

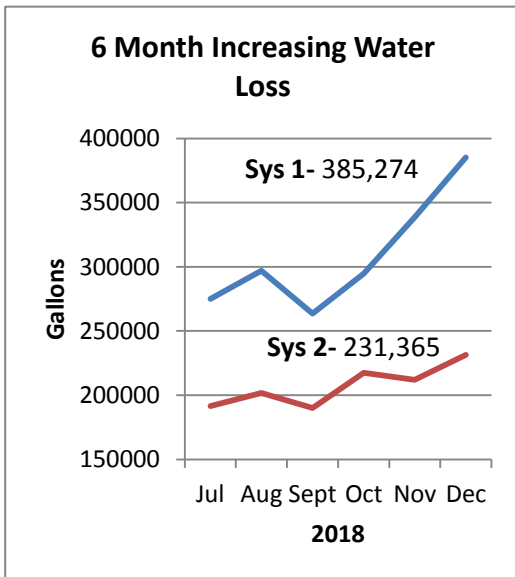
WATER BILLING Proposal

for community review and Bylaws change vote

Why?

Raise funds to fix and upgrade our water system infrastructure and sustain ongoing maintenance. We have a serious water loss problem.

6.4 million gallons of water pumped into the ground in 2018.



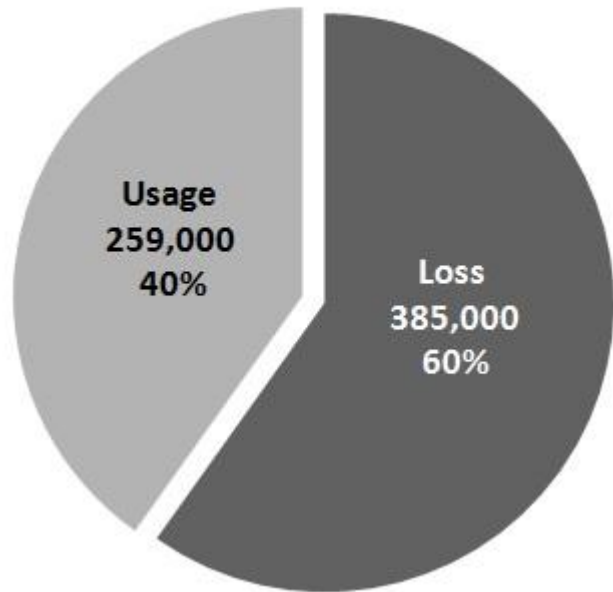
- 1/3 of our yearly water rights
- 533,000 gals./mon. - a supply for 107 households (5,000 gals./mon.)
- 60% loss rate on both systems (10-15% considered a tight system)
- Fire protection water - WASTED!
- From 2016-2018 we pumped **21,000,000** gallons into the ground.

Current Loss vs. Usage



Sys 1 -Dec. 2018

Total Gallons Pumped 643,597



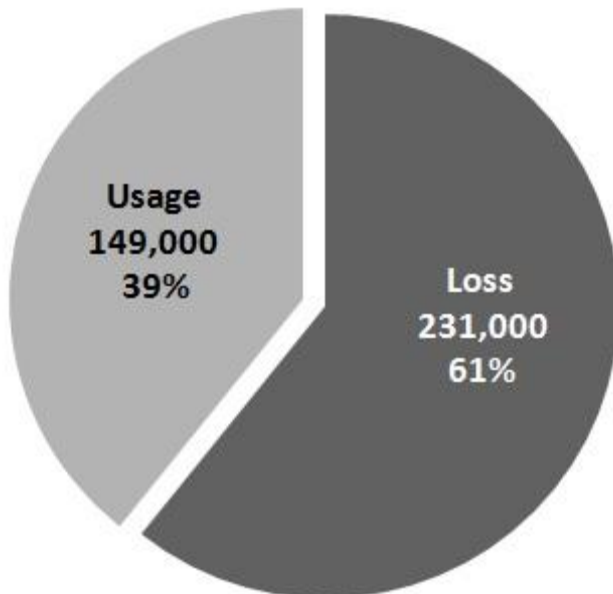
System 2 loss 2016 - 6%, now 61%

Cause - unknown.



Sys 2 - Dec. 2018

Total Gallons Pumped 380,760



Data rounded from the SLP webpage anonymous monthly water usage postings, Dec. 2018.

How much to fix/upgrade the system?

Based on minimum industry standard engineering construction costs submitted to the Board from Scott Medina, PE, (2011).

