

# Water Billing Proposal

## Goal

The SLPPOA Board directed the Water Management Team (WMT) to pursue water billing and the WMT team has developed this proposal to resolve the need to adequately fund the water system on a sustainable basis by setting and maintaining rates and assessments that are fairly structured for SLP property owners.

In order to implement this proposal a change in the Bylaws is required but must be approved through a vote of the community.

## Proposal

1. The annual assessment as historically established remains in place.
2. An additional monthly charge of **\$0.02**/gal. for members that use water. .... Page 3
3. Rate increases are limited to one half cent (\$0.005) yearly for systems needs..... Page 4
4. No limit on water usage.
5. Billing revenue will be deposited into a separate water system account.

*Exception-* a drought or significant operational impacts to the water utility.

These billing funds will be used solely for water system infrastructure.

Routine repairs, maintenance, and operations will continue to be funded with annual assessment funds.

## Rationale

This scheme is simple to execute and will not require complicated tables or algorithms to readjust if warranted in the future. It will place a small administrative burden on those who must administer the program.

Despite the simplicity of this plan, it will augment funding for our water system infrastructure.

## Rate Calculations Considerations

- Projected revenue needed to finance immediate and future projects ..... Page 5
- Inflation implications
- Increasing water system expenses and budget net loss..... Page 7
- Insufficient reserves to protect against a catastrophic system failure ..... Page 8
- Usage based on 6 million gallons from water meter readings ..... Page 9

## Supporting Documentation

- Amendment to the Bylaws ..... Page 2
- Draft Water Usage Policies ..... Page 10

## **DRAFT AMENDMENT TO THE BYLAWS**

### **in Support of Water Billing**

This amendment would replace Section 9 of Article X, “Water Lawsuit Assessments,” which shall be removed in deference to a final judgment of the referenced litigation as having already been met, thereby allowing for termination of this Section of the Bylaws.

#### **Section 9. Water Usage Assessment.**

**Overview:** An assessment for per-gallon water usage shall be levied upon each owner of a lot within the Sierra Los Pinos Property Owners' Association (SLPPOA), as applicable, for the purpose of defraying, in whole or in part, the costs of infrastructure associated with the water systems of SLPPOA. The water usage assessment shall be in addition to the annual assessment that is budgeted annually.

**(a) Rate:** One metered service connection is the maximum allowable for any lot of any owner within the SLPPOA. Monthly reading of each metered service connection shall determine the number of gallons of water used at any given lot. Such water usage shall then be initially assessed at a uniform rate of two (2) cents per gallon, applied equitably as a per-gallon charge to each lot owner. This rate may only be increased by a maximum of one-half cent (\$0.005) per year based on costs essential for infrastructure, as approved by a majority vote of the Board.

**(b) Administration:** Revenue generated from billing for water usage shall only be applied toward the costs of infrastructure for the SLPPOA water systems. Revenue so generated shall be deposited into an account established solely for this purpose. This account shall remain as a source of funding that is separate from any operating and/or reserve accounts of the SLPPOA.

**(c) Penalties:** Any bill, as assessed monthly for the per-gallon water usage to any lot, that is not paid within thirty (30) days after the due date, shall bear interest from that due date at a rate established in compliance with “Water Usage Policies” in an amount set at the discretion of the Board, applied to any past due account. The owner of the lot shall be notified in writing of the amount due and owing for water usage at their lot to bring their account up-to-date. If the account remains in arrears after sixty (60) days, then water to the lot will be shut off and the meter will be locked out. An additional fee may be assessed to reconnect the service.

**(d) Policies:** The SLPPOA Board of Directors may develop and institute policies pursuant to and in furtherance of any provision supporting the intent of this Bylaw.

## Calculation Sheet

The annual assessment (currently \$1098) covers all association costs.

### Calculating your costs with water billing

All members pay their annual assessment (currently \$1,098) **and** water users pay an additional \$0.02 monthly for each gallon of water that is used

Based on an average use of 3,000 gallons, your monthly cost will be approximately \$64 that includes a gross receipts tax of 6.125%.

Ex:  $3000 \text{ gals} \times \$0.02 = \$60 + 6.125\% \text{ (GRTax)} = \$63.68/\text{month}$

If your usage per month remains the same at 3,000 gallons for 12 months, the yearly cost for 36,000 gallons would be \$764.

