

**KANE COUNTY WATER CONSERVANCY DISTRICT
ESTABLISHED 1992**

190 W. Center Street, Suite 200 - Kanab, Utah 84741
Telephone No: (435) 644-3997 – Facsimile No: (435) 644-8679

May 26, 2006

Shareholders/Water Users in the
Swains Creek Pines Lot Owners Association
Duck Creek Village, Utah 84762

Re: Phase VI of the Duck Creek Village Water Improvement System – Enrollment Forms and
Payment Information

Dear Shareholder/Water User:

The construction on Phase VI of the Kane County Water Conservancy District (KCWCD) Duck Creek Village Water Improvement System in the Swains Creek Pines Lot Owners Association (SCPLOA) will be starting on June 1, 2006. We would like to have the system on-line and operational this fall (November 1, 2006) pending weather and construction progress. The KCWCD Board of Trustees is appreciative of the overwhelming support for the new system from the homeowners and lot owners in the SCPLOA. The new modern system is designed to draw high-quality water from four state approved wells with an additional well planned for 2006. As a new user, access to over 2.5 million gallons of storage will become available to you this year and will be delivered at pressures between 50 and 160 PSI. It is highly recommended that you install a pressure-reducing valve (PRV) on your side of the meter to prevent a line break. Kane County Code requires a PRV when the pressure is 80 PSI or greater. The new pressurized system has been designed to meet all state and county fire protection regulations, which should reduce your homeowner's fire insurance rates in the future.

Impact Fees and Connection Fees: As a property owner and water rights holder in the SCPLOA, your cost to participate in the new culinary year-round water system for a 5/8" x 3/4" meter is \$4,000 (includes a connection fee of \$1,000 and an impact fee of \$3,000). An additional \$2,500 or a total of \$6,500 will be charged for those who are not members of the SCPLOA. KCWCD has already obtained the water share ownership information from SCPLOA. Because of the favorable loan and grant conditions that were obtained by the KCWCD from the United States Department of Agriculture, Rural Utility Service, and the Utah Division of Drinking Water as well as over one million dollars in funding from Kane County, we are able to finance all but \$800 of your impact and connection fees for up to 10 years if needed. You have the option of paying the full \$4,000 fee now and avoid finance charges or you can pay the \$800 down payment and finance the balance of \$3,200 over a 10 year period at 6% interest with monthly payments of \$35.50. If you are not a member of the SCPLOA, the financed

impact/connection fee will be \$5,700 over 10 years at 6% interest and monthly payment of \$63.30. There are no penalties for early pay-offs. The KCWCD Board of Directors have authorized this finance option for those who sign up and pay the minimum \$800 down payment by July 31, 2006. Otherwise, the full amount (\$4,000 or \$6,500) is due and payable by August 31, 2006. **Any payments not received by August 31, 2006 will be subject to an 18% APR. Please note that payments from property owners will fund approximately 20% of the total project cost and will be used to help pay construction draws, therefore, it is critical that payments are received on a timely basis.**

The connection fee covers the costs involved with bringing water service to your identified lot line location and includes installation of the meter barrel, frost-free shut-off valve, and your electronic-read badger meter. We will try to accommodate your preference regarding the meter location but reserve the right to change the placement anywhere along your property line, especially if there are other mitigating construction factors or ground conditions present. It is the lot-owner's responsibility to bring the water from the meter barrel to the home or other service connection (i.e., hydrant, shed etc.). It is not too early to begin planning and arranging for the service connection to your home from your meter box. You can arrange to have your trenching/piping done using the contractor of your choice prior to the installation of your meter box. The KCWCD will then install your meter barrel at the location of your new service line (must be on lot line where main line is located). Please leave enough blue poly-pipe showing above ground to identify where your line is located—it would also be helpful to place a marker/stake there so the contractor can easily find it. Following is a list of known contractors who are working on the mountain and can assist you with digging your trench on your side of the meter:

