Colorado Special Districts Property and Liability Pool

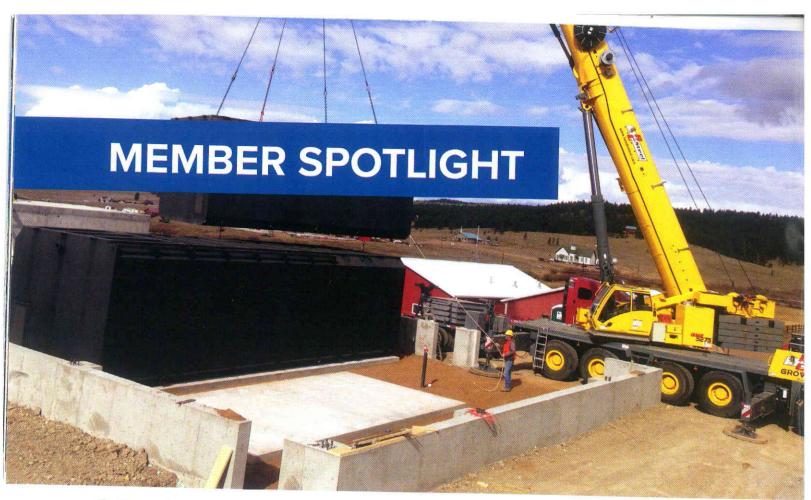
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THE RISK MANAGEMENT REVIEW

**Quit-Proof Your Team** 

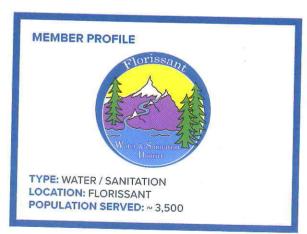
Empty desks. Backlogs of work. Constant interviewing. High turnover is the worst. Let's put a stop to that once and for all.

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## A Growing District for a Growing Community:

## FLORISSANT WATER AND SANITATION DISTRICT



Cynthia Russel of Florissant Water and Sanitation District recently partnered with environmental engineer Adam Sommers to give us insight into this district's unique challenges and achievements. FWSD's candor and willingness to share their inspirational story of overcoming past ordeals to detailing the financial challenges they face as a small district is inspirational.

## **Economies of Scale**

One challenge that small districts struggle with is generating enough annual revenue not only to cover operational and

maintenance costs, but having enough reserves for capital projects. This is further underscored by the weight of expense per capita.

In our conversation with FWSD, Cynthia provided an example: suppose that the installation of a 50,000-gallon water storage tank supplying a small community of a hundred taps costs about \$150,000, or \$1,500 per tap. A community of 500 taps supplied by a tank with the same storage requirements may cost \$400,000, but translated into price per tap, would cost only \$800 per tap.

In other words, an expense of \$1,000,000 for a small community may appear far less of a burden than an expense of \$50,000,000 for a larger community, but the costs are actually greater per person for the former. This burden of cost per capita also applies to a district's service area. Typically, larger districts are urban with high property densities while small districts are located in rural areas with low property densities. FWSD emphasizes this disparity by posing the scenario of a larger urban district covering quarter acre lots and a rural district with one acre lots.

If geographic size, length of water and sewer lines, and pipe diameters are uniform for both, it would cost the smaller district four times the amount it takes to install, operate, and maintain their infrastructure versus their larger counterpart.

Fortunately, FWSD has successfully worked with the Colorado Rural Water Association, and it was determined that their rates needed to be raised in order to accommodate their expenditures. Initially, customers were not excited about this rate change, but they have been very happy with the district's improvements since then.

## Past is Prologue

Five years ago, the community of Florissant suffered from brown drinking water, had sewer and water lines that routinely froze, and faulty water usage meters that did not read correctly. At the time, FWSD utilized a lagoon system for its wastewater treatment. In the past, this system was both effective and cost-efficient, particularly for smaller communities.

However, by 2012, the district's lagoon system had become outdated, and needed to be replaced by a more environmentally-friendly wastewater disposal system that complied with the new permissible exposure limit for ammonia. Unfortunately, the district had already exhausted its financial resources, having taken out several loans to pay for critical repairs.

The district was then visited by Clay Brown, regional director at the Colorado Department of Local Affairs (DOLA) who attended the district's board meeting. Through his guidance, FWSD reached out to several state agencies, including the DOLA and the Colorado Department of Public Health and Environment. FWSD also mentioned their fruitful partnership with AquaWorks DBO, Inc. from Denver, a company that provides engineering services for small systems. All of these organizations were more than happy to advise and instrumental in putting FWSD in a productive direction.

For example, the Colorado Rural Water Association suggested replacing the old meters to accurately bill the district's customers. Since then, automatic meters alert the district of any anomalies, like atypical water use downstream of individual meters, in addition to automating the information gathering process. Rather than having operators manually record meter numbers every month, operators can simply drive by and obtain the same information. These meters were covered by a principal forgiveness loan provided by the Colorado Resources and Power Authority and Colorado Department of Public Health's Water Quality Control Division. Both agencies have been great supporters of FWSD.

The utility-upgrading process took considerable time and was often arduous, but with guidance from the many agencies and organizations willing to help, they completely transformed their operations. FWSD's new environmentally-friendly wastewater disposal system produced such a low amount of ammonia that it was undetectable. Customers now enjoy high-quality water for drinking and bathing. This allows the community of Florissant to grow and add new residents and businesses. Financially, Florissant Water and Sanitation District is now

operating with financial stability, and is currently saving for the future.

When we asked Cynthia and Adam what advice they had for smaller-sized districts, they simply stated, "Don't hesitate to ask for help, it's just a phone call away."

Special thanks to Florissant Water and Sanitation District and photographer Paul Kennedy for their cooperation and photography. To see more awesome photos of their operation, visit newsletter.csdpool.com. If your district is interested in being featured in the future, please contact Lam Pham at lpham@mcgriff.com





