

Attachment 1

Falls Creek Ranch Water Use Rate Structure Established 2014 Updated October 2019

The FCR Utilities Committee looked at several types of structures for utility billing. The implemented rate structure is based on models used by electric utilities such as LPEA but modified to apply to our current water system.

The structure is designed to minimize the cost to low volume users and to maximize the cost to high volume users. There are two components to the water rate structure. The first is the base monthly charge and the second component is the actual water usage charge. A base monthly charge has always been paid by the members of both improved and unimproved lots towards the cost of operating our water system. All water billing revenue is allocated to our water system.

The Usage charges are then defined in progressive Levels, with increasing per-unit costs for increasing usage. The levels are defined in 1,000-gallon increments to achieve a more flexible rate structure.

In order to simplify the billing, a Fixed Level Charge is associated with each level. For each level, this charge represents the sum of all maximum Actual Usage Charges from each preceding level; e.g., Level 6 amount of \$45 is derived from $\$20 + \$10 + \$7.50 + \$5 + \$2.50$. See *Maximum Level Monthly Water Rates* chart, on the following pages. Use your total gallons/ month to find the appropriate Level (e.g., 3,700 gals = Level 4), which will give both the Fixed Level Charge and correct formula to determine your fee. At higher usage rates the charges will exceed the cost of transporting water from town (currently approximately 10 cents per gallon). Meters for each lot are read and usage is calculated on a monthly basis and may not be accumulated or deferred.

This structure was chosen because it enables the involvement of everyone on the ranch. We all will have ownership and a vested interest in using our water resources wisely. The usage rates are reasonable for low users and reward efforts to conserve. Usage rates ultimately rise to a level that is 100% higher than the cost to haul water from town to discourage excessive consumption.

Approved Water Use Rates: Base Charge + Usage Charge = Amount Due

- Base Charge (monthly): \$50.00
- Usage Charge = Level Charge + (calculated usage x Rate)

Actual Monthly Usage Charge:

| Level | Monthly Usage Gallons | Per Gallon Rate | Fixed Level Charge | Actual Monthly Usage Formula (\$) (includes Fixed Level Charge) |
|--------------|------------------------------|------------------------|---------------------------|----------------------------------------------------------------------------|
| 1 | 0 to 1,000 | ¼ ¢ | | Monthly Usage x \$0.0025 |
| 2 | 1,001 to 2,000 | ½ ¢ | \$2.50 | \$2.50 + (Monthly Usage minus 1,000gal) x \$0.005 |
| 3 | 2,001 to 3,000 | ¾ ¢ | \$7.50 | \$7.50 + (Monthly Usage minus 2,000gal) x \$0.0075 |
| 4 | 3,001 to 4,000 | 1 ¢ | \$15.00 | \$15.00 + (Monthly Usage minus 3,000gal) x \$0.01 |
| 5 | 4,001 to 5,000 | 2 ¢ | \$25.00 | \$25.00 + (Monthly Usage minus 4,000gal) x \$0.02 |
| 6 | 5,001 to 6,000 | 8 ¢ | \$45.00 | \$45.00 + (Monthly Usage minus 5,000gal) x \$0.08 |
| 7 | 6,001 to 7,000 | 10 ¢ | \$125.00 | \$125.00 + (Monthly Usage minus 6,000gal) x \$0.10 |
| 8 | 7,001 to 8,000 | 12 ¢ | \$225.00 | \$225.00 + (Monthly Usage minus 7,000gal) x \$0.12 |
| 9 | 8,001 to 9,000 | 14 ¢ | \$345.00 | \$345.00 + (Monthly Usage minus 8,000gal) x \$0.14 |
| 10 | Over 9,001 | 16 ¢ | \$485.00 | \$485.00 + (Monthly Usage minus 9,000gal) x \$0.16 |

Maximum Level Monthly Water Rates:

