

October 2022

Letter to Dolores Residents and Businesses

By Leigh Reeves, Mayor of Dolores

We often take the most basic of services for granted. When we flip the switch on our wall, we expect our lights to come on and when we flush the toilet, we expect the contents to go away. For many years, we as a town have “kicked the can” down the road. I personally want everything to work the way I expect; unfortunately, that requires us to at least break even on the cost of running water and sewer treatment, if not grow our emergency fund. We have done due diligence and agreed that we must increase our water and sewer rates to help solve this problem. The Town Board initiated inquiry into this issue based on our financial statements. The resulting meeting occurred as recorded below.

Town staff met with the Town Board on May 23, 2022 to discuss utility rates and our concern that revenue is not keeping up with operating expenses in our water and sewer utilities. In a normal year, we are dipping into water and sewer reserves just to operate, which is not sustainable. The sources of revenue to fund the water and sewer enterprises are primarily the monthly fees residents and businesses pay. Tax revenue such as sales taxes do not contribute to the water and sewer operations. The sewer fund lost \$37,334 in 2021, and the water fund gained \$2,532 because of the grant revenue received; however operating expenses were overall \$7,261 higher than total operating revenues in the water fund.

In 2019, the Town of Dolores hired a professional engineering firm to review the town’s water and sewer infrastructure. The good news is that both of our water and wastewater treatment plants are in good condition. Upgrades or expansions typically cost in the millions. The pipeline infrastructure is not in as good of condition. Many of our water pipes are over 50 years old & deteriorating and are undersized 4-inch diameter pipe that do not allow for fire protection.

Our strategy is to build these improvements over years utilizing grants and low-interest loan sources available to local governments. SGM Engineers are designing Phase II of the water system improvements. This consists of:

- Replacement of 50+ year old water lines that are 4-inch diameter pipe and not able to deliver needed fire flow in the event of a fire. The project will also install new water lines to connect dead-end water pipes to create a looped system.
- We also need the installation of a second water storage tank. The town has one 300,000-gallon tank. A second is needed to provide water during a fire and to store water for routine use.

Based on Town Board feedback from our last workshop, the Town proposes to raise our utility rates beginning January 2023 and adjust our tiers of service to cover operating costs. After researching other communities and presenting that data to the Town Board, the Board suggested adjusting our tiers, especially for the higher usage. The Town proposes to raise our sewer rate \$5.00 a month and our water rate \$2.50 a month, as well as change the tiers of service as listed on the next page. The Town also proposes to raise the water rates annually 3% to keep up with inflation from 2024 to 2027.

For the new water tier structure, the Town of Dolores will be increasing the number of gallons available at the base rate from 4,000 gallons to 5,000 gallons. The old tier water structure will be adjusted to Tier 1, (5,001 to 10,000 gallons), Tier 2 (10,001 to 20,000 gallons), and Tier 3 (20,001 gallons & up). Sewer tiers will only be changed for commercial customers and will remain the same for residential customers. New tiered commercial sewer levels are Tier 1 (first 10,000 gallons, same as residential rates), Tier 2 (10,001 gallons to 20,000 gallons) and Tier 3 (20,001 gallons & up).

	<b>In-Town Water</b>	<b>In-Town Water Proposed</b>	<b>Increase 3%</b>	<b>Increase 3%</b>	<b>Increase 3%</b>	<b>Increase 3%</b>
	<b>Base Rate 1/21 (4,000 gallons)</b>	<b>Base Rate 1/23 (5,000 gallons)</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Base	\$30.84	\$33.34	\$34.34	\$35.37	\$36.43	\$37.52
Tier 1	\$1.55	\$3.00	\$3.09	\$3.18	\$3.28	\$3.38
Tier 2	\$1.68	\$4.00	\$4.12	\$4.24	\$4.37	\$4.50
Tier 3	\$2.04	\$5.00	\$5.15	\$5.30	\$5.46	\$5.62

	<b>Out-of-Town Water</b>	<b>Out-of-Town Water Proposed</b>	<b>Increase 3%</b>	<b>Increase 3%</b>	<b>Increase 3%</b>	<b>Increase 3%</b>
	<b>Base Rate 1/21 (4,000 gallons)</b>	<b>Base Rate 1/23 (5,000 gallons)</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Base	\$44.35	\$46.85	\$48.26	\$49.71	\$51.20	\$52.74
Tier 1	\$2.49	\$4.50	\$4.64	\$4.78	\$4.92	\$5.07
Tier 2	\$3.04	\$6.00	\$6.18	\$6.37	\$6.56	\$6.76
Tier 3	\$3.67	\$7.50	\$7.73	\$7.96	\$8.20	\$8.45

	<b>In-Town Sewer</b>	<b>In-Town Sewer Proposed</b>	<b>Increase 3%</b>	<b>Increase 3%</b>	<b>Increase 3%</b>	<b>Increase 3%</b>
	<b>Base Rate 1/21</b>	<b>Base Rate 1/23</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Base	\$31.16	\$36.16	\$37.24	\$38.36	\$39.51	\$40.70
Commercial	\$31.16	\$36.16	\$37.24	\$38.36	\$39.51	\$40.70
Tier 2	\$1.77	\$2.66	\$2.74	\$2.82	\$2.90	\$2.99
Tier 3	\$1.87	\$2.81	\$2.89	\$2.98	\$3.07	\$3.16

	Out-of-Town Sewer	Out-of-Town Sewer Proposed	Increase 3%	Increase 3%	Increase 3%	Increase 3%
	Base Rate 1/21	Base Rate 1/23	2024	2025	2026	2027
Base	\$51.87	\$56.87	\$58.58	\$60.34	\$62.15	\$64.01
Commercial	\$51.87	\$56.87	\$58.58	\$60.34	\$62.15	\$64.01
Tier 2	\$3.40	\$3.99	\$4.11	\$4.23	\$4.36	\$4.49
Tier 3	\$3.78	\$4.22	\$4.35	\$4.48	\$4.61	\$4.75

**SAMPLE BILLS**

**In-Town Sewer/Water - July 2022 bill from a commercial business using 11,000 gallons**

Current sewer \$32.93	New sewer \$38.82 (\$36.16 + 2.66)
Current water \$42.47	New water \$52.34 (\$33.34 + \$15.00 + \$4.00)
<b>TOTAL \$75.40</b>	<b>TOTAL \$91.16</b>

**In-Town Sewer/Water - July 2022 bill from a home using 18,900 gallons**

Current sewer \$31.16	New sewer \$36.16
Current water \$55.74	New water \$80.34 (\$33.34 + \$15.00 + \$32.00)
<b>TOTAL \$86.90</b>	<b>TOTAL \$116.50</b>

**Out-of-Town Water - July 2022 bill from a home using 28,600 gallons**

Current water \$118.53	New water \$189.35 (\$46.85 + \$22.50 + \$60.00 + \$60.00)
<b>TOTAL \$118.53</b>	<b>TOTAL \$189.35</b>