

Regional Water Supply & Resiliency Program

TREATMENT FACILITY & SITE TOUR

WHO WE ARE: *A unique cooperative effort among seven water entities to provide high-quality potable water to the municipalities and rural areas of the Uncompahgre River Valley.*

Project 7 Water Authority

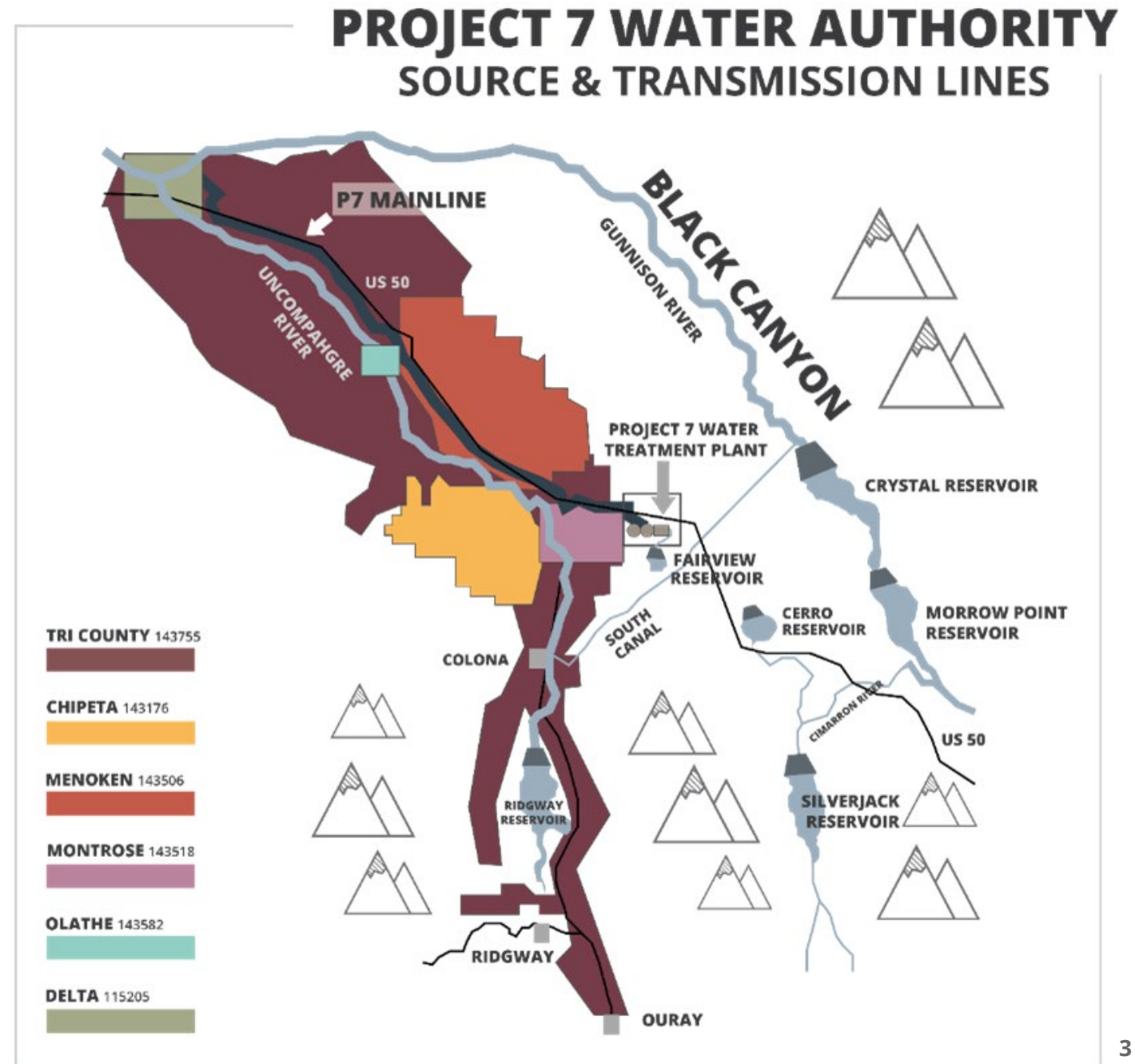
The seven entities that represent Project 7 are:

- City of Montrose
- City of Delta
- Town of Olathe
- Tri-County Water Conservancy District
- Chipeta Water District
- Menoken Water District
- Uncompahgre Valley Water Users Association



Our member entities contract with Project 7 for treatment services instead of operating their own water treatment plants.