Ex:  $36,000 \text{ gals} \times \$0.02 = \$720 + 6.125\% \text{ (GRTax)} = \$764/\text{yr.}$

Your total yearly expense would be

	\$1,098 (annual assessment)
+	\$ 764 (yearly cost for 36,000 gallons)
	<b>\$1,862 (\$155/mon)</b>

Each property owner will have to know their own usage numbers to know the exact amount.

To find your usage:

[www.slppoa.org/water/usage](http://www.slppoa.org/water/usage) or

contact [treasurer1@slppoa.org](mailto:treasurer1@slppoa.org) for your meter number.

<b>2023 Budget</b>	
Category	Amount
Accounting	500
Gifts	360
Insurance	5,000
Legal	5,000
Liens	400
Mgmt	5,500
Travel	500
Office supplies	1,000
Postage	500
Printing	700
Safety deposit box	45
Webmaster	1,500
Parks	200
Roads	25,000
Snow	17,000
Taxes	610
Reserve Account	23,876
Sub Total	<b>87,691</b>
<b>Water Systems Costs</b>	
Water operator	20,000
Line locate	200
Conservation fee	500
Sampling/Analysis	2,500
Utilities	8,365
Repairs & Maintenance	
Sys 1	27,000
Sys 2	19,000
General	5,000
Sub Total	<b>\$82,565</b>
<b>Annual Total</b>	<b>\$170,256</b>
Member current fee	\$1,098

## Projected Rate Calculations

Funds will not be sufficient for many of the deferred projects in the first year of water billing at \$0.02/gal. Inflation may cause delaying projects, completing projects in phases, or absorbing higher costs.

It may take 2-3 years to complete urgent projects and yearly rate increases of one-half cent (\$0.005) may be required to build sufficient funds for future projects.

A 2021 study sponsored by the AWWA Water Industry Technical Action Fund, estimates that by 2030 the average utility will have to spend about three and one half times as much on pipe replacement due to wear and tear as it spends today.

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### \$0.02

Gallons used per/year	6,000,000	Revenue /Mon		\$ 6,175
Gross est. revenue	\$120,000			
Administrative services	\$6,000	Revenue/Qtr	Q1-	\$ 18,525
Yearly Revenue	\$114,000		Q2-	\$ 37,050
35% expected usage drop	\$39,900		Q3-	\$ 55,575
<b>Net Yearly Revenue</b>	<b>\$74,100</b>		Q4-	<b>\$ 74,100</b>

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### \$0.025

Gallons used per/year	6,000,000	Revenue /Mon		\$ 7,800
Gross est. revenue	\$150,000			
Administrative services	\$6,000	Revenue/Qtr	Q1-	\$ 23,400
Yearly Revenue	\$144,000		Q2-	\$ 46,800
35% expected usage drop	\$50,400		Q3-	\$ 70,200
<b>Net Yearly Revenue</b>	<b>\$93,600</b>		Q4-	<b>\$ 93,600</b>

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### \$0.03

Gallons used per/year	6,000,000	Revenue /Mon		\$ 9,425
Gross est. revenue	\$180,000			
Administrative services	\$6,000	Revenue/Qtr	Q1-	\$ 28,275
Yearly Revenue	\$174,000		Q2-	\$ 56,550
35% expected usage drop	\$60,900		Q3-	\$ 84,825
<b>Net Yearly Revenue</b>	<b>\$113,100</b>		Q4-	<b>\$ 113,100</b>

A projected **35% decrease** in funds from water billing was estimated to compensate for members using water more efficiently to reduce unnecessary water usage.

An administrative service fee of **\$6,000** was factored into the calculation to allow for delinquent collections or procedural violations.

## Water System Projects

*No adjustment for inflation*

Urgent/deferred projects and upgrades have been neglected or postponed due to lack of funds. Billing is a long-term source of funds for continual maintenance operations and upgrades. Urgent and recurring projects will take priority over upgrades for water billing funds.

<b>URGENT/DEFERRED PROJECTS</b>	
Sys 2 water storage tank treatment and recoating	\$25,000
Badger meter software/hardware upgrade	\$28,000
Meter upgrades	\$43,200
Rebury dead end lines	
Calypso - 440 ft @ \$20/ft incl material	\$12,643
Aztec - 316 ft @20/ft incl material	\$ 8,342
Finish meadow line replacement ( <i>est.</i> )	\$ 8,000
Ashley Lane line replacement ( <i>est.</i> )	\$25,000
Exposed sys 2 line	unknown
Replace sys 2 pvc well line	\$ 3,000
Water audit	\$ 5,000
Pipe warmers-insulation protection	\$ 350
	<b>\$158,535</b>
<b>Preliminary Engineering Report -- for planning/funding</b> Capital improvement plan-- system water usage, O&M costs, itemized construction cost estimates, water billing strategy	<b>\$10,000-\$50,000</b>
<b>RECURRING PROJECTS</b>	
Replenish inventory supply	\$ 2,000
Asset replacement reserve Wells, pumps, main lines/valves/components, chlorinators, tank inspections, electronics, meters/hardware/software	\$ 5,000-10,000
Water billing services ( <i>est.</i> ) Website-electronic pay, billing software	\$ 8,000
	<b>\$15,000</b>

