



## PRESS RELEASE

July 26, 2016

In support of the Town of Monuments' ongoing efforts to be transparent on all issues concerning the recent water rate adjustment a few months ago, the Town is providing a summary of a recent water workshop held at the LPSD #38 Admin building on June 20<sup>th</sup>, 2016. The information provided below is a summary of that meeting which was presented by the Town's Water Engineer.

### **Follow-up from June 20 Monument Water Meeting**

The Town continues to provide safe and reliable water service, while also planning for future needs. To help our valued customers gain an appreciation for what that entails, we conducted a meeting on June 20 covering a broad range of topics: statewide water issues, Monument's existing system, operation of that system, planned upgrades, and costs allocated to different revenue sources. That can be a lot to take in during a single meeting (particularly one interrupted by power loss and concluded under emergency lighting). We want to follow up by clarifying a few topics raised during that meeting:

- Future projects are identified in the Town's Water Master Plan, and are necessary to: (1) maintain the existing system; (2) upgrade the system to stay compliant with regulations; and (3) address future challenges such as the Town's reliance on a diminishing water supply. The Water Master Plan was carefully reviewed by the Town staff, and approved by the Board of Trustees in 2014. The Plan provides a conceptual "roadmap" for what lies ahead.
- At any one time, the Town has water projects in various stages of planning, design, and construction. Each project is carefully vetted through a review and approval process for each stage of project development. Larger, more costly projects require the Board's authorization at more stages, and all projects are ultimately overseen by the Board with delegation of day-to-day management to staff.
- As one example, the Town staff is now reviewing a draft of the Water Reuse Plan. In final form, that Plan must be adopted by the Board before the Town moves forward with any engineering or construction work. As each engineering and construction contract is developed, it must be approved by the Board. The staff will then report to the Board on progress throughout the project duration.
- The Town has developed a 10-year capital improvements plan (CIP), based on the Water Master Plan. Only the first 5 years' of projects identified in the 10-year CIP are referenced in the rate and fee analysis. Those near-term projects have at least some conceptual level of planning and estimated costs. Projects beyond 5 years are subject to greater uncertainty—both for timing and costs. The rate and fee study shows the current year budget and projections for the next 5 years. There is an estimated \$10.76 M in funding for 2016 through 2021. Table 1 shows the portion of projects funded by customer rates, the 2A Fund, and impact fees (paid by new development).

| Funding Source  |              | Estimated Project Costs Funded 2016-2021 |
|---|--------------|--|
| Projects Funded by Rates  | Financing    | \$451,600                                |
|   | Direct Costs | \$1,932,000                              |
| Projects Funded by 2A Fund (Water Acquisition, Storage, and Delivery) | Financing    | \$2,560,200                              |
|   | Direct Costs | \$1,110,200                              |
| Projects Funded by Impact Fees  | Financing    | \$3,129,200                              |
|   | Direct Costs | \$1,576,800                              |
| <b>Total</b>  |              | <b>\$10,760,000</b>                      |

Projects that benefit existing customers, regardless of whether any growth occurs – essentially consisting of maintenance and repair upgrades to the existing system – are funded by rates.

The 2A Fund is only permitted for use in funding new water acquisition, storage and delivery. Projects related to those functions are planned expenditures from the 2A Fund. But it should be noted that the 2A Fund must also pay for the purchase of water rights and those costs are not included in the CIP.

Projects that benefit new development – those that expand the capacity of the water system to handle new customers – are funded by the impact fees.

Planning and design costs, as well as some relatively lower costs to construct improvements, are planned as direct costs. Construction of larger, costlier projects that provide significant long-term benefits are financed over 20 – 30 years.

- In response to a series of questions about the Town’s long-term water supply and project planning, a sum of \$44 million dollars was discussed in the public meeting. Some then suggested that this conceptual cost will drive near-term rate and fee adjustments. That is not the case. The projects discussed as part of that sum would serve the Town’s growing needs for 20 – 30 years. The revenue to support those projects would also be developed over that period of 20 – 30 years, and from a larger customer base considering projected growth into the future.

**The Town’s project planning will often be updated to meet regulatory, maintenance and capacity needs. Continuing to defer known project needs due to a lack of funding, could, at some point, compromise the Town’s ability to provide reliable water service.**

If you have questions or concerns, please feel free to contact me at [ttharnish@tomgov.org](mailto:ttharnish@tomgov.org).

Sincerely,  
Thomas A. Tharnish  
Director of Public Works