| Level | Monthly Usage Gallons | Per Gallon Rate | Usage Charge Formula Fixed Level charge + (calculated Actual Usage x rate) (Usage = #gals/month) | Monthly Fee Calculation | | | | |
|-------|-----------------------|-----------------|---------------------------------------------------------------------------------------------------------------|-------------------------|-----------------------------------|-------------------------------------------|----------------------|--------------------------------|
| | | | | Fixed Level Charge | + Actual Usage Charge (Max shown) | = Calculated Water Use Charge (Max shown) | + Base Charge (\$50) | = Total Amount Due (Max shown) |
| 1 | 0 to 1,000 | ¼ ¢ | Usage x \$0.0025 | | \$2.50 | \$2.50 | \$50.00 | \$52.50 |
| 2 | 1,001 to 2,000 | ½ ¢ | \$2.50 + (Usage minus 1,000gal) x \$0.005 | \$2.50 | \$5.00 | \$7.50 | \$50.00 | \$57.50 |
| 3 | 2,001 to 3,000 | ¾ ¢ | \$7.50 + (Usage minus 2,000gal) x \$0.0075 | \$7.50 | \$7.50 | \$15.00 | \$50.00 | \$65.00 |
| 4 | 3,001 to 4,000 | 1 ¢ | \$15.00 + (Usage minus 3,000gal) x \$0.01 | \$15.00 | \$10.00 | \$25.00 | \$50.00 | \$75.00 |
| 5 | 4,001 to 5,000 | 2 ¢ | \$25.00 + (Usage minus 4,000gal) x \$0.02 | \$25.00 | \$20.00 | \$45.00 | \$50.00 | \$95.00 |
| 6 | 5,001 to 6,000 | 8 ¢ | \$45.00 + (Usage minus 5,000gal) x \$0.08 | \$45.00 | \$80.00 | \$125.00 | \$50.00 | \$175.00 |
| 7 | 6,001 to 7,000 | 10 ¢ | \$125.00 + (Usage minus 6,000gal) x \$0.10 | \$125.00 | \$100.00 | \$225.00 | \$50.00 | \$275.00 |
| 8 | 7,001 to 8,000 | 12 ¢ | \$225.00 + (Usage minus 7,000gal) x \$0.12 | \$225.00 | \$120.00 | \$345.00 | \$50.00 | \$395.00 |
| 9 | 8,001 to 9,000 | 14 ¢ | \$345.00 + (Usage minus 8,000gal) x \$0.14 | \$345.00 | \$140.00 | \$485.00 | \$50.00 | \$535.00 |
| 10 | Over 9,001 | 16 ¢ | \$485.00 + (Usage minus 9,000gal) x \$0.16 | \$485.00 | Based on use | Based on use | \$50.00 | \$535.00 + \$X.XX |

Under Monthly Fee Calculation:

The “Fixed Level Charge” is a flat rate that is charged for each Level

The “Actual Usage” column is calculated based on the # of gals used each month.

The “Amount Due” column shows the dollar amount based on the maximum possible usage within each level.

EXAMPLES:

Following are some example calculations of how this rate structure would be applied:

- 1) Full-time water-conserving resident (12 months @ 3,500 gals/mo = Level 4):

Base: \$50.00 +

Fixed Level 4 Charge: \$15.00 (accounts for 1st 3,000 gals) +

Usage Calculation: $(3,500 - 3,000) \times \$0.01 = \5.00

Monthly Total: \$50.00 + \$15.00 + \$5.00 = \$70.00

Annual Amount: \$840.00

- 2) Full-time high user resident (12 mos. @ 6,000 gals/mo):

Base: \$50.00 +

Fixed Level 6 Charge: \$45 (accounts for 1st 5,000 gals) +

Usage Calculation: $(6,000 - 5,000) \times \$0.08 = \80

Monthly Total: = \$50.00 + \$45.00 + \$80.00 = \$175.00 per month

Annual \$2100.00

- 3) Full-time high user plus irrigation resident

(8 mos. @ 6,000 gals/mo and 4 mos. @ 9,000 gals/mo.):

Winter: (8 months @ 6,000)

Base: \$50.00 +

Usage: \$125.00 (same as example 2)

Monthly Total: \$175.00 per month

Summer: (4 months @ 9,000):

Base: \$50.00 +

Fixed Level 9 Charge: \$345 (accounts for 1st 8,000 gals) +

Usage Calculation: $(9,000 - 8,000) \times \$0.14 = \140

Monthly Total: \$50 + \$345.00 + \$140.00 = \$535.00 per month

Annual: \$3540.00

Summer = \$2140 (4 mos. x \$535)

Winter = \$1400 (8 mos. x \$175)

- 4) Part-time summer resident (5 mos. @ 4,800 gals/mo):

Winter/ off Ranch:

Base: \$50.00

Summer: (5 months @ 5,000 gals/mo):

Base: \$50.00 +

Fixed Level 5 Charge: \$25 (accounts for 1st 4,000 gals) +

Usage Calculation: $(4,800 - 4,000) \times \$0.02 = \16

Monthly Total: \$50 + \$25 + \$16 = \$91.00 per month

Annual: \$805.00

Summer = \$455 (5 mos. x \$91)

Winter = \$350 (7 mos. x \$50)

- 5) Unimproved lot owner:

Base: \$50.00 per month

Annual: \$600.00

- 6) Horse Stables: (12 months @ 1,000 gals per month)

Base: \$50.00 +

Usage: \$2.50 (Note: no Level Charge at Level 1)

Monthly Total: \$52.50

Annual: \$630

Billing Process:

The water meters are read monthly by FCR volunteers using an electronic device. Data from this device is transferred into a commercial billing software system that will email electronic invoices to FCR members. Members will send invoice payments via US Mail by the stated due date to: FCR Check Processing, P.O. Box 577, Durango, CO 81302. Appropriate late payment fees will be charged if necessary. Prepayment in any amount is an option available to members also. This helps to prevent potential missed payments or late fees as well as reduces labor for processing payments. Failure to pay could result in a lien on the homeowner's property. The Board Treasurer will conduct on-going oversight of the payment receipts and deposits.