## Future Water System Upgrades

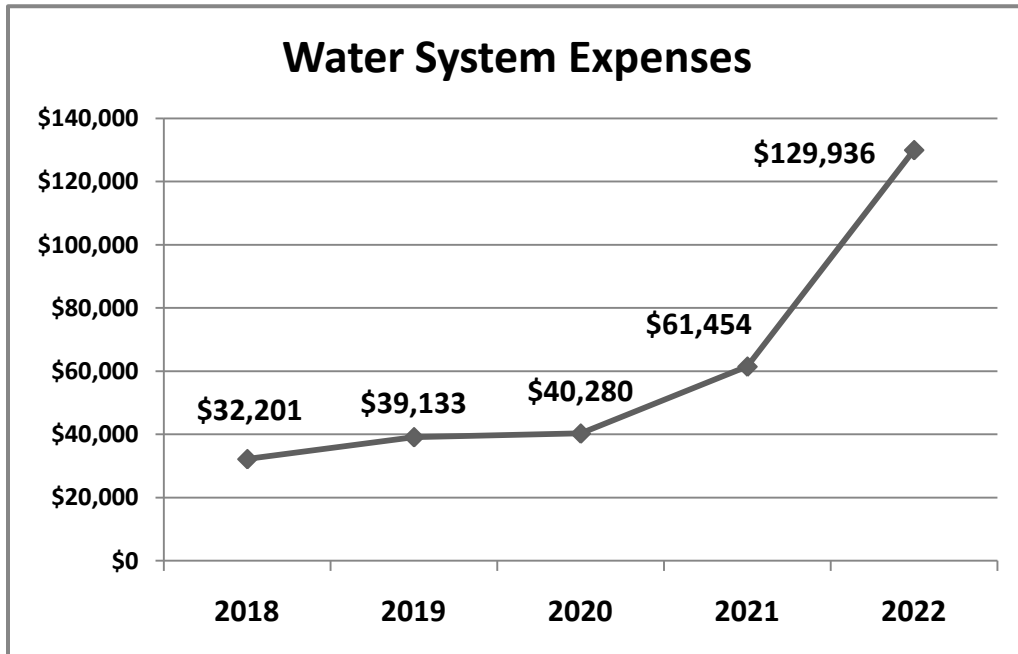
Until a preliminary engineering report has been obtained, future upgrade costs cannot be accurately estimated due to inflation of labor and materials and the amount of water billing funds that can be allocated after critical repairs and maintenance have been completed.

<b>FUTURE UPGRADES</b> <i>(based on 2021 Schrandt engineer proposal)</i>	
<b>Immediate Short-Term System Improvements</b>	<b>\$150,000 - \$200,000</b>
Replace Existing System 2 - Pressure Regulating Valve below Booster Pump Station	
Install In-line Valves and Hydrants to Isolate Existing Leaks	
Purchase Portable Clamp-on Flow Meter	
Upgrade Existing Telemetry	
Repair or Re-coat Existing System 2 Steel Tank	
Repair Significant System Leaks	
<b>Proposed Medium-Term System Improvements</b>	<b>(\$2 - 3 Million)</b>
Increase System 1 Storage Capacity – Construct New 20,000 Gallon Tank Near Existing Hovenweep Well	
Increase System 2 Storage Capacity – Construct New 100,000 Gallon Water Storage Tank	
Interconnect Systems 1 and 2 for Redundancy	
Replace Existing Water Mains with New 6” Dia. Mains, Valves, and Fire Hydrants – Phase 1	
Upgrade Well Submersible Pumps and Booster Station	
Centrifugal Pump as Needed	
<b>Proposed Long-Term System Improvements</b>	<b>(\$3 - 5 Million)</b>
Replace Existing Water Mains with New 6” Dia. Mains, Valves, and Fire Hydrants – Phase 2	
Build New 100,000 Gallon System 1 Water Storage Tank	
Upgrade Well Submersible Pumps as Needed	
<b>STRUCTURE IMPROVEMENTS</b>	
Well houses upgrades/pressure tanks <i>(est.)</i>	\$15,000
Storage shed rebuild w/electricity <i>(est.)</i>	\$10,000
Sys 2 electric pedestal protection <i>(est.)</i>	\$ 5,000
	<b>\$30,000</b>