System 1

	Item Description	Unit	Qt	Unit price	Total
	60,000 On Grade, Welded Steel Reservoir	LS	1	\$ 80,000.00	\$ 80,000.00
2	Concrete Ring wall	LS	1	\$ 5,000.00	\$ 5,000.00
3	Site Grading	CY	2000	\$ 2.50	\$ 5,000.00
4	Natural Gravel Surfacing, 4" thick	SY	2000	\$ 7.00	\$ 14,000.00
5	Site Clearing and Grubbing	AC	1.00	\$ 1,500.00	\$ 1,500.00
6	2" Waterline Pie including fittings	LF	4500	\$ 12.00	\$ 54,000.00
7	4" Waterline Pie including fittings	LF	12200	\$ 16.00	\$ 195,200.00
8	2" Gate Valve	EA	10	\$ 450.00	\$ 4,500.00
9	4" Gate Valve	EA	20	\$ 900.00	\$ 18,000.00
10	2" Flush Hydrant	EA	20	\$ 1,500.00	\$ 30,000.00
11	3/4" Single Meter	EA	97	\$ 1,800.00	\$ 174,600.00
12	3/4" HDPE Waterline	LF	4850	\$ 9.25	\$ 44,862.50
13	Road Crossing w/ Steel Sleeve	LF	50	\$ 100.00	\$ 5,000.00
				Subtotal	\$ 631,662.50

System 2

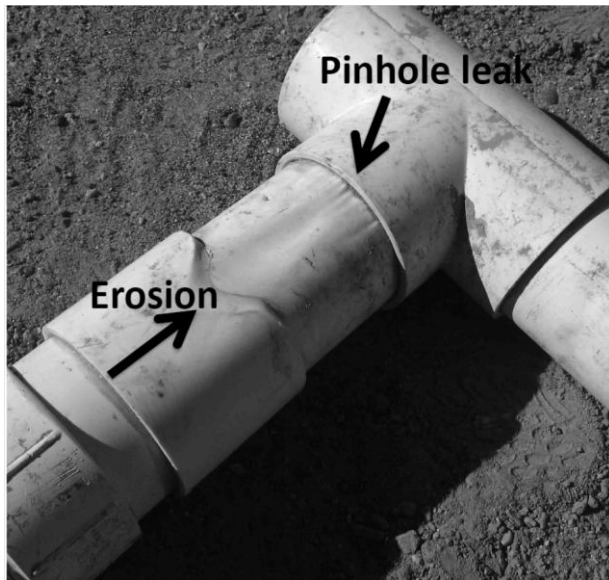
14	32,000 On Grade, Welded Steel Reservoir	LS	1	\$ 50,000.00	\$ 50,000.00
15	Concrete Ring wall	LS	1	\$ 5,000.00	\$ 5,000.00
16	Site Grading	CY	2000	\$ 2.50	\$ 5,000.00
17	Natural Gravel Surfacing , 4" thick	SY	2000	\$ 7.00	\$ 14,000.00
18	Site Clearing and Grubbing	AC	1.00	\$ 1,500.00	\$ 1,500.00
19	4" Waterline Pie including fittings	LF	12300	\$ 16.00	\$ 196,800.00
20	4" Gate Valve	EA	15	\$ 900.00	\$ 13,500.00
21	2" Flush Hydrant	EA	8	\$ 1,500.00	\$ 12,000.00
22	3/4" Single Meter	EA	52	\$ 1,800.00	\$ 93,600.00
23	3/4" HDPE Waterline	LF	2600	\$ 9.25	\$ 24,050.00
24	Road Crossing w/ Steel Sleeve	LF	50	\$ 100.00	\$ 5,000.00
25	Booster Station	LS	1	\$ 25,000.00	\$ 25,000.00
26	Construction Staking	%		1.4%	\$ 15,080.58
27	Construction Surveying	%		1.3%	\$ 14,003.00
28	Construction Mobilization	%		4.0%	\$ 43,088.84
	Construction Contin enc 10%				\$ 107,720.60
	TOTAL CONSTRUCTION COST				\$1,257,005.52
	Engineering @ 7.5%				\$89,237.00
	Legal Fees @ 0.75%				\$8,923.77
	Inspection @ 4.5%				\$53,542.60
	NMGRT 7.3125%				\$87,006.02
	PROJECT TOTAL				\$ 1,495,714.91

This estimate did not include tank(s) and construction for fire protection water storage est. - \$150,000.

*Expect prices have increased substantially.

ADDITIONAL IMPROVEMENTS

not included in engineering costs



- GIS system mapping
- SCADA remote monitoring system
- Return lines for chlorination contact time
- Fire protection water storage tank(s)
- Inline system diagnostic components
- Redesign the commingle system
- Well houses upgrades/pressure tanks
- Storage shed rebuild w/elec.
- Hire contract services (water operator) and other vendors to relieve dependence on volunteers.

