



January 26, 2010

Richard T. Lunceford
La Plata Archuleta Water District
954 East Second Avenue, #202
Durango, CO 81301

Re: La Plata Archuleta Water District Master Plan Review

Dear Mr. Lunceford,

La Plata County sincerely appreciates the invitation by the La Plata Archuleta Water District (District) Board of Directors to comment on the La Plata Archuleta Water District Master Plan. We hope the following comments will assist the La Plata Archuleta Water District in finalizing the master plan document. We have organized our comments for your review as follows:

1. Development Review and Comprehensive Planning Integration
2. Engineering and Technical Review Integration
3. Public Works Integration
4. Public Education and Outreach
5. Financial Considerations

1. Development Review and Comprehensive Planning Integration:

As identified in the Master Plan section VIII-B “LPC Staff and Comprehensive Plan,” La Plata County is currently in the process of creating a new Comprehensive Plan. The Comprehensive Plan is currently in the process of establishing where and how development will be located. We believe the District will benefit from coordinating closely with La Plata County during this process. The planning process will ultimately develop a code for the Comprehensive Plan the will outline processes for further implementation of the District.

It is important to note that La Plata County is currently considering adopting additional land use regulations authorized by C.R.S. § 24-65.1-101 *et seq* regarding “areas and activities of state interest.” These regulations – colloquially referred to as “1041 Powers” – could apply to many of the District’s specific projects and would represent a substantial deviation from the County’s current regulatory oversight as contemplated in section VII. “Steps for Construction” of the Master Plan. If adopted, the District will likely need to comply with these regulations and to obtain a “1041 Permit” prior to the installation of much of the planned infrastructure. Prior to

issuing a 1041 Permit, one of the factors the County will likely consider are the various projects' consistency with the Comprehensive Plan. Because these contemplated "1041 Powers" could directly affect the District's future endeavors, we encourage your active participation in the County's public processes considering both these 1041 Powers and the new Comprehensive Plan.

We recognize that the information provided in section II-D in the Master Plan uses the best available data provided in the existing Land Use District plans. However, it is important to point out that existing and potential second dwelling units and 35-acre lot splits may impact demand. Currently, landowners can pursue a land use permit for additional dwelling units, as well as subdivide land into 35-acre parcels without County review. The District is encouraged to use "worst case scenario" or highest expected use projections to estimate the number of connections into the water system. Additionally, once the Comprehensive Plan Future Land Use Map is completed, we encourage the District to employ this tool to assist in calculating water supply needs.

2. Public Works Integration

The Master Plan indicates the infrastructure will be installed using County rights-of-way. However, the County may not have legal title to all of the rights-of-way contemplated for use by the District, especially for rights-of-way within the Southern Ute Indian Tribe's jurisdiction. Therefore, the County recommends that District work directly with the Southern Ute Indian Tribe and secures its permission to use certain rights-of-way early in the planning process.

Further, it is recommended the financial projections consider the possibility that the District will have to purchase rights-of-way from property owners. We feel this is a significant added cost that should be considered in the financial projections.

Last, the Public Works Department offers the following specific comments related to construction projects within the County's rights-of-way:

1. All utility work within or crossing a county right-of-way needs to be permitted with the County Engineering Dept.
2. Many of the county rights-of-way maybe prescriptive use, even on the Southern Ute Indian Reservation, but they still need to be permitted.
3. Utility work within the exterior boundaries of the Southern Ute Indian Reservation needs to be permitted with the Tribe.
4. The county rights-of-way may be defined by existing fence lines but that is not always the case.
5. Research may be required to establish the actual county rights-of-way. This is the responsibility of the utility or applicant.
6. Traffic control is required for all work in county rights-of-way.
7. If a county road is damaged or excavated during construction, it shall be repaired according to county standards.

