

RESOLUTION NO. 2018-2

A RESOLUTION ESTABLISHING RATES, FEES AND CHARGES FOR THE LAKE DURANGO WATER AUTHORITY.

WHEREAS, the Lake Durango Water Authority (the "Authority"), is a governmental entity and political subdivision of the State of Colorado, duly organized and operating under the constitution and laws of the State, including particularly §29-1-204.2, C.R.S.; and

WHEREAS, the Authority was formed pursuant to statute and by contract dated as of December 18, 2007, and amended as of July 14, 2009 (the "Establishing Contract"), between Durango West Metropolitan District No. 1, Durango West Metropolitan District No. 2, and La Plata County, Colorado (collectively, the "Contracting Parties"); and

WHEREAS, the Authority has acquired from the Lake Durango Water Company, Inc., certain water rights, properties and facilities for the diversion, storage, treatment, transmission, distribution, and provision of water in the Lake Durango service area (the "Water System"); and

WHEREAS, the acquisition of the Water System was made pursuant to a Memorandum of Agreement between the Lake Durango Water Company, Inc. and its owner as Sellers and customer representatives as Buyers (the "MOA"); and

WHEREAS, a Water Rate and Fee Study was completed in October 2011 establishing equitable rates and fees for all customer classes which are updated annually; and

WHEREAS, the Water Rate and Fee Study determined Water System and Water Resource Tap Fees based on buy-in to Authority fixed assets, Animas-La Plata raw water pipeline construction project costs and Animas-La Plata water purchase costs. The Water System and Water Resource Tap Fees have been updated to account for changes in fixed assets, total pipeline project costs and water purchase costs; and

WHEREAS, the Board has also determined that an acquisition surcharge and water royalty charge should be assessed as required by the MOA; and

WHEREAS, the Board has the authority pursuant to the Rules and Regulations previously adopted to establish rates, fees and charges and adopt water use restrictions. Capitalized terms not otherwise defined in this resolution shall have the meaning set forth in the Rules and Regulations.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LAKE DURANGO WATER AUTHORITY:

1. **Customers and Classes of Service.** The Customer shall mean one class of service furnished to an individual or corporation at a single address or locations. A single request for

service cannot apply to different locations. A single request cannot cover more than one meter. There shall be four classes of service: Residential, Residential ADU, Bulk, and Commercial A.

- A. Residential Customers shall mean all customers who receive water service from the Authority at their personal dwelling used for residential purposes for domestic general household purposes in a space occupied as living quarters, typically designed for occupancy by one family. Service includes, but is not limited to the following separately metered units: single private residence, single apartment, mobile home, low income housing unit, individually metered low income housing paid by a housing authority, and individually metered employee housing paid by the government or business entity.
- B. Residential ADU Customers shall mean all Residential Customers who receive water service from the Authority for an additional dwelling unit using the same Residential tap to be used for residential purposes for domestic general household purposes in a space occupied as living quarters, typically designed for occupancy by up to one family.
- C. Bulk Customers shall mean one of the three consolidated areas currently served by the Authority: Durango West Metropolitan District No. 1 (DW1), Durango West Metropolitan District No. 2 (DW2) and La Plata Vista, plus such other wholesale customers to which the Authority in the future may offer bulk or wholesale arrangements.
- D. Commercial A Customers Taps shall be equivalent to a Residential Retail Tap and subject to all of the existing rules, regulations, and fees as a Retail Residential Tap.

2. **Rates.** Effective January 15, 2018 the rates for service shall be as follows:

A. Retail Customers. Minimum monthly charge for water service is a \$27.34 Monthly Fixed Charge and commodity charges as follows:

(1) FIRST	6,000 Gallons	\$ 6.69/1000 Gallons
NEXT	6,000 Gallons	\$10.72/1000 Gallons
NEXT	6,000 Gallons	\$26.80 /1000 Gallons
NEXT	6,000 Gallons	\$53.60/1000 Gallons
	Everything over & above 24,000 Gallons	\$80.41/1000 Gallons

(2) If an Authority ratepayer or occupant during any monthly period has consumed an amount of water in excess of normal seasonal usage because of a verified leak that could not reasonably have been detected or other unknown loss of water, the ratepayer may petition the Board to have premium fees reduced. Each residence may have premiums credited only once in a three year period.

B. Retail ADU Customers. Monthly charge for water service is a \$13.67 Monthly Fixed Charge in addition to the Retail Customer Monthly Fixed Charge.