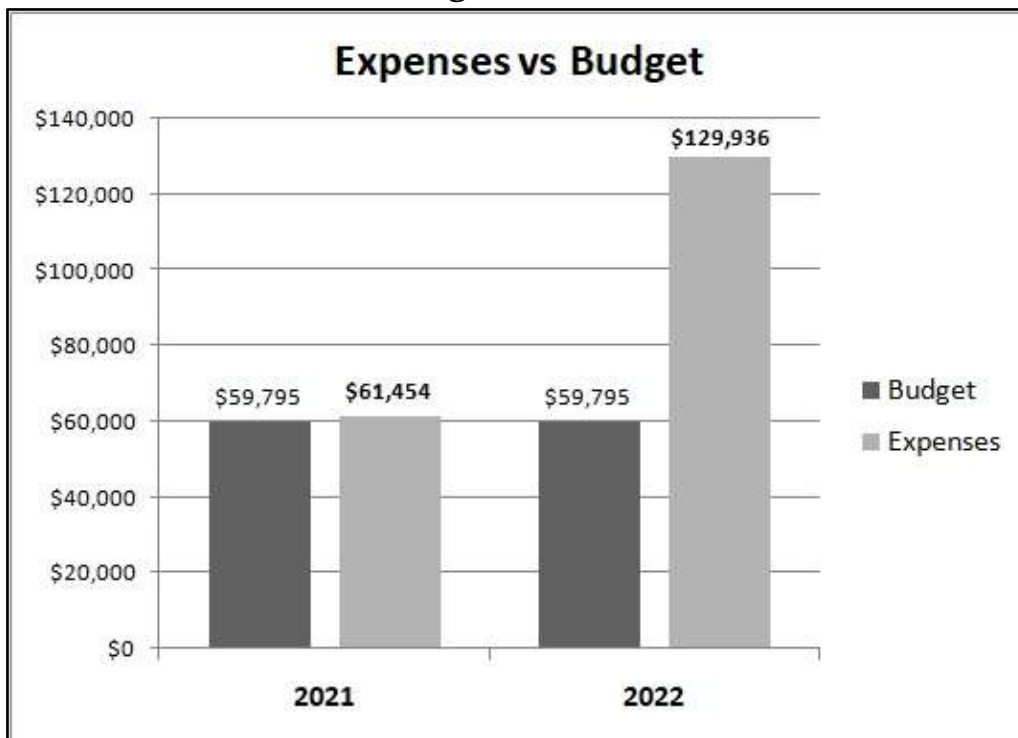
## Water System Expenses

*Data from HOAMCO financials.*

As labor and materials continue to increase, we can no longer keep up with our urgent and deferred maintenance projects.