Water Operator Services *(many services now delegated to the Board & volunteers)*

- Chlorination systems maintenance
- Usage monitoring and reporting and any other required water system regulatory measures required by the State of New Mexico and/or the Federal Government.
- Monthly water bio sampling and delivery of samples to a certified testing lab
- Assist the state with metals, etc. sampling on a periodic basis
- Monthly meter reading and reporting to OSE
- Weekly chlorination systems maintenance
- Monthly residual chlorine and Bac-T measurement and reporting.
- In the event of contamination, working with the appropriate State authorities
- Prepare the yearly Consumer Confidence Report (CCR).
- Conduct regular inspections of the pump houses and booster station
- Monitor tank levels via remote / web based monitoring system and site visits
- Reset pumps and monitoring equipment as needed.
- Conduct minor repairs, valve exercising, system testing, leak repairs.
- Keep activity log books at each work station and preventative maintenance logs.
- Maintain chemical inventory and parts for water system.

Proposal

BASE COST (*fixed system expenses*)– **\$450/yr.** allocated in dues.

\$70,000/155 members. (*54% of annual \$832 assessment*).

Water System Projected Yearly Costs with Water Billing

some figures based on 2018 financials

Water "operator" (\$1300/mon.-2013)-- \$2,500	\$18,000
<i>(Sampling, meter reading, CCR report, valve exercising, minor repairs)</i>	
Sampling- \$950.....	<i>(incl. water operator service)</i>
Property taxes (water system lots)	\$700
Structure insurance	\$3,000
Liability insurance	\$4,000
Accounting/billing	\$8,000
Utilities.....	\$8,000
Chemicals	?
Conservation fee.....	\$350
Level Con subscription.....	\$400
Tank inspections (every 5yrs --\$1,000/tank).....	\$1,000
System 1/2 regular maintenance/leak repair	\$10,000
Asset mgmt. replacement reserves.....	\$5,000
<i>(wells, well pumps, meters, valves, tanks, electronics)</i>	
Billing software.....	\$1,000
Upgrade software for Badger reader	?
Legal (payment enforcement)	\$10,000
LCVFD service cost.....	\$420

Usage credit should be claimed with the state (2018- 8,890 gals.)

All members pay for LCVFD base rate/usage

\$69,870

USAGE RATE - \$0.03/gallon - no tiers, no averaging.

to raise \$150,000/yr.

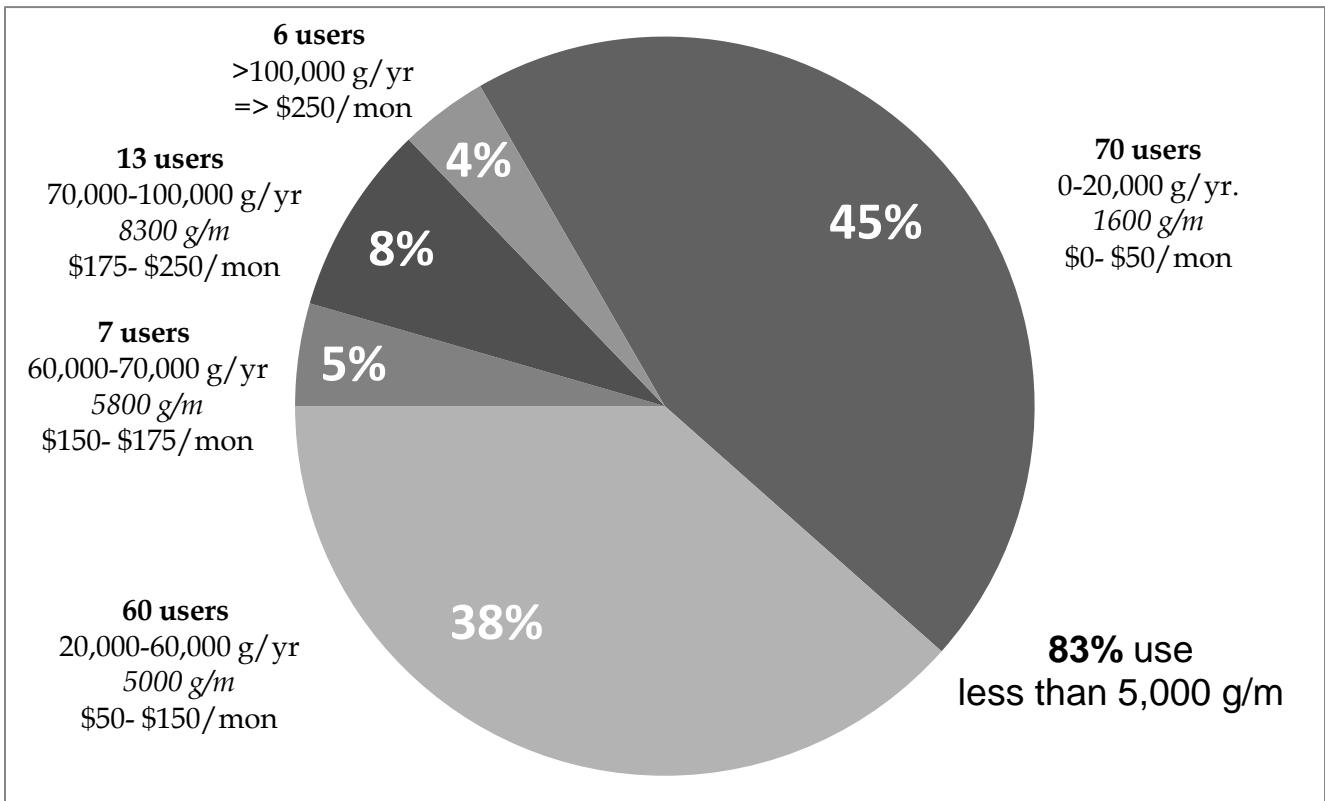
150,000	Revenue to be raised/yr.
÷ 5,680,463	Total metered gallons used- 2018
\$0.03	Per gallon cost*

