



## KANE COUNTY WATER CONSERVANCY DISTRICT

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April 29, 2010

Zion Mountain Estates Property Owner

Re: Water Improvement District System – Ballot Enrollment Forms and Payment Information

Dear Property Owner,

The Kane County Water Conservancy District (KCWCD) was approached last year by property owners in the Zion View Mountain Estates Subdivision (ZVMES) and by the Zion View Mutual Water Company (ZVMWC) Board of Directors for assistance with developing a State Division of Drinking Water (DDW) compliant culinary water system in the subdivision. The KCWCD Board of Directors approved funding for a preliminary engineering and feasibility study of the existing water delivery system and the associated cost of developing said system.

The completed preliminary engineering analysis includes a proposed design and a timeline for environmental work, permitting, financing, and construction with projected cost estimates. In our discussions with the ZVMWC Board and property owners, an interest was expressed in needed road improvements, electrical power, and phone service. The cost estimates for the project now include the infrastructure for these additional services. The Board of Trustees of the KCWCD understands that the Zion View Property Owners are looking for a reasonable solution to address roads and utilities at one time, and that the solution would have to be affordable in order for participation in the project to be feasible for the property owners.

As a water company, ZVMWC continues to have the ability to serve the ZVMES with water, but based on our experience with over 17 water companies in the county, there will come a time when the Utah Department of Environmental Quality and the DDW will no longer allow hauling of water. At that future time, your water company will be forced to provide a water system with source, storage and distribution as required by State Drinking Water Standards. Although not assured, funding is likely to be available next year to complete the system. Funding may not be available to ZVMWC or KCWCD in the future. The KCWCD Board is not interested in moving forward with any plan of action if the property owners are not interested in the proposed improvements. The following describes what we believe is the solution to meeting the future needs of property owners in the ZVMWC.

Phase I construction would involve basic locating of road rights of ways in the subdivision to insure all utilities would be placed in platted roads. In many cases, this may also mean tree removal and roadwork to bring the roads in ZVMES up to county standards of 29 feet in width or 20 feet wide minimum where standard width is not achievable. Following this initial right of way and road work, power, phone, and waterlines would be installed in the subdivision such that all lots in the subdivision could be served in association with the project or at a future time with minimal disturbance of the roads.

*“Developing and protecting our water resources one drop at a time.”*



All utilities would be installed from the Strawberry subdivision buried in the Strawberry Point Road to ZVMES. Two trenches would be needed for installation from the Strawberry Subdivision and throughout the ZVMES as the water and power cannot share the same trench. The water system would require two tanks, one on the north side of the subdivision and one on the south side of the subdivision. Over 100,000 feet (19 miles) of 6, 8, and 10 inch pipe would be installed to serve the entire ZVMES with a Utah Drinking Water approved culinary system and year round fire protection. All of the tanks, chlorination systems, as well as the control valves and other facilities will be interconnected by a modern Supervisory Control and Data Acquisition (SCADA) System providing the certified operator with remote access and operation as well as protection against illegal tampering with the system from unauthorized persons. All individual water meters will be fitted with radio read controls for automated readings of water usage.

During the past eight years, the KCWCD has responded to the need for clean reliable year-round culinary water on Cedar Mountain. The District has also responded to the need for fire suppression water that has helped to reduce insurance costs for homeowners. At the present time, the KCWCD is delivering water to over 2,300 service connections on Cedar Mountain. Previous KCWCD projects on Cedar Mountain have included coordination with South Central Communications who have used open waterline trenches for phone improvements. KCWCD and South Central have extensive experience working together on similar projects. KCWCD would work with Garkane Energy to provide the power infrastructure in ZVMES. Installing these three utilities through the same project is expected to cut cost and inconvenience. At the suggestion of property owners and the water board KCWCD has also been in contact with Kane County to discuss road improvements and bringing the roads in ZVMES up to county standards as much as possible.

In past projects, KCWCD has demonstrated the ability to secure the grants and loans necessary to construct a new water distribution system that will meet Utah State Standards. For the proposed project, this same process is expected to be applied to include the other utilities and roadwork into one project. Based on preliminary positive feedback from the board members of the ZVMWC and numerous ZVMES property owners, I have instructed our engineering firm to develop the preliminary design necessary to apply for Forest Service rights of way to facilitate the proposed improvements and to provide our KCWCD Board of Directors with preliminary cost estimates to supply year-round culinary water to the ZVMES. In addition, we have begun talks with the Rural Utilities Service, and the Utah State Division of Drinking Water for a grant and low interest loans to complete the project.

As KCWCD has completed portions of the preliminary feasibility analysis and in line with discussions with the ZVMWC board members, it has become important that support or disapproval for the project be shown through a vote of the property owners. To assist in this voting process we are notifying each lot owner in the ZVMES with the projected overall and individual cost for participation in the utilities project.

