

## Proposed Rural Domestic Water Supply System

### Frequently Asked Questions

#### 1. Signing Up, the \$500 Commitment and Incentives

##### 1.1. How do I make the \$500 commitment?

By May 15<sup>th</sup>, checks should be mailed, along with the signed commitment, to P.O. Box 631, Durango, CO, 81302. Make checks payable to LPWWA; these funds will be held in a separate bank account and used for payment of initial project costs.

You may pay in installments of \$175 each, due on May 15, June 15 and July 15.

A copy of your signed commitment and check will be mailed to you for your records.

##### 1.2. Can residents still sign up after May 15<sup>th</sup>?

Yes. However, due to the need to design the system based on initial users, the initial deadline is set at May 15. If you do not participate in the initial offering, the system design will not include your property and you will, therefore, be considered a future user (see below).

##### 1.3. How much will the tap cost increase if I do not sign up initially?

The cost increase in tap fees for future users will likely be substantial. LPWWA cannot provide precise numbers until commitments are received and engineering is completed. It also will depend on when, in the future, you wish to purchase a tap. For reference, the Montezuma Water Company (serving rural areas of Montezuma County) initially sold taps for \$125 in 1968; currently, tap costs \$5,000.

##### 1.4 What if I cannot purchase the tap after I've made the commitment?

Your \$500 will not be refunded if the system is accessible to your parcel and you do not to purchase a tap.

The conditions under which the \$500 will be refunded are as follows:

- LPWWA is unsuccessful in securing USDA funding, or
- The tap fee is determined to exceed \$15,000, or the monthly user fee is determined by the LPWWA board to be excessive. LPWWA is committed to bringing this project to you at the best price possible, or
- Your location is considered cost prohibitive and is not included in the initial build out plans, and you elect to not acquire the tap for use elsewhere within the service area.

##### 1.5 Will there be financial assistance available for purchasing the tap?

LPWWA will work to provide financing opportunities for initial users, however these will not be determined until the system design and cost estimates are complete.

The USDA's 504 Housing Improvement & Repair Loan/Grant program can be used to pay for tap fees and connection to the system. This program offers loans of up to \$20,000 at 1% interest for up to 20 years. If you are over 62 years of age, you may be eligible to receive a grant of up to \$7,500. To be eligible for the loan, applicants must qualify for the USDA's criteria for 'very low income' (which includes land assets). Interested individuals should call the USDA Rural Development Office at: 970-565-8416 and ask to discuss the 504 loan program.

### 1.6 What are the Boards by-laws, policies and rules? Is this commitment the final contract?

When the project has been approved for funding and more information is available from the preliminary engineering and financing, LPWWA will finalize its by-laws and policies. At that time, you will be provided with a User Agreement that will clearly define terms of service.

## 2. **Future User Costs for the Water Supply System**

### 2.1. Who pays the cost of connecting my home to the system?

Individuals will be responsible for the cost of the “meter pit” which likely will include the meter, check valve, pressure regulator and remote read-out. It is anticipated that the “meter pit” will cost approximately \$600. LPWWA has not finalized its policy on meter pits at this time but anticipates using a policy very similar to Montezuma Water Company, which states the following:

A meter pit contains a meter, an angle stop, a check valve and a pressure regulator, and a remote readout. An outlet pipe extends from the meter pit approximately ten feet onto the members’ property... The meter pit and its contents are the property of Montezuma Water Company and shall be accessible at all times. Tampering with a meter pit subjects the member to fines and additional charges...

### 2.2. If I make the \$500 commitment now, when will I have to pay the tap fee?

Individuals that sign up now are required to pay the tap fee when water is available (i.e. when the system is complete and ready to operate); future financing options may be available for initial users. LPWWA cannot determine at this time when the system will be operable at your location, but an estimated minimum time is two years from receipt of the USDA funding.

### 2.3. When will I have to begin paying monthly base rates?

Once your tap fee is due (see above), monthly base rates will also be applied. Vacant land owners as well as residents will be required to pay the tap fee and base rates at that time. You will not be required to connect to the system and receive water until you so choose.

Note: The monthly base rate covers the system fixed operation and maintenance and debt service. It does not include the fee for the water that you use; this cost will be charged on top of the base rate and will depend on how much water you use.

### 2.4 What if, when the system is designed, the distribution lines do not go to my home?

If the engineering based on initial user commitments determines that it is not economically feasible for LPWWA to run distribution lines to your home, you have the following options:

- Receive a refund of the \$500 and do not participate in the system.
- LPWWA will be happy to work with you in the future.
- You and your neighbors may elect to fund the cost of extending distribution lines and additional system components (i.e. pump stations), as necessary, to your residences.

