



## **HUNTER OVERLOOK WATER ACTIVITY ENTERPRISE (HOWAE)**

The Hunters Overlook Metropolitan District Nos. 1-8 (the “Districts”) are authorized to provide water and stormwater facilities, improvements and services in accordance with Title 32 and its Service Plan.

The Districts were also permitted to establish and did establish a water activity enterprise by resolution pursuant to Section 37-45.1-101 C.R.S., which provides for a broad set of powers as a government-owned business, commonly known as Hunters Overlook Water Activity Enterprise (“HOWAE”). The majority of the HOWAE’s revenues are generated either through developer advances, fee revenue or service fees for provision of irrigation water service. No mill levy revenue is used by the Districts for provision of irrigation water service to the residents and non-potable water users within the service area of the Districts.

### **Summary of Water Operations**

#### **1. The HOWAE Irrigation Water System Framework:**

- a. Severance has a potable water system that provides potable water service to the residents.
- b. The District is responsible for coordinating the financing and constructing the “District’s Water System” or improvements to serve the development.
- c. Potable water is required to be dedicated to Severance at time of building permit.
- d. Use of a non-potable water system to provide irrigation to the common areas and lots within a development requires a raw water dedication for each residential unit of approximately 1/3 of the standard raw water dedication for subdivisions without a non-potable water system.
- e. Non-potable water does not require treatment to the level of drinking water for human consumption and results in considerable potable water conservation.
- f. The Districts formed HOWAE to provide non-potable irrigation water.

#### **2. Water Rights and Irrigation Water Rights, Storage and Facilities.**

- a. HOWAE acquires and holds raw water shares and provides irrigation water to each subdivision to satisfy irrigation demands and provides storage and distribution independent of the Town’s potable water system.





- b. Each subdivision is connected to the HOWAE non-potable water system and leases water rights, irrigation water, storage and reservoir rights from various entities. Each subdivision utilizes lease purchase agreements and other obligations that contain an annual appropriation requirement to meet its multiple-year financing needs, as a TABOR Enterprise.

3. **Cost of Infrastructure related to HOWAE Non-Potable Irrigation System**

Each subdivision provided for the capital costs and public improvements. In addition to capital costs for public infrastructure (including water improvements (potable), sanitary sewer, storm sewer, drainage, streets and roadways, parks and recreation, landscaping, etc.) there were separate costs for the irrigation water system, storage reservoir, pumphouse, distribution system, pipes, pressurization, meters and connections within each subdivision and each home. Such costs include, but are not limited to, the following:

<b>A. Big Horn Reservoir – Storage and Non-Pot Infrastructure</b>	<b>\$</b>	<b>11,540,093.57</b>
<b>B. Severance Overlook Subdivision Irrigation Infrastructure</b>	<b>\$</b>	<b>2,034,350.00</b>
<b>C. Severance Shores Subdivision Irrigation Infrastructure</b>	<b>\$</b>	<b>1,509,259.64</b>
<b>D. Hunters Crossing Subdivision Irrigation Infrastructure</b>	<b>\$</b>	<b>2,752,358.25</b>
<b>E. Severance Reserve Subdivision Irrigation Infrastructure</b>	<b>\$</b>	<b>399,154.05</b>
<b><u>Total Non-Potable Infrastructure (Principal)</u></b>	<b>\$</b>	<b><u>18,235,215.51</u></b>

4. **Questions of Constituents and Residents regarding the HOWAE Non-Pot System**

- A. **Operation Dates:** Generally, May 15 to October 15. However, these dates are adjusted based upon the availability of water provided by the various water sources (each of which have different release and end dates) including, but not limited to, Windsor Reservoir and Canal, Larimer and Weld Irrigation Company, Finley Lateral, Eaton Ditch, Eaton Law “Lateral” and Colorado Big Thompson Water. HOWAE, the Metropolitan Districts and/or Fromm and Company do not control these dates.
- B. **Operation Schedule:** The various ditch companies release water to its users based upon their own schedule. Water is released and stored for short term periods in the Big Horn Reservoir.





C. **Use credits when the system is not operating and/or undergoing repairs/maintenance:** Fees are not solely related to water use. Fees are **not** reduced based on water availability or use. The majority of costs and expenses for providing services include storage fees, water leases, capital costs, repair and maintenance, non-potable irrigation service companies, service providers, clocks, monitors, pumps, subcontractors, operating costs for the pumps, distribution, electrical, and annual ditch company fees, most of which are not related to use. Again, fees are **not** determined based upon usage. Fees are charged and incurred for the entire irrigation season, annual fees and expenses of contractors and subcontractors that provide services related to the irrigation system, irrigation water and irrigation services.

