident that chances are slim this year's deep snowpack will lead to significant flooding.

But they are concerned that debris from multiple avalanches this winter will create blockages above the city that, if not addressed, could unleash torrents of water on homes and businesses.

That's why city crews are removing trees, boulders and other debris — and asking residents to keep an eye on areas around town where buildup could create trouble.

Interim City Administrator Justin Perry emphasized during Monday's City Council meeting that conversations with the Colorado Office of Emergency Management, the Colorado Water Conservation Board and the National Weather Service have led him to believe that while there's a good chance the Uncompahgre River could reach bankful stage this summer, it's unlikely it will overflow. The forecast for the next month isn't calling for a spike in daytime temperatures that would quickly push downstream snowmelt that has stayed locked up in the San Juan Mountains unusually late this spring.

DEBRIS 11

Rescue training gets a lift

Ouray Mountain Rescue Team, Alpine Rescue Team and Custer County Search and Rescue conducted rescue training north of Ouray on May 31. The Colorado Army National Guard sent two helicopters to assist in the daylong exercise.
Plaindealer photo by Mike Wiggins

TOWN OF RIDGWAY

Tri-County water not an easy fix for Ridgway

Manager: Delivery from Montrose pricey

BY ERIN MCINTYRE
erin@ouraynews.com

Sourcing water from a neighboring water district isn't an easy fix for the Town of Ridgway's expensive water situation, despite claims from business owners frustrated with the town's commercial water rates.

Questions about whether Ridgway could just have water provided by Tri-County Conservancy District surfaced at a council workshop meeting on water rates held May 22. More than a dozen business owners attended the meeting, telling council members they couldn't sustain the exponential water rates and feared they couldn't afford the increased costs of water as summer approaches and tourists arrive. The new water-rate structure, which charges business accounts more as they consume more water, went into effect in January.

During the meeting, Adam Dubroff, managing partner of Ridgway Lodge & Suites, questioned why the town hasn't pursued cheaper water provided by Tri-County and stated some of the water district's customers near Ridgway are paying just over $5 per 1,000 gallons. The town of Ridgway has determined its cost of treating and delivering water is $10.50 per 1,000 gallons and cited costs as a reason to raise rates and stop subsidizing the cost of water treatment and delivery.

Though having Tri-County Conservancy District provide the town of Ridgway with water is an option, it's one that hasn't been formally pursued yet, according to Mike Berry, the district's manager. The district's treatment plant is near Miami Road and U.S. Highway 50, east of Montrose, and the cost of treating and transporting the water almost 30 miles away, uphill, is unknown at this time.

"To serve the town of Ridgway would take consideration all the way from Ridgway all the way back to the water treatment plant," said Berry. "It's not just as simple as hooking a hose up to the side of a house."

The costs of providing water to Ridgway would also have to consider the condition of the distribution system, peak demands and the capacity of the treatment plant among other things, and would require board approval, Berry said. Typically water districts charge tap fees for any customers who want to hook onto the system and use those fees for infrastructure. It would be no different in this case, Berry said, and someone would need to pay for it.

"The town of Ridgway would essentially have to pay a tap fee to hook up to the system," he said. "Everybody in the town of Ridgway would have to pay a tap fee."

Though some of Tri-County's customers near Ridgway are paying as little as $5.40 per 1,000 gallons, with an additional $8 fee per month, no one should assume that would be the cost of delivering water to all of the town's customers if Tri-County considered taking on that responsibility, Berry said.

Tri-County's customers pay varying amounts for water, depending on the topographical challenges in pumping the

WATER 11

DEBRIS

FROM P1

City officials, though, are wary of avalanche debris clogging the seven drainages and two concrete flumes that funnel water into and out of the city. Specifically, Perry cited County Road 361, Harris Bridge and the upper Uncompahgre River as areas of concern.

"We are really on high alert," he said. "We have a full (state) emergency management team that will be here to assist if we need it."

City resident Greg Nelson noted that rebar sticking out of the Portland flume west of Main Street occasionally catches debris.

Flows in the Uncompahgre near Ouray have picked up speed in the last week. After muddling along below 200 cubic feet per second through the end of May, the river current exceeded 700 cfs on Monday, according to the U.S. Geological Survey. The peak stream flow since 2001 was 1,620 on June 5, 2010.

The river historically peaks in Ouray in the first 11 days of June, according to the USGS, but the river is expected to reach its high point later this year. That's because as of Monday, statewide snowpack levels had soared to 539 percent of their season-to-date average, according to the Natural Resources Conservation Service. Here in southwest Colorado, they're even higher — a nearly unheard-of 1,093 percent of average for the San Miguel, Dolores, Animas and San Juan river basins and 825 percent of average for the Gunnison River Basin.

