FY2026 Financial and Capital Plan

Presentation Supplement

# Fee Rationale

* Because every WWWUA member has a vested interest in a well-maintained community water system (i.e., safe drinking water and preservation of property value), every member should contribute to the system, regardless of their level of water usage.
* Fees should be instituted to cover the costs of expenses that are relatively fixed and mostly independent of the volume of water pumped and distributed.
  + For example, WWWUA is required by Colorado to employ an Operator in Responsible Charge (ORC), regardless of how much water is pumped and distributed through the system. The ORC works under a predominantly fixed-fee contract (though some emergency and fieldwork is charged at a per-hour rate). As such, it is fair to charge every user an equal amount to pay for this type of expense.
* Fees should be set as low as possible so as not to disproportionately impact those who use lower levels of water, to allow users to manage their monthly bill by managing water consumption, and to align with the overarching goal of water conservation.

## Billing and Accounting (B&A) Fee Monthly Cost Breakdown

|  |  |
| --- | --- |
| Expense Type | Monthly Cost |
| Billing Manager Compensation | $250\* |
| Bookkeeper Compensation | $450 |
| Corporate Fees | $21 |
| AmCoBi | $636 |
| Website | $17 |
| Software/Office/Printing/Postal | $46 |
| Total | **$1,420** |
|  |  |
| Rounded Avg Monthly Cost per Lot (131 Lots) | **$11** |

* With ~60 new, remotely read meters now installed, time spent physically driving to each home and reading meters manually is reduced by ~50%. Therefore, we are reducing the Billing Manager compensation from $500/mo to $250/mo
  + Note: While manual meter reading represents a large portion of the Billing Manager's job, it does not represent 100%. Therefore, the Billing Manager compensation should not be expected to reduce to $0 once new meters have been installed in all homes.

## Maintenance and Operations (M&O) Fee Monthly Cost Breakdown

|  |  |
| --- | --- |
| Expense Item | Monthly Cost |
| ORC Contract | $2,000 |
| Chemicals | $159 |
| CDPHE Requirements | $128 |
| Wifi | $72 |
| Electricity (well pumps & reservoir) | $215 |
| Utility Notification | $128 |
| Insurance | $232 |
| Infrastructure Maintenance/Upgrades | $624 |
| Total | **$3,558** |
|  |  |
| Rounded Avg Monthly Cost per Lot (131 Lots) | **$27** |

* + Fee remains unchanged ($27/mo).
    - Accumulating some funds designated for infrastructure maintenance/upgrades through a fixed fee aligns with the principle that because every WWWUA member has a vested interest in a well-maintained community water system, every member should contribute to the system, regardless of the level of demand they place on the system.
    - Note: Additional funds designated for infrastructure maintenance/upgrades are proposed to be collected via usage rate increases.

# Usage Rate Rationale

* Usage rates should be set at a level that allows for the accumulation of Operating and Reserve funds adequate to ensure needed/required infrastructure maintenance/upgrades.
  + Though WWWUA pays nothing for the cost of water (i.e., WWWUA owns the water), a usage rate is necessary because we also own the system infrastructure through which the water is distributed and maintain responsibility for ensuring the infrastructure is safe and reliable.
  + It is appropriate to accumulate a significant portion of the funds required for infrastructure maintenance/upgrades through the setting of usage rates because the necessity and frequency of infrastructure maintenance/upgrades are directly impacted by the volume of water pumped and distributed through the system. Therefore, it is fair that users who consume more water pay more toward the expense of infrastructure maintenance/upgrades.
* As WWWUA is dependent on a single source of water and has limited storage capacity, a tiered rate structure should continue to be used to encourage water conservation.
  + I.e., the price per gallon increases as the amount of water consumed increases.
* Examples of expenses covered by funds collected via usage rates include:
  + Major and minor, planned and unplanned infrastructure maintenance/upgrades, to include:
    - Engineer analysis/evaluations
    - Labor (that isn’t covered by the ORC contract)
    - Parts/equipment
  + Legal fees
  + Asset depreciation
  + Membership meeting expenses