This allows us to share costs, benefit from economies of scale and enjoy region-wide water security.



OUR HISTORY: *Formed in response to regional water shortages and infrastructure challenges.*

40-Years of Cooperation:

- **1909:** Gunnison Tunnel begins delivery of irrigation and raw drinking water supplies
- **1973:** Regional water shortages as a result of undersized and outdated treatment facilities
- **1977:** Project 7 established as a governmental entity
- **1980:** Regional water system goes online to treat and distribute drinking water
- **1995:** Significant treatment and storage improvements
- **2000's:** Resiliency planning for direct access to Ridgway Reservoir water rights
- **2019:** Regional Water Supply Resiliency Program initiated

Project 7 Water Authority



PROGRAM PURPOSE

Strengthen the regional drinking water system by adding a second water treatment plant and second water source – the Ridgway Reservoir.

PROGRAM VALUES



PROJECT NEED:

Mitigate the risk of being dependent on a single drinking water source and treatment facility

MAJOR RISK FACTORS:

A wildfire, pipeline or tunnel failure could impact drinking water that over 50,000 people depend on.

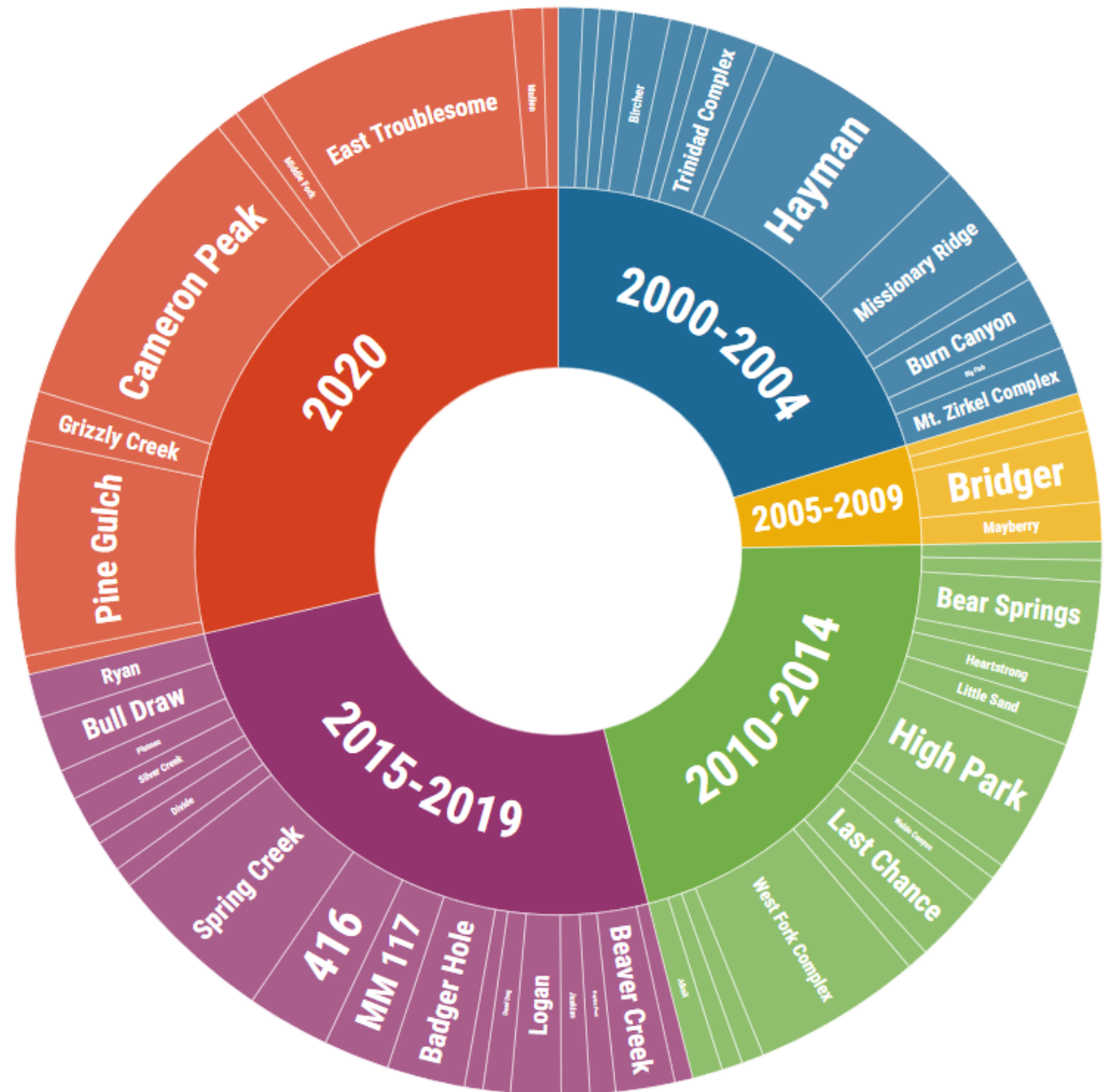


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Source: [Rocky Mountain Area Coordination Center](#)

Acreage totals for 2020 fires are current as of Oct. 19. This chart includes the more than 20,000 acres that the Mullen Fire, which started in Wyoming, has burned so far in Colorado.

Key Program Benefits:



Investing in the Future: Realize Project 7's founding vision of a resilient and reliable water supply for more than 50,000 people in the Uncompahgre River Valley.



Dependability: Reduce the need to pump water around the valley, which lowers operations/maintenance costs, reduces energy use and benefits the environment.



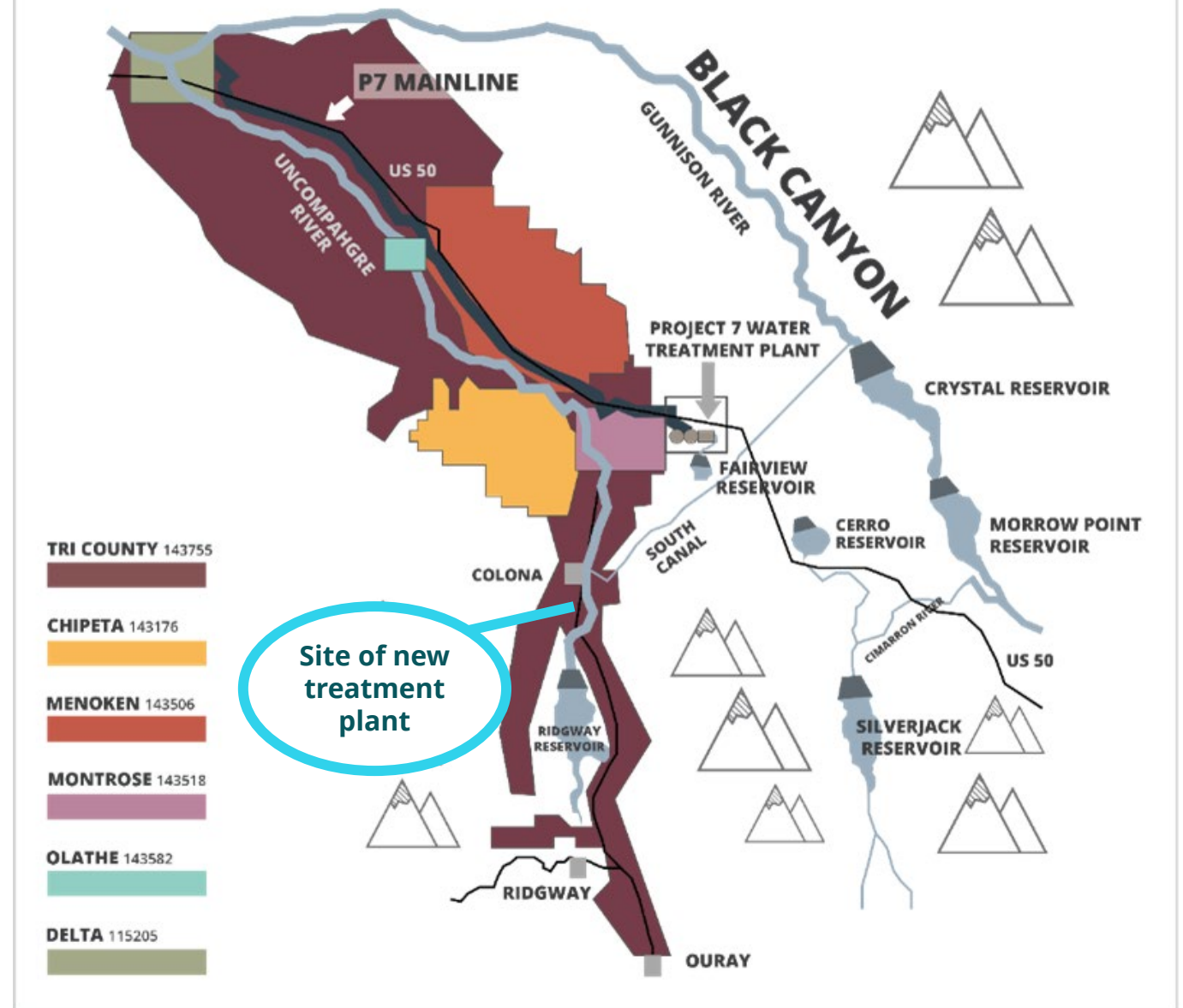
System Strength: Develop a new treatment facility and water source to reduce the risk of a single source system from wildfire or drought in the Gunnison watershed, or a failure in the Gunnison Tunnel.