City officials have set up two self-serve sandbagging stations along the river — one across Oak Street from the city shop and another near the restrooms on the north end of Oak. A total of 2,500 sandbags were available as of the end of last week.

Perry encouraged residents to call 911 if they see a dangerous or threatening situation, particularly with debris creating obstructions.

"We all need to be very diligent in looking for these debris areas and choke points where debris might build up," he said.

> **"We all need to be very diligent in looking for these debris areas and choke points where debris might build up."**
>
> **Interim City Administrator Justin Perry**

The city of Ouray has set up two public, self-serve sandbagging stations along Oak Street in the event the Uncompahgre River overflows its banks this summer. This station is located across the street from the city shop.

Plaindealer photo by Mike Wiggins

Short-term rentals

The number of citizens who showed up to discuss the amount of fees the city intends to charge applicants to register short-term rental housing — and how they'll spend that money — demonstrates how controversial the topic remains two weeks after the council adopted an ordinance to regulate the growing industry but held off on instituting a cap on the number that can be permitted.

The council had been slated to debate a potential fee schedule on Monday. City staff late last week delayed that discussion until June 17. Eight people still stood up Monday to weigh in.

Residents on both sides of the issue have weighed in extensively since the city tasked a citizen committee with examining the impacts of short-term rentals nearly two years ago. Supporters say a limit is necessary to avoid driving up home prices and pushing out full-time residents, while opponents argue it will harm property values and prevent people who eventually want to live here full-time from building in the first place.

Resident Don Wild encouraged city councilors to make sure whatever decision they make about short-term rentals is in the best interests of the community, not individual people or individual business owners.

"What I'm concerned with is we think this cap is going to solve our long-term rental issues," he said. "It's not even going to come close."

Greg Nelson said while he hasn't seen either side present relevant evidence to support its argument, he believes there "has to be a sweet spot" when it comes to a possible cap.

"We need to take some of the emotion out of this, some of the hot-headedness out of this," he said.

Community Development Coordinator Chris Hawkins said the fee that's initially been discussed is a $500 application fee, with a $250 annual renewal fee, but emphasized that no decision has been made.

Broadband

Clearnetworx owner Doug Seacat approached the council about allowing his company to install new fiberoptic cable on utility poles to extend internet access to more homes and businesses in town. Current city ordinance prohibits that sort of arrangement.

"It helps reduce costs," Seacat said of using existing San Miguel Power Association power poles rather than digging underground. "We want to stay underground downtown, but as we move further out off Main Street, we want to use the poles."

Councilors agreed to consider an ordinance amendment at a future meeting.

Composting

At the request of Councilor Dawn Glanc, city staff will create an informal survey to gauge the interest of city residents and business owners in a potential city-wide composting program.

Noting that the town of Ophir began a community composting program last year, Glanc said she wanted to solicit public feedback about a similar idea in Ouray. She said she's spoken with some restaurant owners who are interested in participating and suggested a site could be located at the city's new wastewater treatment plant, once it's built.

WATER

FROM P1

water up to their taps. Tri-County, which formed in 1957, serves some customers in the area south of Ridgway Reservoir and others on the north side of Log Hill Mesa, and has about 7,600 taps on its system. The district delivers water to customers along more than 600 miles of pipeline.

Some customers who live higher in elevation pay more for their water, due to the energy required to pump the water uphill to their taps. This network of pumping stations along the delivery lines and the amount of water being moved uphill factors into the cost, Berry said.

Having Tri-County provide water for the town isn't impossible, but it's not a quick fix, Berry said.

"It's not going to be done this month, this year, it might not even be done this decade," he said.

The town has budgeted for an emergency connection off County Road 12, to connect Tri-County and Ridgway water lines in case of emergency or drought, something that has been discussed for years. However, Tri-County's board of directors hasn't approved an emergency services agreement and Berry said even if the connection is built, it's not a means to serve all of Ridgway's water customers.

Tri-County's board is open to discussing the possibility of providing water to the town's customers, Berry said, but it's going to take longer than some might anticipate to figure out what kind of price tag comes with that proposal.

"Those discussions could get pretty complicated, pretty quick," said Berry. "I think what everybody needs to understand is, it's not a simple subject."

EXHIBIT C: Water Enterprise Fund Debt Repayment Schedule

General obligation

Water Refunding Bonds Series 2009 Private Placement with the Montrose Bank:

The Town refinanced their G.O. bonds with Capmark Finance, Inc. with the Montrose Bank. Total refinanced amount was $ 119,000, due in annual installments of $ 9,000 in 2010; increasing to $14,000 in 2018, with a final payment of $ 14,000 in 2019, plus interest @ 4.750% per annum. Final payment is 2019.

