

MEMORANDUM

13 August 2025

TO: Paradise Hills Homeowners Board

FROM: Paradise Hills Lateral Committee

SUBJECT: Recommendation to Support a Yes Vote for the Lookout Mountain District Need to Secure Additional Funding by Mill Levy Tax increase for Phase 1 Work

Recommendation

The Paradise Hills Lateral Committee strongly recommends that the Paradise Hills Homeowners Board actively support the passage of the mill levy tax increase to pay for Phase 1 upgrades to the Lookout Mountain Water District (LMWD) main pipeline. The vote to approve this tax by customers of LMWD will occur in November 2025. As will be explained below, these taxes will be used to service a \$3 million dollar loan needed as part of the funds to improve water quality and to reduce the chance of periodic leaks and pipe failures in the future. The estimated average yearly assessment per property is approximately \$325 for 30 years.

Background and Need for Action

Members of the LMWD Board have made several presentations on the various phases of construction that are needed to improve water quality and lessen the incidences of leaks on the main pipeline. The pertinent information is as follows.

Improvement of Water Quality

- Replace tar-lined pipes that are over 50 years old (in some cases over 80 years), and that contribute to poor water quality (increased concentrations of TTHMs and other organic chemicals) due to interactions of the tar with chlorine treatment. This is an ongoing concern.
- Tar-lined pipes are oversized, and this oversizing contributes to longer residence times of the water in the pipes. These longer times allow chemical reactions to occur that decrease water quality.

Structural Issues

- The main pipeline is old (parts are greater than 80 years old) and the number of breaks/leaks will increase over time. Patching the pipeline diverts monies from reserves that could be used for upgrading the current system.
- Due to leaks and breaks, periodic flushing of the distribution system is required. These flushing events stress old pipes and wastes water.
- Because portions of the pipeline are at shallow depths, the water is heated in hot weather which results in poorer water quality.

Proposed Phase 1 Work

The Phase 1 work will be focused on Clear Creek County High School (CCCHS) and the west sections of the main pipeline and includes the following items:

- Build a 100,000-gallon tank at CCHS. The water in this tank will be used for fire protection. The presence of the tank will allow for the reduction of the size of the pipeline to 8-inch diameter.
- Reduce the size of the main pipeline from 20-inch diameter pipe to 8-inch diameter pipe by inserting an 8-inch diameter PVC pipe within the existing 20-inch and 14-inch diameter pipes and backing filling the open space with a grout. The amount of pipeline to be lined is 11,900 feet of 20-inch pipe and 3,240 feet of 14-inch pipe for a total of 15,140 feet of lining. This reduction in diameters will not affect the amount of water flows for domestic and fire protection requirements. The reduction will reduce the amount of time that the water is in the pipelines leading to improved water quality.

Estimated Costs

The estimated total cost for Phase 1 is \$5,042,000. This cost has a degree of confidence due to LMWD experience on Phase 0 which is currently underway. The breakdown of sources of revenue to meet this total cost are as follows:

\$959,752 from the Federal government via a grant

\$1,085,000 from LMWD reserves

\$3,000,000 amount needed to be financed by LMWD.

The amount to be financed will come from increased taxes on each property. There are 535 taps in the district which means that the debt per tap is approximately \$5,608. This would be financed over 30 years. If the interest rate is assumed to be four percent (4%), then the average yearly assessment would be approximately \$325. The exact amount will be based on the value of the property.

Summary and Recommendation by Paradise Hills Lateral Committee

The Committee strongly recommends that the Board urge the property owners of Paradise Hills to vote for the debt increase and taxes to service the debt payments. The proposed work cannot be put off as the problems are currently present and will increase in the future. The proposed work will improve water quality and will provide a long-lasting solution to the structural problems inherent in the current system.