

Notice of Fee Increase

October 2020 Fall News

To: Durango West #1 Homeowners
From: Board of Directors and District Manager
Re: Water Rates Increase

Dear Homeowners:

Budget time forces us to take a hard look at where the money goes. The District is short on balancing the Water Fund, needing an approximate \$15 monthly increase. However, the board wants to phase-in an increase in order to re-evaluate in summer 2021. At this time, DW1 is proposing a \$7.50 increase beginning November 30, followed by \$3.75 in July, and \$3.75 in early 2022. These 2021 & 2022 amounts could reduce, but the additional phase-in plan to meet the full \$15 is the worst case we want to disclose and as of now, plan on implementing. Next year increases beyond this \$7.50 are primarily dependent on what Lake Durango does with the \$15 acquisition fee, which will be determined with an updated rate study. Between now and summer we will know how much was spent on snow plowing, what we will need for short-term road repairs (patches & crack fill), and we'll have a full winter season of data showing how well the sewer plant performs over the first full winter since upgrades were complete. In 2017, sewer plant improvements were started so we could meet lower ammonia limits. So far, the plant numbers look very good, but cold months are more difficult and the Districts are operating under a first-time variance granted by the state in order to help financial burdens on smaller systems. There has been a nation-wide push by EPA and health departments to replace lagoons with mechanical plants; however, we are starting to see some shifts in opinions as lagoon technologies have modernized & improved. Mechanical plants can be financial nightmares for small populations. Without grants, if forced into mechanical sewer treatment, our costs would at least triple.

Over the past 10 years, DW1 fees have increased by 30.4%. Lake Durango fees have increased 35%, and DW2 sewer plant fees have increased 58.8%. Of the total \$38.00 equaling DW1's increases of 30.4%, 53% went directly to sewer treatment, leaving us with 14.4% left to cover Lake Durango's 35% increases. The math doesn't work, and the result is the hard decision to raise water rates

It's also important to understand water & sewer utilities nationwide, especially in western states, have seen larger increases than electric, gas, and cable. Water & sewer have historically been heavily supplemented by federal and state funds. If the public had to pay the true costs of water distribution & sewer treatment without help from larger government, it would almost be financially impossible without a big shift in our thinking about what we consider to be reasonable water & sewer rates. For most of the industrial age, water and sewer rates have been artificially low because of the investments our country has made into bringing clean water and sanitary conditions to most communities. Water/sewer projects qualify for 40-50 year no interest loans. Grants have been sharing the costs for decades. Lake Nighthorse is a good local example of Durango and tribe investments versus actual costs. Reductions in federal and state funds have trickled down to smaller systems. Most smaller governments & school systems have been forced to tighten their belts. The "lead in the water" crisis in Flint, Michigan has made a lasting impact on the EPA's focus toward drinking water, which is all affected by sewer discharge. It's understandable incoming and outgoing water is something most of us don't put much thought into. We don't fully appreciate water & sewer service until...a water break or sewer backup happens at your home.... Point is, the value of having infrastructure for clean water, central sewer, and paved roads is often underestimated. Small districts are not cheap to live in, but the trade-off is there when it comes to buying or selling. Mortgage lenders like the security & stability of central services. This is further enhanced when banks and appraisers see the legal structure of providing those services is a governmental entity.

There are two main expenses DW1 cannot control: Lake Durango Water Authority, and DW2. We have a board seat with 1 vote on Lake Durango, and we've established a good relationship working with DW2. Although we do have meaningful input with both entities, we are subject to paying rates they ultimately have the power to set.

We've touched on the primary reasons for raising water rates, but a longer version of this newsletter with far more detail is posted on our website: www.durangowest.org Documents such as financials, 2021 draft budget, and historical rate comparisons are also posted under *November 30 Rate Increase*. Please contact Janet Anderson, District Manager, for questions, or to request paper copies of documents.

Unrelated News...no fall clean-up in 2020 – a 2021 spring cleanup is undecided at the moment... During the height of the Covid-19 shut down, we held a spring cleanup that ended up blowing our minds & our budget. Resident participation was at an all-time high with so many people home, either off work, or working in pajamas. Feeling stir crazy, residents went to town on cleaning up junk and overgrown vegetation. It was super impressive to see how hard people worked. We were thrilled & happy... but, the costs came in over 3x higher than average. We will hold another cleanup, but exactly when in 2021 is still undecided. Anyone with individual circumstances needing help with organics disposal, please call us – no guarantees we can help, but it's worth contacting us - if we can help, we will.

Snow Season is closing in. For GOT fans... Winter is Coming!...

It's time to purchase a snow blower or replace worn out shovels, think about winter tires. We have small lots, limited parking & often more vehicles than adequately fit, leaving absolutely no room to move snow. Garages can be used for cars, too! We're looking at plowing details with a new board member who has years of experience plowing with La Plata Road & Bridge. We look forward to learning some tips and ways to make improvements. We know big storms are frustrating! Please call us before becoming too angry or reducing to tears... sometimes just some guidance or help with snow storage or an extra scoop can help a lot.

Bears Preparing to Hibernate... We've done a great job limiting bear activity by coming down hard on trash raiding & more folks are using bear proof trash bins. For everyone's safety, please don't get lax on attracting bears. We've definitely reduced the number of trash raids & bear sightings - thank you!

A Message from your Board Members About Using Facebook... DW1 does not have a Facebook page – the page people are using is not moderated by DW1, is not regularly read by DW1, and board members highly discourage staff to chime in. We don't think it is professional or appropriate to engage staff in FB, and it can be a huge time waster. Some issues require various background for perspective, and some are too complicated to sort out on social media. There are times a board member may post a quick correction of facts, but overall, the board will rarely communicate with residents by Facebook.

We also ask posters to please pause a moment to think about what you are posting. If your home were on the market, or if you were looking to buy, is what you are posting appropriate? Polite statements can still get the point across & often give more credibility to your thoughts. Thank you for considering others who may be unintentionally negatively affected by postings.

Information coming from the District will be on our website, posted up front, and/or delivered to your home.