Mr. Jay Pace
Pace Excavation
Telephone No: (435) 648-2061
Cell No: (435) 559-0078

Mr. Wayne Olsen
Progressive Contracting, Inc.
Telephone No: (435) 628-6662

Mr. Jim Barbeau
Telephone No: (435) 682-2606
Cell No: (435) 559-0623

Monthly Service and Water Fees: The first billing for the new system will be mailed out to all users the month after the system is completed (November or December 2006). The monthly fees include a base minimum standby fee of \$15.00 for **NO water usage**. This fee will help cover KCWCD ongoing costs to maintain the system (wells, tanks, testing, repairs, ongoing permit fees with other agencies, replacement fund), help meet conformance requirements, help repay our low interest loans, and insure that water is always available at the fire hydrant near your property for

emergency use. **To reiterate, you will be billed a \$15.00 minimum charge regardless of water use.** The minimum charge also applies to vacant lot owners who pay for a connection (meter/box installed) but do not use water. All water use during any given month will be billed to you at \$2.00 per 1,000 gallons of water up to 15,000 gallons each month. If you exceed the 15,000 gallons in any given month, rates per thousand gallons increase slightly up to a maximum of \$2.50/1,000 gallons (see water fee schedule below). Enclosed for your review and consideration is an *Electronic Funds Payment* form which authorizes your monthly payment to be automatically deducted from your checking account. Please consider using the funds transfer as it saves the district time and money, which can be used to improve the system.

Monthly Water User Fee Schedule

<u>Residential / Recreational</u>	<u>Cost</u>	<u>Rate Structure</u>
Level #1 – Minimum monthly fee/system	\$15.00	Base Minimum Fee per month
Level #2 – Plus \$2.00 per 1,000 gallons	2.00	1 – 15,000 gallons per month
Level #3 – Plus \$2.25 per 1,000 gallons	2.25	15,001 – 20,000 gallons per month
Level #4 – Plus \$2.50 per 1,000 gallons	2.50	20,001 & above gallons per month

If you choose not to connect at the present time and wish to connect in the future there will be added costs for digging up and repairing the roads, identifying underground utilities and equipment mobilization (may exceed \$10,000/connection). There is no guarantee that a service connection can be purchased in the future. Connect fees will definitely be higher in the future. Storage and source capacity will change as we add new customers and supplies and labor costs are expected to increase.

KCWCD Valve Demonstration KCWCD:

Enclosed for your information and review is a water barrel diagram entitled *Lot Owner Water Service Detail* which you can review to help familiarize yourself with the procedures for turning your water off when you are going to be gone for any length of time. In addition, your homeowners board of directors will be contacting you regarding a demonstration on turning your water meter on and off from outside the meter box. The tentative plan is to have our certified operator, Jeff Hoyt, conduct the demonstration during the Labor Day weekend in September at the Swains Creek Barn. You can contact Jeff at telephone number (435) 682-3526 for more information.

Due to the higher water pressures in the new system and periodic water pressure fluctuations, **it is highly recommended that you turn your water valve off just outside the meter box when you are absent from your property.** A water leak due to a line break/crack on your side of the meter is your responsibility. The water used/lost due to a break can add up very quickly and be very costly, not to mention the possible damage to your property.

Shareholder/Water User
May 26, 2006
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Application Procedures: In order for the KCWCD to be able to establish a water account in your name, please complete the enclosed *Application for Water Utility Service* and *Application for Culinary Water Connection and Service* forms and return them to KCWCD with your check in the enclosed envelope no later than **August 31, 2006 (for full payment) or July 31, 2006 if you wish to use the \$800 down 10 year finance option.** If additional information is required, please do not hesitate to contact the KCWCD office at telephone number (435) 644-3997, fax number (435) 644-8679 or via e-mail at KCWCD@kanab.net. Thank you for your help in this matter.

Sincerely,

Michael E. Noel
Executive Director

Enclosures

cc: Dustyn Shaffer
Randall Brown
Jeff Hoyt