### 3. Taps per Home, Taps per parcel

#### 3.1. Can I use one tap for more than one home?

One tap is limited to serving one home, even if the homes are on the same parcel.

However, LPWWA will offer 'subscriptions' that can add an accessory unit to the existing tap, if they are on the same parcel and belong to the same owner. Subscription costs will be equal to half of a tap fee; the monthly base rate for subscriptions will be the same as the base rate for a tap. If the unit served by the subscription should be separated in the future to a different parcel or sold to a different owner, it must be made into a full separate tap by paying the remaining half tap fee.

LPWWA has not finalized the policy on 'subscriptions' but intends to model it closely on the Montezuma Water Company policy, which is as follows:

A second dwelling (may be a rental) unit on the same subdivision of land may be represented by a subscription attached to the Membership instead of a second Membership. A subscription cannot be sold or transferred separate from the membership. A subscription may be upgraded to a membership by application and payment of the difference in current membership fees and the subscription fee already paid.

#### 3.2. Can I buy a tap for a vacant parcel?

Yes. You may buy as many taps as you choose.

Please keep in mind that a tap does NOT create a right to develop or subdivide; this is determined by the County's Land Use Code. The current land use code for the Fort Lewis Mesa Planning District is 1 home per 35 acres or a 2 homes per 40 acres when utilizing conservation cluster design.

If you make this initial \$500 commitment and intend to buy a tap for vacant land, keep in mind that you will be required to pay the tap fee and base rate when the water supply is available (see questions 2.2 & 2.3).

#### 3.3 Is my tap transferable?

Your tap may be sold or transferred to a location within the system that has adequate capacity. Your tap may also be inherited or sold with your property.

#### 4. Wells

##### 4.1. Can I continue to use my well and not connect to the system?

Yes! All existing wells are 'grandfathered in' and will not be affected if you choose not to participate in the water supply system.

##### 4.2. Can I continue to use my well for non-domestic purposes and connect to the system?

Yes! If your well does not connect to any of the plumbing that is served by the water supply system, it will not be affected. Any existing conditions on your well permit would still apply. You may continue to use your well for irrigation, livestock and other purposes if there is no connection to the water supply system.

##### 4.3. Can I continue use my well for domestic purposes and connect to the system?

Yes! You may continue to use your well and connect to the system, but state health department regulations require that you must install, maintain and monitor backflow prevention equipment. These costs may be significant over time. Also, any existing conditions on your well permit would still apply.

##### 4.4. Can I still drill a new well for domestic purposes?

Probably. La Plata County requires that you connect to a water supply system if it is within 400 feet of your property. The Colorado Division of Water Resources may require that the water supply Authority (i.e. LPWWA) provide a Letter of Exemption to a property owner within the service area that wishes to receive an exempt well permit. Those applying from a non-exempt well permit also may be encouraged to obtain a Letter of Exemption from LPWWA.

Because the La Plata River basin (and thus most of the potential LPWWA service area) is designated as 'water-critical', the Colorado Division of Water Resources has restrictions on issuing well permits, as follows:

- Non-exempt (i.e. fee) well permits will not be issued without a Plan for Augmentation
- If a parcel is 35 acres or more:
  - Exempt well permit for domestic uses will be issued for
    - Less than 15 gpm
    - Domestic uses = "serve up to three single-family dwellings, irrigate one acre or less of lawn and garden, and provide water for the individual's domestic animals and livestock"
  - Only one well per 35 acre lot
- If a parcel is less than 35 acres
  - If the parcel is older than 1972 an exempt permit will be issued for household uses only (i.e. indoor use for one single-family dwelling) for 15 gpm or less
  - If the parcel is newer than 1972, no well permit will be issued without a Plan for Augmentation

If you have further questions regarding well permits, please contact the Colorado Division of Water Resources office at (970) 247-1845.

## 5. Non-Residential Water Service (Fill Stations and Commercial Taps)

### 5.1. Will there be Fill Stations built into the system?

The LPWWA Board supports the concept of including fill stations on the system in order to provide a local source for people that cannot get delivery of water to their homes at this time. The fee stations will be fee-based (charge per gallon). More information on potential fill stations will be developed with the preliminary engineering, once the residential tap commitments are received.

### 5.2. What if I want to purchase water for commercial use?

Commercial uses include all uses that are not for a residence. This may be a school, business, mobile home park or other enterprise. Like residential users, commercial customers must make a commitment and deposit by May 15<sup>th</sup>. Commercial users will be sold a larger volume of water than residential users; a commercial water use rate will be developed before the system is finalized. Anyone interested in purchasing a commercial tap should contact LPWWA for more information.