Revenue bonds and contracts include:

$ 175,000 contract payable to Colorado Water Conservation Board in annual installments of $ 7,571 including interest at 3% per annum, payable from the water fund. Final payment Is 2020.

EIA loan in 2006 payable to the Department of Local Affairs. Total original amount of $100,000 due in annual installments of $ 9,794.80 starting on September l, 2007, with an annual interest rate of 5%. Final payment is 2021.

Loan payable to Colorado Water Resources and Power Development Authority. Total original amount of $ 450,000 in semi-yearly amounts of $ 11,250, starting on November 1, 2010 with an annual interest rate of 0%. Final payment is 2030.

Loan payable to Colorado Water Conservation Board. Total original amount of $ 606,000 annual amount of $30,917.67, starting on January l, 2016 with an annual interest rale of 3%. Final payment is 2046.

Equipment Lease

CAT Backhoe annual payments of $6342 per annum.

Fund	Project Description	Total Estimated Cost ($)	Budget Line Item	Outlay or Project?	Timeline		Budgeted Town Cash ($)	Grant Funds
Water Enterprise Fund	Backup generator for Water Plant	$75,000	931W00	Project	Current		$60,000	$15,000
Water Enterprise Fund	Dump Truck (total $90k split with 3 funds)	$30,000	972W00	Outlay	Current		$30,000	$0
Water Enterprise Fund	Pick up for Public Works (split 2 funds)	$12,500	972W00	Outlay	Current		$12,500	$0
Water Enterprise Fund	Geotechnical Consulting	$30,000	914W00	Outlay	Current		$30,000	$0
Water Enterprise Fund	Water Supply Analysis	$40,000	914W00	Project	Current		$40,000	$0
Water Enterprise Fund	Water System Interconnection	$58,000	931W00	Project	Current		$20,500	$37,500
Water Enterprise Fund	Water Meter Testing and Accuracy	$10,000	931W00	Project	Current		$10,000	$0
Water Enterprise Fund	Water Meter at Water Tanks	$10,000	931W00	Project	Current		$10,000	$0
Water Enterprise Fund	Surge and lightning protection	$7,500		Project	Current		$7,500	$0
Water Enterprise Fund	Presed pond sediment removal and disposal (annually)	$5,000		Outlay	Current		$5,000	$0
Water Enterprise Fund	Control aquatic nuisance vegetation in presed. Ponds (annually)	$5,000		Outlay	Current		$5,000	$0
Water Enterprise Fund	Monitor sediment accumulation in backwash pond (annually)	$5,000		Outlay	Current		$5,000	$0
Water Enterprise Fund	Valve exercise and directional flushing - annual	no cost		Outlay	Current		$0	$0
Water Enterprise Fund	Flow measurement improvements at Happy Hollow	$5,000		Outlay	Current		$5,000	$0
Water Enterprise Fund	IT: Computer and Server Replacements (split 3 funds)	$11,250		Outlay	5-Year CIP		$11,250	$0
Water Enterprise Fund	3rd Filter Train for Water Treatment	$500,000		Project	5-Year CIP		$250,000	$250,000
Water Enterprise Fund	Water Utility Augmentation: increase reliable water supply	$750,000		Project	5-Year CIP	Y	$375,000	$375,000
Water Enterprise Fund	Water Modules for Treatment Plant - Q7-8 yrs	$80,000		Project	5-Year CIP		$80,000	$0
Water Enterprise Fund	Water Conservation Plan / Basin Protection Implementation	$25,000		Project	5-Year CIP		$15,000	$10,000
Water Enterprise Fund	Fencing for Water Treatment Plant	$30,000		Project	5-Year CIP		$30,000	$0
Water Enterprise Fund	Video Inspection Transmission Lines	$57,500		Outlay	5-Year CIP		$57,500	$0
Water Enterprise Fund	Piping changes at presed ponds	$10,000		Project	5-Year CIP		$10,000	$0