*Sales tax of 6.25% will be charged and added to the fee.

MEMBERS USAGE*

based on Jan-Dec 2018, 5,680,463 total metered usage (SLP website) and \$0.03/gal.

Estimated 2018 Revenue Loss - \$170,000**



*156 count (155 lots + LCVFD) --does not include 6 unsold developer lots or 22 lots in Unit 9

** Will not collect this amount -- highest users likely to reduce consumption decreasing yearly revenue and forgiveness adjustments for excessive use due to unforeseen circumstances- based on rules that the Board initiates.

Corporation Setup for Initiating Water Billing

No MDWA, No Water Coop

Subject to legal advice, our current non-profit organization may only require a Bylaws change and a Water Billing Rules document.

In accordance with IRS 26 C.F.R. §1.528-9 "exempt function income" we may circumvent income tax on the usage fee, due to our non profit status, however sales tax will be charged. Every member gets a monthly bill for usage.

Bylaws Existing Provisions

If a percentage of the dues are allocated to fixed water system costs, and a member is delinquent in paying dues, water shutoff is a remedy in the existing Bylaws. Penalties for non-payment of water usage will be subject to Board adopted Rules.

September 10, 2009

I see no problem with the Association shutting off the water of those property owners that are delinquent in payment of their Association Fees which include payment for the operation and maintenance of a non-regulated private water system. The Association should give reasonable and adequate notice before doing so.

Attorney Brad Hays

Excerpts from Ponderosa/Canon-- Bylaws/Rules language (documents available)

Suggestion for new Bylaws Article -- "Association Water System Infrastructure"

The Association Bylaws and Rules will govern all matters related to water system infrastructure.

A member is entitled to one metered service connection per lot and agrees to pay for water service at such rates, time and place as shall be determined by the Board, and agrees to the imposition of such penalties for noncompliance as are set out in the Association's Bylaws and Rules. Rules may be hereafter changed, adopted and imposed by the Board.

Rules: Board "Rules" provide for lockout, shut-off, late charges, metering/billing Administration, Operations, Maintenance, affecting billing payments.

"Rules and Regulations are issued in compliance with the Bylaws of the Association and are designed to govern the supplying and taking of water services rendered by the Association. Rules established by the Board are subject to change from time to time to ensure the proper management of the Association's water system."

Member Decision Options

Continue with **STATUS QUO**- *DIY approach*

- replacing failing components* when budget/reserves allow
- no assurance that future needs will be met due to lack of engineering guidance
- subjecting the community to future system failures and water loss
- special assessments possible if conditions deteriorate.

**Only 1,000 ft of line (est. cost \$20,000) can be replaced every 60 days. SLP has 4.8 miles of roads (25,000 ft.)- under which the water system main lines are buried. 4,000 ft replaced-- 21,000 ft to go. (7-10 yrs and \$450,000-\$1 million)*

OR

Initiate **WATER BILLING** (*Every property owner has skin in the game*)

- **long-term source of funds** (\$150,000/yr) for upgrades/maintenance
- all members treated equally on rate (\$0.03/gal) and base cost (\$450/yr)
- users regulates their own monthly "water budget"
- curtail excessive use or high users contribute more revenue
- encourage property owners to fix leaks
- utilize the full potential of the meter reading system/billing interface
- qualify the association for loans if needed
- **a proactive approach to fund our water system**

Website to educate the members
www.slpwater.us