## Usage Rate Cost Comparison Charts

The following table shows what an average bill might look like currently and with the new rates, based on water usage and tier level. These figures were calculated based on one month of water usage data and are provided solely as an example to demonstrate the general effect of the rate changes.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Average Monthly Bill | | Difference from Current | |
|  | **Current** | **New** |
| By Monthly Usage |  |  | **$** | **%** |
| 0 Gallons | $48.00 | $41.00 | $(7.00) | -15% |
| 1-2000 Gallons | $53.00 | $59.00 | $6.00 | 11% |
| 2001-4000 Gallons | $72.00 | $87.00 | $15.00 | 21% |
| 4001-6000 Gallons | $94.00 | $120.00 | $26.00 | 28% |
| 6001-8000 Gallons | $117.00 | $158.00 | $41.00 | 35% |
| 8001-10000 Gallons | $182.00 | $263.00 | $81.00 | 45% |
| 10000-12000 Gallons | $236.00 | $350.00 | $114.00 | 48% |
|  |  |  |  |  |
| By Tier |  |  |  |  |
| Tier 1 | $66.00 | $78.00 | $12.00 | 18% |
| Tier 2 | $117.00 | $158.00 | $41.00 | 35% |
| Tier 3 | $218.00 | $321.00 | $103.00 | 47% |

## Rates/Fees Comparisons

The table below shows how the rates/fees compare to base fees charged by other local water organizations and approximate bill amounts (base fees + usage rate charges) for various levels of water usage.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Woodland West | Woodland Park (outside city) | Westwood Lakes | Mountain Mutual | Highland Lakes |
| Base fees | $41.00 | $4.35 | $50.19 | $38.50 | $35.00 |
| 2000 gallons (27 Units WW) | $74.00 | $41.95 | $50.19 | $113.50 | $78.60 |
| 4000 gallons (53 units WW) | $108.00 | $81.01 | $61.61 | $188.50 | $123.20 |
| 6000 gallons (80 units WW) | $141.00 | $86.85 | $77.60 | $263.50 | $168.30 |
| 8000 gallons (107 units WW) | $175.00 | $145.25 | $98.17 | $338.50 | $214.90 |

# WWWUA Annual Income

The following table shows the difference in income generated by the new rates and fees compared to income generated by the current rates and fees, as well as the anticipated WWWUA net income (i.e., gross income minus expenses) that would be added to reserves annually. These figures are estimates and are provided solely as an example to demonstrate the general effect of the proposed rate and fee changes.

|  |  |  |  |
| --- | --- | --- | --- |
| Estimated Gross Income | Current Rates/Fees | New Rates/Fees | Difference |
| M&O Fee | $3,339 | $3,339 | $0 |
| Usage Rate | $3,813 | $6,120 | $2,307 |
| B&A Fee | $1,770 | $1,353 | $(417) |
| Monthly Total | $8,922 | $10,812 | $1,890 |
|  |  |  |  |
| Annual Total | **$107,064** | **$129,744** | **$22,680** |
|  |  |  |  |
| Estimated Annual Expenses (excluding infrastructure maintenance/upgrade projects) | **$60,000** | **$60,000** | **$0** |
|  |  |  |  |
| Estimated Annual Net Income | **$47,000** | **$70,000** | **$23,000** |

## Near-Term Water System Infrastructure Improvement Projects Under Consideration

* Engineering evaluation of entire system to assess infrastructure status and determine project prioritization (Est. $15K-25K)
* Projects that are likely to be prioritized (and very rough estimates for each):
  1. Construction of above-ground pumping and treatment facility for safety and OSHA compliance (Est. $15K-20K)
  2. Installation of access ports into storage tanks that would allow for cleaning and maintenance (Est. $25K-40K)
  3. Replacement of most at-risk section of water distribution pipe (Est. $150K+, depending on length of section to be replaced)

# WWWUA Funds Management

## Operating Fund

* Plan to maintain an Operating Fund of $15,000, equal to approximately three months of operating expenses.
  + Three months was chosen because WWWUA has in place a reliable monthly revenue stream based on customer billing and is not dependent on irregular donations as is common with many 501(c)(3) non-profit organizations.
* The Operating Fund would be used to pay for day-to-day, recurring expenses of the Association.
* The Operating Fund should be liquid and therefore should be maintained in checking and/or savings accounts.

## Reserve Fund

* Plan to establish and maintain a dedicated Reserve Fund where all WWWUA funds exceeding $15,000 are held.
* Within the Reserve Fund, WWWUA should hold in liquid accounts (e.g., savings, checking, Money Market, etc) an amount equal to the cost of a one-month supply of purchased water to serve the community at current usage volume. At this time (2025), that equals approximately $35,000.
* Any additional funds should be held in conservative, interest-bearing financial instruments. These funds should be used for:
  + Planned infrastructure maintenance/upgrade projects
  + Emergency
    - I.e., an expense of greater than $35K (i.e., greater than the liquid amount held in the reserve fund) that must be undertaken to prevent or mitigate disruption of water service to members.