

La Mesa Water Cooperative

WaterGram - November 2014

Water Cooperative Begins Major Investments in Infrastructure

Previous Watergrams have discussed the Water Supply Committee's recommendations that we increase our water supply to (1) meet anticipated demands for water and (2) protect us against failure of one of our two wells. The latter risk is of particular concern during the high usage summer months. The Board accepted the Committee's recommendation that we restore well #3 to service. This will require the installation of arsenic treatment facilities. On October 22nd the Board accepted a contract with the Smith Engineering Company of Albuquerque to identify suitable processes and design the necessary facilities. This is a complicated project that will take several years to complete.

The chemistry of the water and the high capacity of the well will make this much more expensive than the relatively low cost facilities we are adding to Well #6. Very preliminary estimates indicate that the cost will exceed \$400,000, making this the most expensive project the Coop has undertaken. These expenses are in addition to our previously announced plans to begin arsenic treatment at well #6 in the summer of 2015 (about \$56,000) and the painting and preventative maintenance of our water storage tanks (about \$115,000, scheduled for 2015-2016). We have sufficient reserves to pay for arsenic treatment of #6 and the painting of our tanks. However, new revenue must be found for arsenic treatment of water from well #3.

Important Implications for Rates

We are proceeding with an abundance of caution. Although many decisions need to be made, the majority of these must be delayed until we receive our engineers' reports and recommendations. This means we are in a period of uncertainty where we are unable to provide you with as many specifics as we would like. We will keep you informed as recommendations and specifications are received and decisions are made.

We expect to pay for arsenic treatment through a combination of prudent borrowing and increases in rates. Rate increases can be expected to exceed the rate of inflation for the foreseeable future.

Water Rates for 2015

In the fall of each year the Budget Committee recommends a budget for the following year. Based on this budget, the Pricing Committee then recommends rates. Usually the Pricing Committee has 4-6 members, but because of the challenges facing the Coop, this year it consisted of 6 of the 7 Board members and three volunteers from the membership. These volunteers were George Franzen, Billy Lawrence, and Ron Overley. The Board appreciates the contributions of these members.

The Board has received the recommendation of the Pricing Committee and expects to determine 2015 rates in December. The new rates will be effective in January.

Board of Directors

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