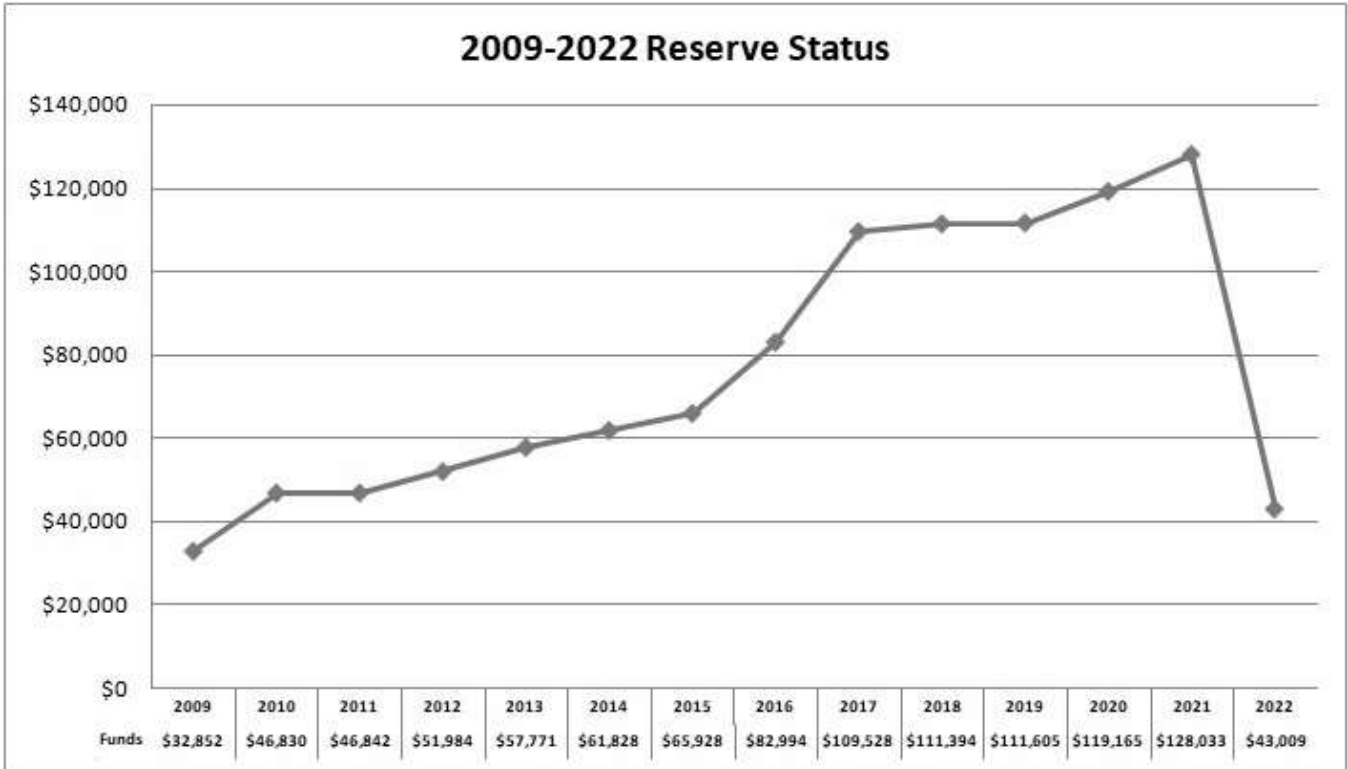
## Budget Net Loss



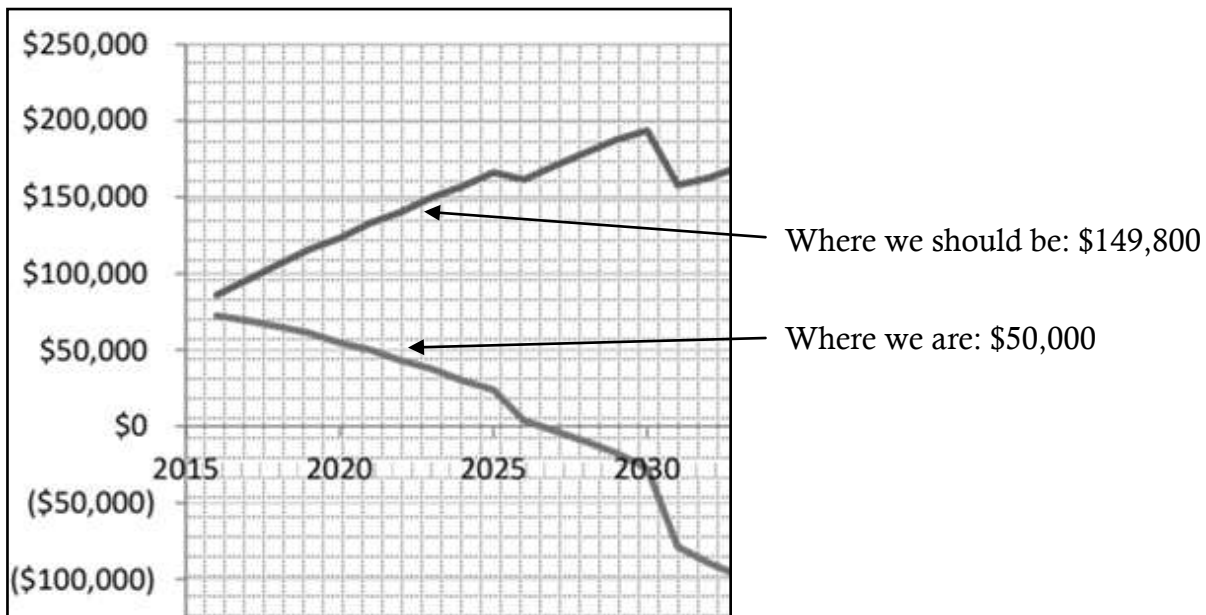
## Reserve Status

*Data from SLPPOA and HOAMCO financials.*

Due to unexpected events in 2022 our reserves dropped \$85,000. Our current underfunded reserve may not be able to finance critical water outage emergency or future urgent infrastructure maintenance.