KCWCD has also explored other options to decrease the overall cost to individual property owners and has concluded that a Phase II could be added to the project to service water and other utilities to the Sky Haven area where an additional 125+ connections are expected to be added. Although adding these connections increases the overall cost it also spreads the burden out among



more participants. The overall cost of the project including the proposed Phase II is estimated to cost \$14,700,000.

On each of our past projects, through the approval of grants and low interest loans, and matching KCWCD tax monies, we have been able to keep the connection fees and impact fees low enough to be attractive to the various water companies and property owners. Without grants, loans and KCWCD funding, the cost per lot owner would be about \$17,000/lot (based on 748 lots in ZVMES). We are confident that we can obtain low interest loans and grants from the United States Department of Agriculture and the Utah Division of Drinking Water, which would bring the cost closer to \$10,000 or \$12,500 per lot owner, assuming that the majority of property owners participate in the project.

The approval of the ZVMES property owners is all that is needed to move forward. If there are a high percentage of property owners in favor of the project, we could expect to break ground by the summer of 2011, depending on environmental clearances. We hope to finish construction of the system by late fall of 2011 or summer of 2012. Based on the projected costs to construct the new system, optimistic participation numbers and loan/grant funding, the KCWCD Board of Directors has agreed to offer ZVMES property owners a connection to the new system in exchange for the following assets and fees:

1. One time **Impact Fee** of \$8,500: Will be used to pay project costs of approximately 10% of the cost of the new \$14.7 million dollar system (i.e., water storage tanks, transmission lines, distribution lines, power lines, phone lines, etc.) during construction. Grants and loans taken on by KCWCD will fund the remainder of the project. This 10% "self participation" is required by the funding agencies and is estimated at 10% although it could be higher depending on the funding package.
2. One time **Connection Fee** of \$1,500: This is strictly a pass through cost to pay for the installation of a frost-free water meter box, piping, and a radio read 5/8" X 3/4" badger meter (standard residential meter) to your property line. You would be responsible to get the water from the meter barrel to your place of use.
3. One time **Water Right Fee** of \$2,500: This additional fee is only for those lot owners who do not transfer a minimum of .25 acre/ft. of water rights to the KCWCD. Lot owners who are a part of the ZVMWC and are current with their dues will **not** be required to pay this fee as the water company would deed all of the water rights in that company to the district.
4. Ongoing **Monthly Fees**: A residential fee of \$15.00/month for a 12-month water system. In order to keep these monthly fees low, the \$15.00/month charge does not come with any fixed amount of water; it only entitles the user to purchase water on a \$2.00 per 1,000 gallon basis for the first 15,000 gallons of use each month - which is more water than 99% of residents use in the Cedar Mountain area. If you use more than 15,000 gallons in a month you will be charged \$2.25 for the next 5,000 gallons and then \$2.50 per 1,000 for anything above 20,000 gallons per month. Meters will be read monthly and residents will be billed on a monthly



basis. **To clarify, you will be billed a \$15.00/month charge regardless of water use or whether you have run a water line from your meter onto your property.**

5. The KCWCD will offer the option to finance 80% of the total fees of either \$10,000 (with water right) or \$12,500 (no water right) with 20% down at 6% interest over a 10-year period. The down payment for \$10,000 will be \$2,000 with monthly payments of \$88.80. The down payment for \$12,500 will be \$2,500 with monthly payments of \$111.00. Low-income homeowners on fixed incomes that can demonstrate a verifiable need can present that evidence to the KCWCD Board of Directors for further consideration of additional financing options. **If you take advantage of the finance option there will be a lien placed on your property until the note is satisfied.** If you sell or transfer title to your property, the note will become due and payable at the time of the transfer or sale.
6. Existing water rights must be transferred to KCWCD by the lot owner, if they are not a member of the ZVMWC. The ZVMWC has agreed to transfer to the KCWCD their water rights and any other assets which could be used in operations of or payment for the new project.

Please remember that these numbers are based upon participation of enough property owners to make the project financially feasible. Should fewer property owners actually sign up for water meter connections, the impact fees for the project would need to be increased up to \$15,000 or more in order for the project to financially work. In order to assure that we have the participation needed to keep costs low, the KCWCD will require that each lot owner pay for at least one hookup. **If you own only one lot, you will be required to pay for a water connection.** If you own two or three lots, you can choose to pay for only one connection now or you can pay for a connection to all your lots during this project. If you own multiple lots and decide not to put a meter on every lot at this time, but decide at a future date to install a meter, you will not be allowed to use the finance option and you can expect to incur significant additional costs due to inflationary pressure, re-mobilization, loss of the subsidized funding package, and increased water right costs. The district is considering the requirement that all multiple lot owners be required to legally combine lots that they determine will never be utilized as a separate lot in the future. This would be done to insure that the burden of the development of the system will be equally borne by all property owners.

