



Elk Springs Proposed Special Water District Ballot

Informational Meeting
May 5



Welcome

6:00 Intro to Tonight's Meeting, Ground Rules, Ballot Submission Reminder

6:15 Presentations - 5-8min presentations

6:40 Question & Answer

7:30 Wrap Up - Additional resources



Water in Elk Springs Today

Our aquifer, our customers, and
why this initiative now

The collective water system is currently Elk
Springs HOA members responsibility

As our community grows and our system
ages, this increasing liability becomes more
poignant as we add users and the ongoing
drought in Colorado increases

Your vote now puts this on the ballot in
November

Spring Valley Aquifer

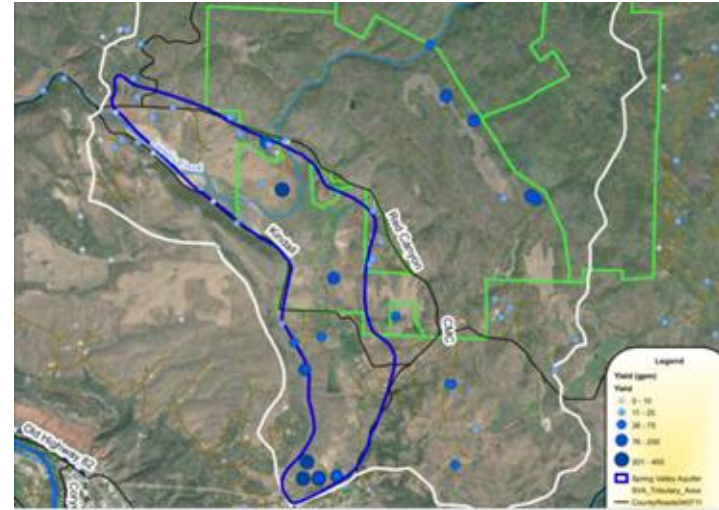
We use groundwater. It is fed and recharged from rainwater and limited groundwater from surrounding hills

- 14-19" rain/yr
- Semi-arid climate; drought

There is enough water for our development and neighbors to build out as designed, provided we manage our water intelligently

- This proposed district will not add anything that was not contemplated when this district was shaped
- Water infrastructure is costly
- We have rights to this water - not giving up any rights

Together, our “water system” includes: treated water supply, water lines, hydrants, valves, meters, water storage tanks, wells, electrical controls, chemical systems, easements and water rights



Our Water Customers

Legally obligated to provide treated water to Pinyon Mesa, Auburn Ridge, Eagle Ridge, Elk Mesa, and the school district property

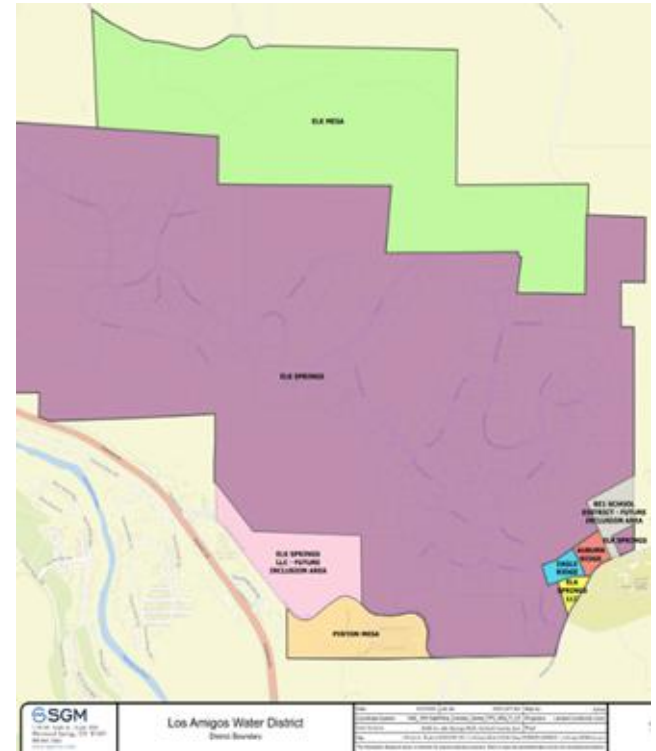
- Not all of these properties are developed or currently pay water fees, but we are still responsible for system maintenance and having water ready when they develop.

We own the infrastructure, manage operations; Responsible for the cost of repairing and maintaining all the water infrastructure.