### Based on the 2017 Reserve Study





## Usage Calculation

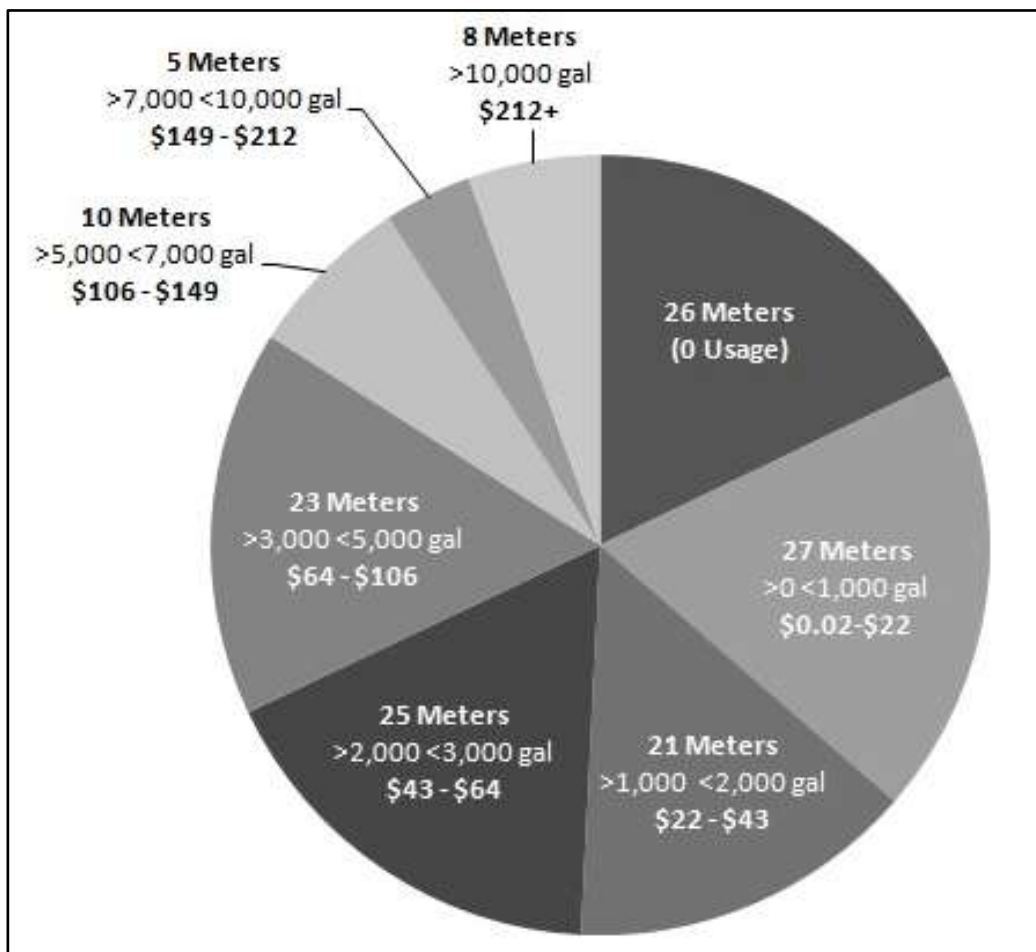
Revenue is based on usage of 6,000,000 gallons per year. *Usage was averaged from meter readings reports for 5 months in 2023 and 2022.*

**USAGE**

23-Jan	23-Feb	23-Mar	23-Apr	23-May									Average	x12
461,720	504,754	541,053	440,533	502,229									490,058	5,880,694

22-Jan	22-Feb	22-Mar	22-Apr	22-May	22-Jun	22-Jul	22-Aug	22-Sep	22-Oct	22-Nov	22-Dec	Average	x12
803,235	359,131	323,452	444,194	444,194	561,974	488,583	450,360	367,767	396,155	410,422	1,265,222	526,224	6,314,689

### 2022-2023 member cost per month per gallons used estimate at \$0.02/gallon



*The cost range includes a 6.125% gross receipts tax.*

## Draft Water Usage Policies

The following policies pertaining to water usage will be enforced by the Board of Directors.

