



SOUTHERN UTE INDIAN TRIBE

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The Southern Ute Indian Tribe clarifies relationship with the Town of Ignacio and on-going water and wastewater rate discussion

Southern Ute Indian Reservation – For decades, the Southern Ute Indian Tribe has maintained and valued its long-standing intergovernmental relationship with the Town of Ignacio. The Southern Ute Indian Tribal Council and the Town Board of Trustees, along with the Town Manager, meet frequently to discuss various issues of common interest.

The Tribe, through its Utilities Division administered by the Southern Ute Growth Fund, provides treated water, wastewater and natural gas service to the tribal campus, local tribal members residing near Ignacio and the Town of Ignacio. Two years ago, the Town of Ignacio expressed concern that the water and wastewater rates charged by the Tribe were higher than those of other water and wastewater providers in the area. Since that time, the Tribe and the Town have been discussing water and wastewater rates and jointly engaged an independent third-party contractor to conduct a rate study.

It is important to note four significant issues in this discussion:

1. The Tribe has spent \$40 million of its own money (no grant funding) on modern facilities that meet or exceed all applicable regulations for water and wastewater services. These costs are NOT included in our utility rate structure. Even now, the Tribe is in the process of building a new \$3 million reservoir for the water system that will provide additional emergency storage and redundancy. Again, the costs for the reservoir are not included in our utility rate structure. These and other tribal-funded infrastructure improvements have been important and generous contributions to the community.
2. The Utilities Division water and wastewater funds are running at a deficit and rates need to adjust to break even. We do not operate the Utilities Division as a profit center.
3. The Growth Fund does not charge the Utilities Division for overhead related to oversight, HR or accounting and therefore, that overhead is not allocated to our utility rate structure.

4. The utility rates charged the Town are the same rates charged to the Tribe and the tribal member customers.

The Southern Ute Utilities Division is proposing an increase in water and wastewater rates as follows:

WATER: Current Rate: \$32.80 base per 8,000 gallons + \$4.10 per 1,000 gal thereafter
Proposed 2020 Rate: \$47.80 base per 6,000 gallons + \$5.00 per 1,000 gal thereafter
Proposed 2021 Rate: \$62.80 base per 6,000 gallons + \$6.00 per 1,000 gal thereafter
2022 and beyond: CPI-U increase annually

By way of comparison, here are some of the rates per 6,000 gallons charged currently by other area utilities for ¾ inch water service:

LPAWD: \$63.80; Forest Lakes: \$42.00; Edgemont Ranch: \$70.00; Durango: \$46.51;

Bayfield: \$26.25; Pagosa Springs: \$42.79

WASTEWATER: Current Rate: \$72.09
Proposed 2020 Rate: \$87.09
Proposed 2021 Rate: \$102.09
2022 and beyond: CPI-U increase annually

By way of comparison, here are some of the rates per 6,000 gallons charged currently by other area utilities:

Forest Lakes: \$29.50; Edgemont Ranch: \$95.00; Durango: \$93.39 in town;

Durango \$186.84 outside town; Bayfield: \$49.74; Pagosa Springs: \$49.88

During this rate analysis, the Town requested, and the Tribal Utilities concurred that wastewater rates should be based on actual winter water flows to obtain true usage. Now, using our proposed rates and the winter flows, the rates we charge to the Town as a bulk customer will actually go down somewhat from the current bulk rate charged.

The Tribe prioritizes the health of its tribal members and tribal resources such as land and water. We have had no recordable discharge incidents from our wastewater plant since it was built. Very few utility operators in the Four Corners region can make that claim. Our water system has had to deal with the Missionary Ridge fire runoff and siltation for years following the fire. Again, without any violation of standards.

The Tribe also cares about the health and safety of the broader Ignacio community. For example, in 2012, the Tribe (with the Town's support) waived wastewater and natural gas tap fees as a donation to the Ignacio School District. This waiver significantly reduced the cost of construction of the water main and meter assembly that brings water and fire flow capacity to the school district's new middle school and the West Mesa region of Ignacio. The new water main also could potentially supply water for any future development in the West Mesa region.

Many water and wastewater providers are now coming to grips with deferred maintenance and ever-increasing operating costs. In fact, in 2018, the Colorado Department of Local Affairs conducted a Colorado Municipal Water and Wastewater Rate Survey. That survey states that “water and wastewater rates appear to double approximately every 15 years.” Building, maintaining and operating these facilities properly costs money. Southern Ute Utilities operators are State of Colorado certified, safeguard plant operations and strive to reduce environmental and health risks. Our circumstance is magnified by operating a quality system spread over a small population. One cannot opportunistically and selectively choose other municipal rates to argue they are being overcharged. Each provider operates a unique system with unique issues. To meet all applicable regulations, the Tribe must incur certain costs in operating its system. Like all utilities providers, the Tribe recovers those costs from rate payers. Unlike some other utilities providers, however, the Tribe is not charging the Town and other rate payors for the capital costs of the Tribe’s system.

The Southern Ute Indian Tribe, Southern Ute Growth Fund, and the Southern Ute Utilities Division will continue to strive to cultivate a constructive and collaborative relationship with the Town of Ignacio while providing the best water and wastewater services in the Four Corners region and Indian country.

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