C. Bulk Customers. The minimum Monthly Fixed Charge for Bulk Customers shall be Durango West Metropolitan District No. 1 - \$1,817.31, Durango West Metropolitan District No. 2 - \$3,089.09 and La Plata Vista HOA - \$244.92, and Commodity charges for Bulk Customers shall be as follows:

(1)	Durango West Metropolitan District No.1	
	FIRST 6,000 Gallons	\$ 3.46/1000 Gallons*
	NEXT 6,000 Gallons	\$ 4.33/1000 Gallons ⁺
	NEXT 6,000 Gallons	\$21.21/1000 Gallons
	NEXT 6,000 Gallons	\$44.77/1000 Gallons
	Everything over & above 24,000 gallons	\$68.34/1000 Gallons
	Durango West Metropolitan District No.2	
	FIRST 6,000 Gallons	\$ 4.31/1000 Gallons*
	NEXT 6,000 Gallons	\$ 5.37/1000 Gallons ⁺
	NEXT 6,000 Gallons	\$26.38/1000 Gallons
	NEXT 6,000 Gallons	\$55.68/1000 Gallons
	Everything over & above 24,000 gallons	\$85.00/1000 Gallons
	La Plata Vista HOA	
	FIRST 6,000 Gallons	\$ 5.26/1000 Gallons*
	NEXT 6,000 Gallons	\$ 6.56/1000 Gallons ⁺
	NEXT 6,000 Gallons	\$32.20/1000 Gallons
	NEXT 6,000 Gallons	\$67.97/1000 Gallons
	Everything over & above 24,000 gallons	\$103.74/1000 Gallons

For each Bulk Customer the First 6,000 Gallon Commodity charges are applied to all consumption by each Bulk Customer each month up to an amount (hereafter called "Base Consumption") equal to 6,000 gallons times the number of taps. Each succeeding level shall be calculated in the same manner.

(2) Bulk Customers bill individual customers within their respective district or HOA and are responsible for individual billing disputes.

D. Water Royalty Charge. All water sales will be assessed a water royalty charge as follows:

- (1) July 16, 2016 through July 15, 2017 - \$1.4094/1,000 gallons.
- (2) Beginning on July 16, 2017, the water royalty rate per one thousand gallons shall be subject to an annual adjustment, not to exceed three percent per year, at a rate which is one percent less than the CPI index as determined by the Denver-Boulder-Greeley index.

E. Acquisition and Capital Investment Surcharge. All owners of Committed Taps shall pay a monthly acquisition surcharge of \$15.00.

F. Miscellaneous Charges:

- (1) Late payment penalty active taps - \$10.00 after 10 days
- (2) Late payment penalty inactive taps - \$1.50 after 10 days
- (3) Water disconnect fee - \$30.00 plus actual expenses
- (4) Water Reconnect fee - \$50.00 plus actual expenses
- (5) Tap Ownership Transfer Fee - \$100.00

3. **Water System and Water Resource Tap Fees.**

Water System and Water Resource Tap Fees are as follows:

Residential 5/8" x 3/4" meter	\$14,000
Residential ADU	\$7,000
Bulk	\$9,983
Commercial A	\$14,000

A single service connection may supply both a Residential and Residential ADU. If water usage for the combined Residential and Residential ADU exceeds an annual monthly average of 9,000 gallons a full residential tap will be required for the ADU.

5. **Water Use Restrictions.** The Authority shall implement water restrictions by stage based on water levels of the Lake Durango Reservoir and available volume from Lake Nighthorse as follows:

Combined Lake Durango Reservoir Level (acre feet) and Lake Nighthorse Supply	Stages of Restriction
800 or more	No Restriction
650-799	Stage I
475-649	Stage II
250-474	Stage III
Below 250	Stage IV

(1) Stage 1: Outside watering is limited to two hours per day, two days per week (Tuesday and Friday, 7am to 9am or 7pm to 9pm). Hoses may be used but may not be left unattended without sprinkler head or control device (open running hoses may not be left unattended). Car/boat/recreational vehicle washing is not permitted. Except for livestock, no filling of tanks or ponds is permitted. Swimming pools, koi ponds, waterfalls, or any type of landscaping ponds may not be filled. Excess water will not be allowed to run down driveways, ditches, or roads. Watering potted plants with pails, buckets, or watering cans is allowed at any time.

(2) Stage 2: Outside watering is limited to two hours, one day per week (Tuesday or Friday, 7am to 9am or 7pm to 9pm). All other restrictions of Stage 1 apply.

(3) Stage 3: No outside watering is permitted. All other restrictions of Stage 1 apply.

(4) Stage 4: No outside use of water in any fashion is permitted. Limits on the inside household use of water will be implemented. Strict adherence to the limits will be required.

(5) Conservation Incentive Rates. The following "Conservation Incentive Rates" will be assessed any Retail Customer who fails to abide by the restrictions in place, as evidenced by a reasonable written verification obtained by the Authority describing the time and nature of the offense:

1 st Offense	Written Warning
2 nd Offense	\$100
3 rd Offense	\$150
Each subsequent Offense	\$200

Each day a violation occurs or continues shall be considered a separate offense.

4. **Necessity.** The Board of Directors finds that this Resolution is necessary for the preservation of the public health and safety and therefore orders that the provisions of this Resolution shall take effect immediately upon adoption.

5. **Severability.** In the event that any provision of this Resolution is declared invalid by a Court of competent jurisdiction, such finding shall have no effect upon the validity and enforceability of the remaining provisions of this Resolution.

Adopted this ____ day of _____, 2018.

LAKE DURANGO WATER AUTHORITY

Secretary or Assistant Secretary
TREASURER

By
President