These policies are issued in compliance with the Bylaws of the Association and are designed to govern the supply and delivery of services rendered by the Association.

This is a Board of Directors controlled document and is subject to change from time to time to ensure the proper management of the Association.

**If a provision of any policy should conflict with a provision of the Bylaws, the Bylaw provision will prevail. Should there be a difference of opinion within the membership of the Association as to the meaning of any policy, the decision of the Board of Directors as to the meaning of the said policy shall decide the matter.**

### Rate

A member shall be assessed a rate based on usage as determined by the monthly reading of the metered service connection at each lot.

### Billing Procedure

The association's billing service shall bill the members monthly for water service from the actual meter readings (except for occasional estimated billings) at the rates set forth in the approved water rate schedule.

Bills are due as indicated on the bill as of the date of mailing. Failure to pay for water service within the time provided shall be grounds for a penalty and disconnection of service as defined below.

Readings are taken in the first week of the month.

Bills are mailed out by the \_\_\_\_ of each month and due on the \_\_\_\_ of the month with a grace period of 10 days. Absolute due date is the \_\_\_\_ of the month.

Nonpayment after final due date will be subject to an interest rate of \_\_\_\_ of the delinquent amount.

Delinquent accounts of \$15.00 or more will be served with a certified notice and will be brought to the attention of the Board of Directors at the regular monthly meeting for a decision on disconnection of water service.

When balances become 30 days delinquent, a disconnect notice will be mailed out on the \_\_\_\_\_. If payment is not received by the \_\_\_\_\_ service will be turned off and the meter will be locked. A reconnect fee of \$200 will be assessed to the account. All balances must be paid in full to reinstate services.

After water has been turned off for non-payment, any member, tenant or property owner who removes a locked meter with the intentions of turning the water back on will be subject to

- \$300 for unauthorized tampering with the shutoff valve and
- \$1500 to lock the shutoff valve.

If a member rents, leases or sells his property, all water bills remain the responsibility of the member.

Certified billings will be made to customers (including a certified fee) who have not submitted payment by the absolute due date \_\_\_\_ and will include the next month's water charge. Both the unpaid balance and the current month's charge are due in full by the \_\_\_\_ of the month.

Partial payments will not be credited to member's account (on certified billings) until they equal the total amount due.

### **Payment Disputes**

Delinquent members who want to dispute their payment will be informed of a meeting date, so they may come and explain the problem to the Board of Directors.

Discuss repayment of delinquency including payment amount/schedule and sign agreement for repayment. All amounts due in cashier check, check or money order. Ongoing water charges will be added to payment amount.

Any water service which has been disconnected due to a delinquent account or for other reason shall not be reconnected until the account has been paid current along with a **\$200** reconnect fee.

Unless other arrangements have been made between member and the Board of Directors for payment of charges due, the member has ten (10) calendar days from date of disconnect notice to reinstate his/her meter or be removed from water service.

A delinquent member will be notified that termination of service does not relieve them of the obligation to pay all outstanding bills and charges.

Property owner will be notified that before service can be resumed, all outstanding bills and charges including a reconnect fee must be brought current.

### **Billing Notifications for Owners and Tenants**

A duplicate bill can be sent to a tenant, if the owner has requested such notifications in writing. SLPPOA will inform tenants that these notifications have been provided to their landlords.

The penalty charged by the bank will be assessed against non-sufficient funds (returned checks). After 3 such occurrences from any member, only money order or cashier's check will be accepted for payment.

**Utility Discounts and Financial Assistance Programs**

A budget billing or equal payment plan is available for low income property owners eligible under the Low-Income Household Water Assistance Program (LIHWAP). Property owners may apply online for LIHWAP at [www.yes.state.nm.us](http://www.yes.state.nm.us) or by phone at 1-800-283-4465.

**Water service credits**

There will be no water credit (gallons) issued to meters not in service or those turned off temporarily by the owner for his/her convenience.

**New meter install**

The property owner will pay for the cost of the meter assembly and a water service connection fee to be determined by the Board at the time of installation.

All extension of water service lines on a private property will be installed to the Associations specifications and paid for by the property owner

All costs for documentation of engineer's plans and specifications, easements, permits special applications, etc. are the responsibility of the property owners.

**Change of Ownership**

There will be a **\$200** fee charged to the new owner when water service is transferred.