Direct Access: Provide member entities with direct access to their existing water rights in Ridgway Reservoir, currently accessed through trades and exchanges.

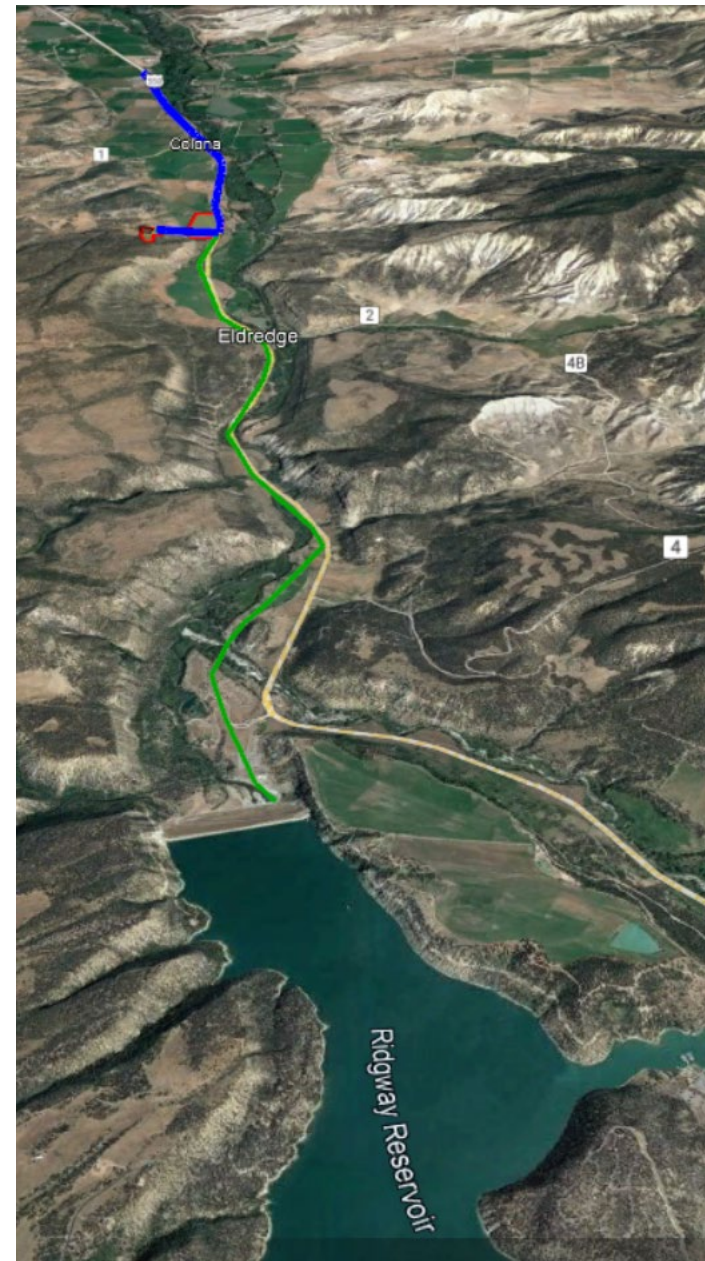
The program will ensure full access to our regional water supply portfolio and create resiliency in supply and delivery