In addition to property owners with more than one lot, there are a number of property owners that own 5 or more lots with some owning as many as 20 lots. **In order to fairly balance the cost of the new infrastructure to all lot owners, developers will be required to pay impact fees on all of their lots.** The KCWCD cannot assume the cost of the infrastructure for those who have purchased lots for future development without an agreement with the developer. These agreements will be negotiated on a case by case basis as we have done on past projects. It is assumed that a down payment for each lot will be required and a minimal standby fee assessed on a monthly or yearly basis. In the past, the district has worked cooperatively with numerous developers to meet their individual needs while insuring fairness in the development of the new infrastructure and an equitable balance between all property owners.



The above listed costs do not include any installation of waterline, power line, or phone line from the meter barrel or power and phone pedestals onto your property. A water meter will be placed in the utility easement near your property line as requested. Phone and power pedestals would be placed similarly. Water connections to each home will be the responsibility of each property owner. KCWCD can provide contact information for local contractors who have installed these services in the past but the cost and connection are the responsibility of each lot owner. Because of varying conditions, these costs will vary by property. Similarly, power and phone connections where a service is requested by the property owner would need to be worked out by the property owner with Garkane Energy and South Central Communications and the coordination and fees for these services would be the responsibility of the property owner.

In order for the KCWCD Board of Directors to continue with the planning for this project, we need assurances that the ZVMES Property Owners are supportive of the KCWCD taking over the water system and providing upgraded roads, water, power, and phone utilities. In the past the board liked to see a super-majority (75% or more) of the lot owners vote in favor of the new system before more funds are committed to the project. I am happy to report that of the 15 companies that we have assimilated into our system, property owners responded to our offer with over 90% support. **However, there is no intent on the KCWCD Board of Directors to force any company/membership on the new system. We are merely responding to a need and request for services.**

Similarly, South Central Communications does need additional information to determine if there is enough support to justify the installation of copper and fiber optic lines through the subdivision for phone, internet and cable TV. Attached, please find the letter and survey which will assist South Central in their planning for improvements in the ZVMES if enough interest exists.

Please review this proposal and then make a selection **for or against** joining with KCWCD by returning the signed and dated enclosed ballot to the KCWCD with the appropriate box checked before May 31<sup>st</sup>, 2010. **Please review and make any corrections necessary to the number of lots you own and the lot numbers that are on the ballot. Also, please fill in how many connections you anticipate requesting so we can predict the amount of participation we will have in this project.** If there is a change of ownership for your lot(s), please make a note on the ballot. If there is a change in address, please check the box under the return address.

**Only those that vote for or against the new system will have a voice in the outcome.** As stated above, we have received support and encouragement from your Water Company Board and from many owners in the ZVMES. If the majority of owners wish to go forward with this proposal, it is expected that every lot owner will purchase at least one connection. If you own more than one lot you, would only need to pay the appropriate fees for those lots you want to install water service on. In the future, water rights will not be transferable, but must be purchased from the KCWCD. Without full participation from all lot owners, the project becomes economically unfeasible.

In conclusion, we only expect each lot owner to vote for or against the proposal as presented. If a substantial majority of the voting owners votes yes, the KCWCD will proceed with the project. If a majority of the voting owners votes no, we will reevaluate the project. **In other words, it is for**



Zion View Mountain Estates Property Owner

April 29, 2010

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**the ZVMES property owners to decide for themselves if they want the KCWCD to provide them with water.** As stated above, if support of the project is shown, we anticipate starting the work on the system in the summer of 2011 and have all of the work completed by the summer of 2012. I know this is a long and detailed letter, but I have tried to answer all of the questions that have previously come up in the past with other water company members and property owners. If you still have questions, please contact our office at the phone numbers or e-mail address listed above or contact a member of your Board of Directors. A copy of this letter with additional frequently asked questions will also be posted on our website at [www.kcwcd.com](http://www.kcwcd.com).

The Zion View area is a beautiful part of Kane County. I firmly believe that the proposed new culinary water system, electrical power and phone service, will add reliability and value to your property, and with increased fire protection it should reduce your insurance costs. I encourage you to review this letter carefully and then decide for yourself the best direction to take for your Water Company and subdivision. If we build the new system in 2011, we will make sure that you have only minor interruptions in road access to your property during the summer and every effort will be made to keep water hauling available until the new system is functional.

The KCWCD is a Municipal Public Corporation organized under the laws of the State of Utah. The seven member Board of Directors is accountable to the taxpayers in the county and has oversight by the Kane County Commission. The proposed funding loans are approved and monitored by the United States Department of Agriculture Rural Development Administration and the Utah State Division of Drinking Water. Please take the time to review the information in this letter and then return your ballot as soon as possible. The Board of Directors for the ZVMWC voted unanimously in favor of presenting this information to you and if the funding and other expectations come to fruition, they will also be supporting the project. If you decided to vote yes and if we receive a clear mandate for the new system and other infrastructure, we will look forward to serving you!

Sincerely,

Michael Noel  
Executive Director

Enclosures: KCWCD Ballot  
South Central Survey