



Long-Term Potable Water Supply to the Zinno Subdivision

Arkansas Basin Roundtable Meeting

July 13, 2016

The Issue

- The Joseph Water Corporation serves the residents of the Zinno Subdivision (97 active taps).
 - Only service area
 - Sole source of water - shallow 43 ft deep well
- Experienced power outages, pump failures and main breaks that have caused numerous interruptions in their service
 - Poorly maintained infrastructure that has been neglected
 - Residents have complained about the poor water quality
 - Considered by most to be undrinkable.

The Issue

- ▶ If these issues are not resolved the residents must rely on the water service provided by the Joseph Water.
 - ▶ Severe restrictions
 - ▶ Variable and frequent increases in water rates due to the need to procure funds for maintenance
 - ▶ Potential for extended periods of interrupted water service due to infrastructure breakdowns and lack of capital for controlled maintenance activities
 - ▶ Water supply would continue to be of poor quality and property values will continue to decline

Steps to Resolve

- ▶ The Zinno Subdivision are actively seeking a remedy
 - ▶ Created a local Water Users Association in 2009
 - ▶ Do not have the financial ability to pay for the entire project themselves
- ▶ Fall 2015 representatives of the Association approached the LAVWCD for assistance
 - ▶ Support to cover legal costs
 - ▶ To explore various sources of funding
 - ▶ To open a dialogue with SCMWD
 - ▶ Manage the project

Steps to Resolve

- ▶ February 2016 - ZWUA directed the Board to explore having SCMWD provide a reliable water supply, if it could be accomplished for prices comparable to what they are currently being charged by Joseph Water
- ▶ March 2016 – ZWUA signed a MOU with SCMWD
 - ▶ Defines the agreement between the two parties with respect to the financing and construction of a new water system
 - ▶ SCMWD agreed to pursue grant and loan funding for the construction of the new water infrastructure

Steps to Resolve

- The ZWUA has agreed to initiate a Declaratory Judgment Action seeking a court decision that by providing water to members of the subdivision, that wants water service from SCMWD, it does not constitute a condemnation of Joseph Water's property and does not constitute unlawful interference with any of their economic interests by SCMWD
- ZWUA began circulating forms among its members seeking annexation into SCMWD service area, understanding that even if a parcel of property is annexed into SCMWD there is no requirement that the property obtain water from SCMWD and each property is free to obtain water from whoever they desire.
- Necessary for completing the process of including the subdivision into the SCMWD service area.

Steps to Resolve

- ▶ SCMWD Funding Plan
 - ▶ DOLA Grant - December 2016 - \$569,293 - 49%
 - ▶ Pueblo County – May 2016 - \$200,000 – 17%
 - ▶ CWCB Water Efficiency Grant - June 2016 - \$49,950 - 4%
 - ▶ CWCB Water Supply Reserve Account – September 2016 - \$75,000 – 6%
 - ▶ CWRPDA Loan Application – November 2016 – \$269,343 – 23%
- ▶ Total Project Cost - \$1,163,587
- ▶ 77% of the project may be grant funded with only 23% that may be financed
- ▶ Project completed subdivision customers may repay the CWRPDA loan at a monthly cost lower than what they are currently paying Joseph Water

Schedule & Funding Plan

- ▶ DOLA – High priority for SE CO Area Office
 - ▶ Funding frozen until the state determines the costs for the BP law suit
 - ▶ Application submitted for the December 2016 grant cycle
- ▶ CWCB WSRA – funds could be used for the planning phase of the project until DOLA construction funds are freed up
 - ▶ Needs Assessment Committee – June
 - ▶ CWCB Board - September
- ▶ CWCB WE – support funding of new radio read meters
 - ▶ Received notification June 2016
- ▶ Pueblo County – Commissioner Hart Letter of Commitment
 - ▶ Zinno project listed in the “Excise Tax on Unprocessed Marijuana” ballot measure
- ▶ CWRPDA loan – supportive of project



Case Study

- ▶ Develop to assist other small water companies
 - ▶ Identify funding sources
 - ▶ Identify potential issues and possible solutions
 - ▶ Roadmap on successfully completing the process



Questions?

▶ Thank You