D. **Fees & Rates:**

1. Fees are budgeted each year and calculated based on annual lease and operations expenses and costs (see above). Any surplus amounts above and beyond operations and administration are available to pay for the capital costs and reduce the outstanding capital infrastructure promissory notes for the public infrastructure and costs of the entire system construction, operation and maintenance.
2. Fees are determined by estimate and may be adjusted each year to pay for operations, administration and capital costs of the infrastructure, distribution and storage system of HOWAE.
3. Fees are based upon each lot, not by the size of lots. Water use is not metered.
4. Metering to each lot would cost an additional \$2,000 - \$3,000 per lot for meter installation and increase operations, maintenance, repair and replacement costs.
5. The cost to construct the entire system was \$18,235,216 for the non-potable infrastructure and storage system which was completed in 2019, except for Severance Reserve Subdivision which was completed in 2021.





E. **Water Usage:** the amount of water used by HOWAE to provide irrigation service in 2023 was approximately:

- 263,362,222 gallons of water used for irrigation
- Average use/lot-avg sized lot: 184,945 (263,362,222/1424 lots)
- Average use/lot-Estate sized lot: 554,836 (184,945.38 \* 3 for increased size)

1. **Rate Comparison:**

Water Rates:	<u>Town of Severance</u>	<u>HOWAE Non-Pot</u>	<u>Annual Savings</u>
	\$6.16/1000 gal	\$540/Yr.	
Average size lot:	\$ 1,139.26	\$540.00	<b>\$ 599.26</b>
Estates size lot:	\$ 3,417.79	\$540.00	<b>\$2,877.79</b>

Water Rates:	<u>Town of Greeley</u>	<u>HOWAE Non-Pot</u>	<u>Annual Savings</u>
	\$4.12/1000 gal/non-pot	\$540/Yr.	
Average size lot:	\$ 761.97	\$540.00	<b>\$ 221.97</b>
Estates size lot:	\$ 2,285.92	\$540.00	<b>\$1,745.92</b>

Water Rates:	<u>Town of Windsor</u>	<u>HOWAE Non-Pot</u>	<u>Annual Savings</u>
	\$6.07/\$9.07 per 1000	\$540/Yr.	
Average size lot:	\$1,890.85	\$540.00	<b>\$1,350.85</b>
Estates size lot:	\$4,792.35	\$540.00	<b>\$4,252.35</b>

**Note: Windsor charges \$6.07 per 1000 gallons up to 16,000. Water usage over 16,000 is billed at \$9.07 per 1000 gallons**





F. **Water Supply:**

1. Each of the ditch companies controls its type or share of water.
2. Windsor Reservoir and Canal Company, Larimer and Weld Irrigation Company, Finley Lateral Ditch and Colorado Big Thompson. Each of the ditch companies supply the water.
3. No profit is made by board members and/or Journey Homes. Note holders are being reimbursed for actual costs and any interest on promissory notes when the costs were accepted by the District/HOWAE upon completion and engineering certification.
4. Conflict of Interest Disclosures are filed with the Secretary of State. Water is leased to HOWAE through lease/purchase agreements and water supply agreements. Third party valuations were obtained at the time of initial water dedication, and the water is leased based upon initial appraisals. Water can be purchased for fair market value at the time of purchase.

G. **Restrictions:**

1. Watering restrictions are being implemented.
2. HOWAE cannot shut-off service to residents who are not abiding by restrictions or paying the invoices because there are not individual meters to each home. However, fines and penalties can be imposed.
3. There are properties outside of the district boundaries that are able to water on their own schedule because they own the water rights that also include agricultural usage.





H. **Additional, Miscellaneous Items:**

1. Trash policies are set by RAM Waste. District 1 obtains bids annually. RAM is the most cost effective trash provider.
2. Changes to Covenants, Guidelines and Restrictions are made by District 1.
3. Residents cannot change fees, fines and penalties which are set by District 1.
4. Residents cannot obtain a different water supply.
5. Comcast project was not a District project. This project was approved by the Town of Severance.
6. Small side/rear gates are currently not permitted. Amendments are being discussed.
7. Playsets over 8' are currently not permitted. Amendments are being discussed.
8. The Builder and Developers encourage resident participation and have stepped aside in many instances to bring on residential board members.