Water Enterprise Fund	Water plant controls upgrade	$25,000	Project	5-Year CIP		$25,000	$0
Water Enterprise Fund	Extend water mains downtown as needed	$135,000	Project	5-Year CIP		$67,500	$67,500
Water Enterprise Fund	2nd River Crossing	$100,000	Project	5-Year CIP		$50,000	$50,000
Water Enterprise Fund	Increase storage east of the Uncompahgre River	$750,000	Project	5-Year CIP		$375,000	$375,000
Water Enterprise Fund	Lake O - investigate potential seepage and evaporation, and address it (potentially line the reservoir)	$30,000	Outlay	5-Year CIP		$30,000	$0
Water Enterprise Fund	Determine if the lease option is the best for generating ClO2	$5,000	Outlay	5-Year CIP		$5,000	$0
Water Enterprise Fund	Determine if ClO2 is the best option for taste, odor, color control	$5,000	Outlay	5-Year CIP		$5,000	$0
Water Enterprise Fund	Thorough inspection of roof and I beams for older water tank	$10,000	Outlay	5-Year CIP		$10,000	$0
Water Enterprise Fund	Relocate customers in the main pressure zone with very low pressure in the upper pressure zone	$50,000	Project	5-Year CIP		$50,000	$0
Water Enterprise Fund	Inspect tanks for corrosion and address as needed	$10,000	Outlay	5-Year CIP		$10,000	$0
Water Enterprise Fund	Hydrant and valve replacement (in saline areas) as needed	$15,000	Outlay	5-Year CIP		$15,000	$0
Water Enterprise Fund	Meter replacement as needed, consider "smart" meters for high users	$150,000	Outlay	5-Year CIP		$75,000	$75,000
Water Enterprise Fund	Ball valve issues, as needed	$20,000	Outlay	5-Year CIP		$20,000	$0
Water Enterprise Fund	Water Storage Tank Painting (will be needed around 2029)	$300,000	Project	10-Year CIP	Y	$300,000	$0
Water Enterprise Fund	Water Collection System - Pipe parts of Ridgway Ditch / Headgate Work	$1,500,000	Project	10-Year CIP	Y	$750,000	$750,000
Water Enterprise Fund	Presedimentation Ponds Improvements and Piping	$100,000	Project	10-Year CIP		$50,000	$50,000
Water Enterprise Fund	Pump replacement at water plant	$20,000	Project	10-Year CIP		$20,000	$0
Water Enterprise Fund	Vacuum Truck (split 3 funds); small unit at $220,000 total	$73,333	Outlay	10-Year CIP		$73,333	$0

Water Enterprise Fund	Increase capacity by the Lake outfall - 400' of 12" line. (Longer term may need to increase pipe size in flatter sections of the ditch).	$45,000	Project	10-Year CIP		$45,000	$0
Water Enterprise Fund	Micro Hydro Feasibility and Construction	$1,000,000	Project	10-Year CIP	Y	$500,000	$500,000
Water Enterprise Fund	Check and replace air vac valves on transmission lines as needed	$10,000	Outlay	10-Year CIP		$10,000	$0
Water Enterprise Fund	Blower and Compressor Upgrades	$40,000	Outlay	10-Year CIP		$40,000	$0
Water Enterprise Fund	Fiber connection to water treatment plant	$130,000	Project	10-Year CIP		$65,000	$65,000
Water Enterprise Fund	Develop hydraulic model of distribution system (part of GIS?)	$30,000	Outlay	10-Year CIP		$30,000	$0
Water Enterprise Fund	Chlorine room at water plant	$40,000	Project	10+		$40,000	$0
Water Enterprise Fund	Plan for and expand water treatment plant	$1,000,000	Project	10+	Y	$500,000	$500,000

Ordinance No. 18-05

AN EMERGENCY ORDINANCE OF THE TOWN OF RIDGWAY, COLORADO AMENDING THE RIDGWAY MUNICIPAL CODE TO PROVIDE A NEW SECTION TO CHAPTER 9-1 ADDING A DEFINITION FOR WATER WASTING, CREATING WATER WASTING REGULATIONS ASSOCIATED WITH MANDATORY WATER RESTRICTIONS AND AUGMENTING ENFORCEMENT PROVISIONS FOR WATER WASTING

WHEREAS, The Town of Ridgway (the "Town") is a legally created, established, organized and existing Colorado municipal corporation under the provisions of Article XX of the Constitution of the State of Colorado and the home rule charter of the Town (the "Charter"); and

WHEREAS, The Town is governed by its Home Rule Charter ("Charter") as authorized by Article XX § 6 of the Colorado Constitution; and

WHEREAS, The Town Council has the authority, pursuant to Article III, Section 3-8 of the Charter, to enact emergency ordinances for the preservation of the public peace, safety, or welfare upon the affirmative vote of six members of the Town Council; and

WHEREAS, the water supply for the Town of Ridgway is a precious, valuable and critical resource for the Ridgway community; and

WHEREAS, the Town of Ridgway, State of Colorado and the United States have seen periods of drought that significantly impact the local water supply, threatening the health, safety and welfare of our communities; and

