

RURAL DOMESTIC WATER SUPPLY SYSTEM – REQUEST FOR WATER USER COMMITMENTS

April 9, 2010

Dear Western La Plata County Landowner and Neighbor:

As a result of recent events, a rural domestic water supply system may be possible through stimulus funding administered by the USDA Rural Development Program. La Plata West Water Authority (LPWWA) believes this is a ‘once in a lifetime’ opportunity and is likely the only viable opportunity to finance a domestic water system that will service a significant portion of our community. We are competing for this funding against other national projects, on a first come first served basis. Due to the fast approaching deadlines and the detailed application process, we need you to respond to this letter as soon as possible. **The deadline for your commitment is May 15, 2010. Time is of the essence.**

To pursue this funding and to design an appropriate system for the area, we must receive signed commitments, with deposits from you and other residents. These commitments and deposits will be used to determine the location and feasibility of distribution lines. The area that can be potentially served by the water system is between Mayday and the state line, and from the Animas La Plata Reservoir to the Montezuma County line.

BACKGROUND

As most of you know, the Animas La Plata Reservoir (aka ALP or Lake Nighthorse) was recently completed, after being in the discussion phase for well over a half century. ALP no longer has irrigation water, but we are still authorized to have domestic water for our families. The LPWWA board, a group of local volunteers, is pleased to inform you that the \$5.6 million dollar intake structure in the ALP reservoir was completed in July 2009. This structure will be used to provide water for this project, if we can obtain funding for the treatment facility and delivery infrastructure.

The USDA will only finance projects that deliver domestic water to committed users. Utilizing your commitments, the cost size and scope of the system will be determined by the preliminary engineering, environmental study, and financing. To the extent possible, the system will use gravity flow to deliver water.

YOUR WATER USER COMMITMENT

For the application, we must obtain monetary commitments from those interested in owning a tap. The commitment fee is \$500 per tap (see the attached financial details for further explanation of the fee).

The commitment fee serves several purposes, including:

- Documenting the level of interest and commitment of the community that will be served by the system.
- Determining the system construction cost as well as operations and maintenance costs that can be supported.
- Determining preliminary design and cost estimates for the project based on committed property owners.

OTHER RELEVANT INFORMATION

- Existing wells can continue to be used. If you choose to connect both your well and your tap to your house you will need to install a backflow prevention system from the well connection that is regularly inspected, per state health department requirements.
- Per Colorado Division of Water Resource rules, future home builders or subdivisions in the service area will be required to connect to the LPWWA system or receive a letter of exemption from LPWWA in order to drill a well.
- The expectation is that one tap will serve one home.
- Taps may be used to water a yard, garden, and for domestic animals. It will be the users' responsibility to pay for water volume used.
- A tap ownership does not create a right to develop or subdivide, nor does it guarantee the issuance of a building permit. County land use regulations must be met and development proposals must be approved by the Board of County Commissioners. The advisory Fort Lewis Mesa plan suggests density one home per 35 acres or two homes per 40 base densities when utilizing conservation cluster design.
- Your tap may be sold, or transferred to a location within the system that has adequate capacity.

ESTIMATED TAP FEES

It is impossible to determine the total system cost and operating costs without knowing the number and location of property owners that want domestic water service. Tap fees are not anticipated to exceed \$15,000 for those that respond by May 15, 2010. Final tap costs will be determined by location, interest and signed commitments from all property owners in the area. Compared to a typical well drilling cost of \$15,000 with no guarantee of quality or quantity, the tap fee appears very reasonable. Some domestic well owners spent up to an additional \$15,000 for a water treatment system to obtain drinkable water. The tap fee will be due when the water is delivered to your property, which is estimated to be a minimum of two years from now.

Funding assistance for tap fees may be available in the form of loans and grants, based on age and income. Contact a LPWWA board member or advisory board member for information.

COMMUNITY INFORMATION SESSIONS

We realize that we are asking you to make a big decision in a relatively short period of time. Our families are making the same decisions. The LPWWA has set up **three open houses at the Fort Lewis Mesa School** to provide more information and respond to questions (Babysitting will be available at all open houses). The dates for these meetings are:

- **Tuesday, April 20 at 7-10pm**
- **Saturday, May 1 at 10am-1pm**
- **Thursday, May 6 at 7-10pm**

In closing, we ask that you sincerely consider this opportunity. Please feel free to contact any board member or advisory board members with any questions or comments.

As you can see, we have a lot to accomplish! There is a limited window of opportunity to secure these Federal funds. Determining the number and location of taps is a critical first step in completing the preliminary engineering and USDA application.

WHAT LPWWA NEEDS TO HOLD YOUR TAP

- 1. The signed ‘Financial details and Water User Commitment’ which is attached to this letter**
- 2. The deposit of \$500 per tap**
- 3. Commitment received by May 15, 2010**

Thank you for your time and consideration.

Sincerely,

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FINANCIAL DETAILS AND WATER USER COMMITMENT

FOR PROPERTY OWNERS WHO MAKE A COMMITMENT NOW

- As an incentive for your timely response, you will have the opportunity to purchase a tap at the lowest price.
- Your tap may be sold, or transferred to a location within the system that has adequate capacity.
- The \$500 per tap commitment fee will be held in a separate bank account and used for payment of initial project costs.
- To assist in affording the commitment, LPWWA will accept three monthly payments (made May 15, June 15 and July 15) of \$175 each.
- If and when the LPWWA system has been determined feasible and the project has received USDA funding approval, LPWWA will provide you with a user agreement which is a legal contract that will be a commitment to water service.
- When service is available at your property, you will be required to make full payment of your tap fee.
- Contact Board members or advisory board members about low interest loans and possibly grants that may be available for the purchase of taps. Funds and assistance may be available based income and age.
- Depending on community participation and density, construction of and service to all locations may not be feasible.
- **This user commitment and \$500 deposit per tap must be received by May 15, 2010** to enable project design engineering, environmental and federal agency reviews necessary for the USDA application.
 - Sign below and make checks payable to LPWWA;
 - Mail to PO Box 631, Durango, CO 81302
 - A receipt and copy of your signed commitment will be sent to you within 15 days.

REFUNDING OF COMMITMENT FEE

Your commitment fee will be refunded within 30 days if:

- 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. We are 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.

FOR THOSE UNABLE TO MAKE A COMMITMENT NOW OR IF PRELIMINARY ENGINEERING DETERMINE YOUR LOCATION IS OUTSIDE OF THE INITIAL SERVICE AREA

- LPWWA will be happy to work with you in the future.
- If you live in an area that is not adjacent to our distribution lines, you and your neighbors may elect to fund the cost of extending distribution lines to your residences.

FINANCIAL DETAILS AND WATER USER COMMITMENT

Please sign below to indicate that you understand the conditions of this commitment and intend to purchase a tap and water service if and when it is available.

If you would like to purchase more than one tap, please include all relevant parcel numbers and appropriate fees.

Signature

Spouse or Co-Owner

Date

Date

Printed name

Printed name

Mailing Address

Email

Phone

Parcel Number for Tap(s)
(From your tax receipt)