**Sharing or selling of water**

The sharing or reselling of water is grounds for disconnection of water service. If a meter is found to be connected to more than one dwelling, the illegal connection will be disconnected immediately and a fine of \$200 will be assessed. The fine must be paid within 30 days or water service will be discontinued.

**Connection to a private system**

There shall be no physical connection between any private water system and the water system of the Association. Violation of this provision is cause for disconnection of a member's service.

**Lock meter Policy**

The shut-off valve at the meter is part of the association's equipment for emergency or nonpayment use. The association will use shutoff as a control for unoccupied homes in the event of a suspected leak and the owner notified.

**Tampering**

If water service has been turned on after it has been disconnected without the approval of the Board of Directors, the property owner will be charged:

- \$300 for unauthorized tampering with the shutoff valve and
- \$1500 to lock the shutoff valve.

Attorney fee(s) incurred by the association due to violations or tampering will be billed to meter owner and/or person(s) tampering with meter or other Association property.

**Continuity of service**

The SLPPOA will make all reasonable efforts to supply continuous, uninterrupted service for water delivery to the lots of member-owners. However, it shall retain the right to interrupt such service for the purposes of making repairs, connections, extensions, or for any other necessary work to infrastructure of the system(s). This may include interruption of service as a result of catastrophic system failure(s). Efforts will be made, in as timely a manner as possible, to notify member-owners who may be affected by such service interruptions or any shortage of water supply.

**Water use restrictions**

In the event of a drought or significant operational impact to the water utility including a loss of water supply, the Board of Directors can impose a water use restriction ban.

Residents who violate the water restrictions in place will face a \$500 fine.

Those who do not comply with water restrictions will receive a violation warning notice, and repeat violators may face a fine of up to \$1,000 and water service disconnect.

**Litigation**

When there is a conflict between SLPPOA and a property owner, SLPPOA will continue to provide water service to the party contesting until legal authority resolves the conflict.

**Meter accuracy**

Service meters where errors do not exceed two percent (2%) fast or slow shall be considered as being within the allowable limits of accuracy for billing purposes.

If the property owner suspects an inaccuracy in the reading and notifies SLPPOA within 30 days of the billing the meter can be profiled with the meter reading equipment to verify reading accuracy.

Meter testing will be performed without cost to the member if the meter is found to be off more than 2%. Otherwise the member requesting the testing will be charged for the cost of making the test and materials/labor to correct the problem.

### **Leak/break adjustment**

The water line from the meter to the residence is the responsibility of the member to upkeep and repair in a timely manner to ensure due diligence. It is the member's responsibility to notify the Board of Directors immediately of the leak/break on personal property.

When there is a leak or break on the line from the meter to the member's home, excess water charges due to the leak can be billed at a maximum of \$50 plus the members average water bill (averaged from the past three months) if requested in writing by the owners.

### **Meter assembly**

The water meter and equipment to service it belong to the Association with the right of use given to the member.

The association is responsible for each members meter and will strive to keep it in good repair. Negligence or tampering by the owner resulting in damage to service causing repair or replacement will be billed to the property owner.

### **Meter transmission**

If a meter is hard to read or unable to be read due to a heavy concentration of snow, ice, mud, weeds, equipment or debris around or over the can, the meter owner will be sent a notice stating they must clean their meter can/area around the meter before the next meter reading or the current bill will be based upon readings of their average use for the previous three months.

### **Water Billing Revenue Fund Guidelines**

The Water Billing Revenue Fund, separate from any operating and/or reserve accounts of SLPPOA, shall be funded with water billing revenue and used only for water system infrastructure projects.

**Non emergency** projects shall be approved in writing by a majority of the Board of Directors at a schedule board or an annual members meeting prior to any action taken.

Non emergency water system projects shall include:

- Description and plan for the project
- A written quote for material and labor
- Estimated date of completion
- Contractor/vendor/volunteer(s) involved (a contract may be required)

**Emergency** projects shall be approved via email by a majority of the Board of Directors prior to any action taken.

Emergency water system project shall include:

- Description of the project and the plan to remedy
- Estimated cost for material and labor
- Contractor/vendor/volunteer(s) involved (a contract may be required)

Once the approval has been granted by the Board of Directors the project progress shall be discussed at board and members meetings. The project initiation, progress and completion shall be published expeditiously on the SLPPOA Board email notification service, the website and periodically published newsletters.

The Water Billing Revenue Fund will be reviewed annually and adjustments to fund the account will be determined.

**Policies regarding all unpaid utility bills will not be waived arbitrarily or applied in a discriminatory manner, but will be applied equally to all customers.**