WHEREAS, the Town Council desires to be proactive in communicating with the Ridgway community and water users of town-supplied water regarding the water conservation efforts that will be employed and the timing of such water restrictions; and

WHEREAS, the Town Council desires to conserve water in times of need to insure effective and safe delivery of water to the Ridgway community during all times, including in times of restricted or limited water supply and drought; and

WHEREAS, the Town Council desires to expeditiously enforce water wasting when water leaks are detected; and

WHEREAS, the Town of Ridgway Municipal Code Section 2-4 currently provides for Administrative Enforcement of the Ridgway Municipal Code including issuance of Notices of Violation and Citations for violations of the Ridgway Municipal Code including violations of Chapter 9 Section 2, with penalties assessed from $150 for the first citation and up to $999 for the third violation.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF RIDGWAY, COLORADO as follows:

SECTION 1.
Section 9-1-1 DEFINITIONS, is amended to include a definition for Water Wasting as follows:

* * *

WATER WASTING: Town water, whether it be treated or untreated, shall be used only for beneficial use and shall not be wasted.

* * *

SECTION 2.
Section 9-1-20 WATER SERVICE SHUT-OFF Subsection (B) is hereby amended to read as follows:

* * *

(B) Prior to shutting off the water, the Town shall send a notice to the customer at his address as shown on Town records, stating the reason for the shut-off of service and the date upon which the service may be shut-off, unless the charges are paid or other specified violation is corrected. Such date shall be at least 10 days after the deposit of the letter giving notice of shut-off in the U.S. Mail. However, during the enactment of Stage 3 or Stage 4 of Ridgway's Water Conservation and Management Plan and/or when Section 9-1-28 Water Wasting is being enforced by the Town, the Town shall notify the customer in the most expedient manner possible including but not limited to: email, hand-delivery, telephone call, or other method effective to put the customer on notice of the leak, and the customer shall remedy, stop or repair the leak within 48 hours of notification or the water may be shut-off.

* * *

SECTION 3.
Section 9-1-28 WATER WASTING is hereby added to the Ridgway Municipal Code as follows:

(A) Water Wasting is always discouraged; however, during the enactment of Stage 3 or Stage 4 of Ridgway's Water Conservation and Management Plan, Water Wasting is prohibited. The Town or a representative code enforcer can determine an action to be Water Wasting at their discretion if the action matches the Water Wasting Definition found in Section 9-1-1. Water wasting includes but is not limited to the following actions:

(1) Allowing water to spray or overflow onto sidewalks, driveways, streets, drainages or any hard surface.

(2) Washing outdoor impermeable surfaces (i.e. driveways, walks, patios, etc.) with a hose or spray nozzle.

(3) Washing of vehicles or recreational equipment.

(4) Failing to notify the Town of a known water leak or needed repair in the Town's distribution system or water supply system within 72 hours of discovery.

(5) Operating ornamental water features

(6) Failure to fix a leak downstream of the customer's meter within 48 hours of notification by the Town.

(B) Exceptions to Section 9-1-28(A) or the Water Wasting definition include the following:

(1) In cases where public health or safety is a concern.

(2) The installation, repair or maintenance of a water supply system when the operator or maintenance personal are present.

* * *

SECTION 3.

Effective Date and Duration. Pursuant to Article III, Section 3-8 of the Charter, this Ordinance shall be effective immediately upon adoption, as it is necessary for the immediate preservation of the public health and safety of the citizens of the Town for the reasons recited herein.

SECTION 4.

Publication of Notice. Pursuant to Article III, Section 3-8 of the Charter, the Town Clerk shall publish this Ordinance by title upon adoption by the Town Council.

SECTION 5.

Severability. The provisions of this Ordinance are severable, and the invalidity of any section, phrase, clause or portion of this Ordinance as determined by a court of competent jurisdiction shall not affect the validity or effectiveness of the remainder of this Ordinance.

INTRODUCED, READ, HEARD and FINALLY ADOPTED before the Town Council of the Town of Ridgway, Colorado on the 12th day of September, 2018.

TOWN OF RIDGWAY, COLORADO, A HOME-RULE MUNICIPALITY

By _____
John Clark, Mayor

ATTEST:

_____
Pam Kraft, MMC, Town Clerk

Approved As to Form:

_____
BO JAMES NERLIN, Town Attorney

CERTIFICATE OF TOWN CLERK

The foregoing Ordinance was published by title and posted thereafter, and adopted by the Ridgway Town Council on September 12th, 2018.

(SEAL)

_____
Pam Kraft, MMC, Town Clerk