8. Any disturbed land in the rights-of-way will have to be re-graded and re-vegetate with an approved native seed mix.
9. Water mains shall be located outside the structural section of the county road so damage to the road will be minimized in the event of a water main leak.
10. Water mains crossing a county road or located within the structural section of a county road shall be placed inside a carrier pipe or casing and shall be installed with casing spacers, like <http://www.cascademfg.com/casingspacer.aspx> or equivalent.
11. Fire hydrants or any facilities that may present a roadside hazard shall be placed outside the clear zone, typically ten (10) feet from the edge of the travel lane.

3. Engineering and Technical Review Integration

The Master Plan refers to the Pagosa Area Water and Sanitation District (PAWSD) for guidance in determining the water demands per unit. Due to the differences in the service areas for PAWSD - such as climate and the density of development - the County recommends the District use 350 gallons per day per equivalent units (gpd/eu) for purposes of determining the necessary estimates for demand. We support the conservation goals of the District, but believe that until the District has its own data to verify conservation goals, it would be best to use 350 gpd/eu.

The Master Plan will have more clarity if the required La Plata County Land Use Code (LPLUC) value of 350 gpd/eu and the conservation estimates of 200 gpd/eu are addressed independent of each other. For example, section II-F, page 13, states “the 2030 demand would range between 800 and 3900 AF.” The range reflects the minimum for 200gpd/eu (800 AF) and the maximum for 350 gpd/eu (3900 AF). We believe the annual water demand should be discussed primarily in terms of the required estimate of 350gpd/eu. It is understood 200 gpm/eu is established as a long-term conservation goal for the District. We recommend that at least 10 years of supporting data be used once the system is established to validate this goal.

Furthermore, we recommend the calculations in the document be verified. For example, Table 3, “Average Demand” shows the reasonable demand for water in 2060 to be 2,300 acre feet. We believe the 2060 reasonable demand should be approximately 2,745 acre feet, the average of the minimum - 1,568 acre feet - and maximum - 3,921 acre feet - for the LPC planning demand, as depicted in Table 2. It would be helpful to include conversion information in the document when referring to acre feet and gpd/eu. It will be helpful if tables 2 and 3 depicted demand in terms of both acre feet and the number of equivalent units. This would enable the reader to correlate the number of acre feet required to serve equivalent units. For each table, provide all data including assumptions (i.e. number of parcels, homes, equivalent units, etc.) and conversion factors (i.e. gpd to cfs to AF, etc.) needed for basic calculations to be performed.

4. Public Education and Outreach

We suggest the District make reference to the Colorado Department of Local Affairs’ *Special Districts: A Brief Review for Prospective Homeowners*. This publication is a useful resource for citizens within the District because it provides information regarding a special district’s purposes, taxing authority and financial status with an eye towards property owners’ concerns. The document can be located at the following link:

5. Financial Considerations

The financial data and representations in the Master Plan are consistent with those presented in the Service Plan approved in 2007. The underlying valuation of this District is significantly composed of property tax assessments against natural gas production. In the event that the valuation related to natural gas production and/or natural gas prices dip significantly - either in the short or long term - the continuing financial viability of the District may be negatively impacted unless expenditures are reduced or the taxpayers of the District authorize property tax increases. Because of extraordinarily low natural gas prices in calendar year 2009, it is likely that most Districts with a high dependence upon property taxes due to natural gas production will see a 25-40% decline in property taxes in budget year 2011. Therefore, the projection for 2011 property tax may need to be adjusted downward significantly.

Additionally, the proposed debt service schedule in the original Service Plan and referenced in the Master Plan indicates smaller debt service payments in the first 10 years and much larger payments in the later years. It should be noted that a study of natural gas reserves in La Plata County (http://co.laplata.co.us/publications/og_reserves.htm) indicates a continuing decline in natural gas production over time. Therefore, the District and their financial advisors will want to carefully evaluate the structure of any bond repayment plan.

Please receive our comments as our commitment to working toward a successful water district and with the La Plata Archuleta Water District Board. If you have any questions or would like further clarification, please do not hesitate to contact us.

Sincerely,



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