- This includes unexpected repairs and uninterrupted delivery

Negotiate contracts with our neighbors for water; Considerable amount of the Board's time and energy

- These contracts were inherited, but has become unwieldy
- Contracts on various schedules and complexity
- Rate structures and fees vary
- Board would prefer to focus on community priorities





Today's Ballot

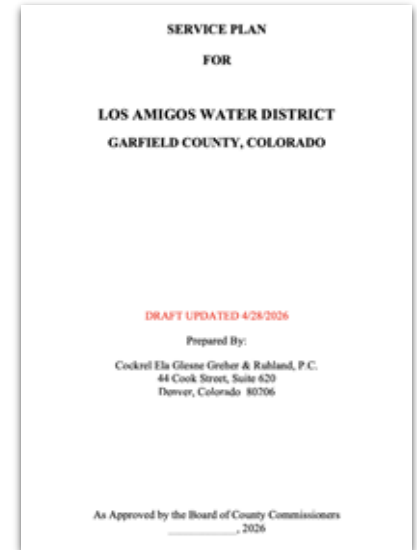
Today, we need you to vote 'yes' or 'no' to put this issue on the ballot in November

A vote today will NOT initiate the creation of a Water District, it allows for:

- The Service Plan to be reviewed by Garfield County and other required agencies over the summer.
- All eligible voters can vote on its official creation in November
- Only after a special district is created will active rates, plans and rules be established in a public board meetings.

Any ballots in this June 10th vote that are omitted, forgotten, or lost will be counted as a "no."

We need 67% of our HOA owners to approve this measure now.





Proposed Special Water District

Risk & liability

We need to change to a water district because a district is structured to handle and manage water systems like ours (expertise, access to funding, shared costs, and reduced legal risks)

Without a water district in our future, our increased liability continues unchanged.

If this plan is approved in November, it will be the first time we can reduce water liability to residents.

Current liability



Currently, water management is done via volunteer water committee (thanks for your time!)

- Capital expenditures, repairs, and upkeep come from the Elk Springs water reserve fund

Currently the HOA cannot obtain adequate insurance for our water system.

- Because we are legally required to provide water to Elk Springs AND nearby property and member associations, if there is an issue with neighboring water infrastructure, Elk Springs must expend reserve funds to cover the cost of repairs and provide continuous water to customers.
- And if those costs exceed the reserve funds, we must then ask Elk Springs residents to cover any remaining costs.

Because of this arrangement, we, the 249 HOA members, bear the full responsibility and liability for delivering water to Elk Springs and surrounding properties

Our current water operations expose the HOA to unlimited liability that is not fully insurable

Water Districts Are Designed to Manage Liability



What is a Water District?

- Specially designed entity that manages water, protects water rights, and has access to expertise and legal mechanisms to address water system challenges

Access to insurance

- A district has access to insurance pools and large-scale funding support
- We will be able to access vital funding through bonds, grants, and other public financing tools to manage, track, conserve and deliver water
- Reduce the potential burden of extremely high-cost infrastructure replacement and repairs
- If we remain with the current water management approach as an HOA, risk of liability continues

**A water district
protects us - and
our neighbors**



Our Opportunity

Why this vote matters

Proposed water district will be the 1st time water users have more control of water – and can leverage funding opportunities, water conservation programs, incentives, and tactics to better manage our water

Better Water Management



We are not giving up anything here.

- We are distributing risk, sharing water more equitably, reducing conflict with our neighbors, and managing our water supply more sustainably
- Elk Springs will have biggest voting block in the district

What this means for owners

- Rate structure will move to tiered, usage based systems
- Costs will reflect use (if you have a lot of leaks, you will know!)
- Water stewardship benefits - Metering and loss, accuracy in use, more transparency (leak detection), smarter water conservation
 - Potential to lower costs over time
 - Align with best practices throughout the valley

The take home message

- A water district separates out water management from the HOA into an entity specifically designed to manage water delivery and infrastructure, with expertise available
- Extending water liability directly across our water customers is best done by creating a special water district
- A water district has limited governmental immunity from liability and has access to a state-backed insurance pool that provides water district specific insurance than what is available to Elk Springs as a homeowner's association and private water company
- Major systems and risks can be covered by insurance and state backed programs
- It's more equitable and more transparent for all users – and allows for successful future water management in a changing landscape

Questions?