PROJECT 7 WATER AUTHORITY SOURCE & TRANSMISSION LINES



The New Water Treatment Plant in Colona is the Keystone of the Resiliency Program; but Not the Only Part

- *Surface water treatment plant with softening*
- *Raw water transmission main with energy recovery at the WTP*
- *Drinking water transmission main to tie into Tri-County WCD distribution system and the regional water system*
- *Collaboratively developed capital improvement plan to increase drinking water production capacity over time to benefit all members*



The Proposed WTP Site:

- 50 Acre site
- Proposed building site located off the HWY-550 corridor but with dedicated access
- Fractured sandstone at back of property allows a firm foundation and is excavatable
- Local topography may offer the ability to reduce costs associated with pumping





The proposed WTP could be set back from HWY 550 to protect the area's scenic and agricultural character.



The project team is currently evaluating design concepts to optimize the site layout – both to reduce construction costs and to protect the scenic skyline as seen from US-550



One option is to build the new WTP into the side of the a sandstone bench, which would require only a single level of visible construction at the top. We are currently evaluating whether a drinking water storage tank is necessary for the WTP.

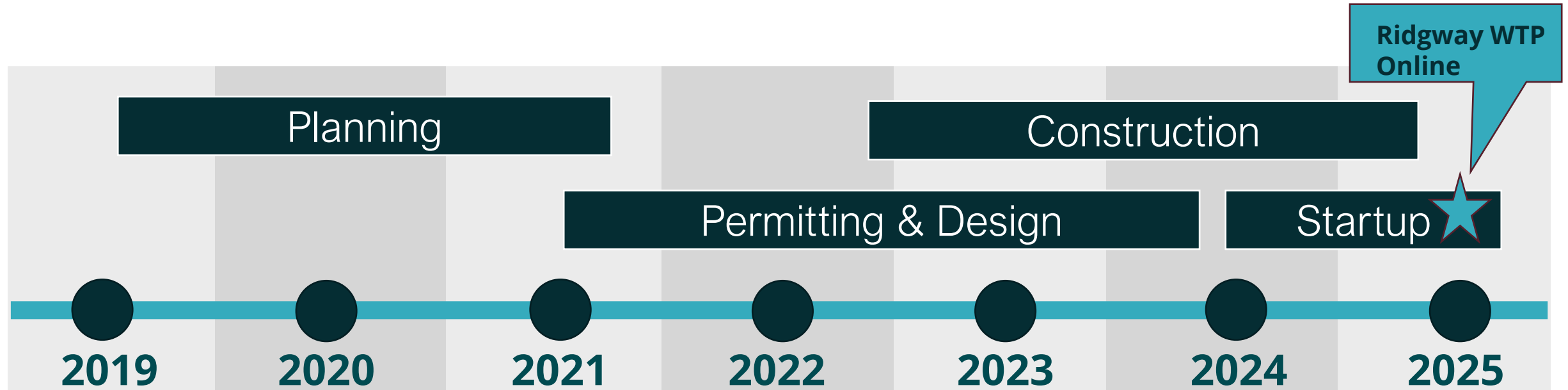
The overall project schedule and cost will depend on engineering evaluations and decisions to be made in 2022



Conceptual Rendering of Proposed Water Treatment Plant

Colona, Colorado

ROADMAP: The Regional Water Supply Program is expected to produce water for the Uncompahgre Valley by 2025



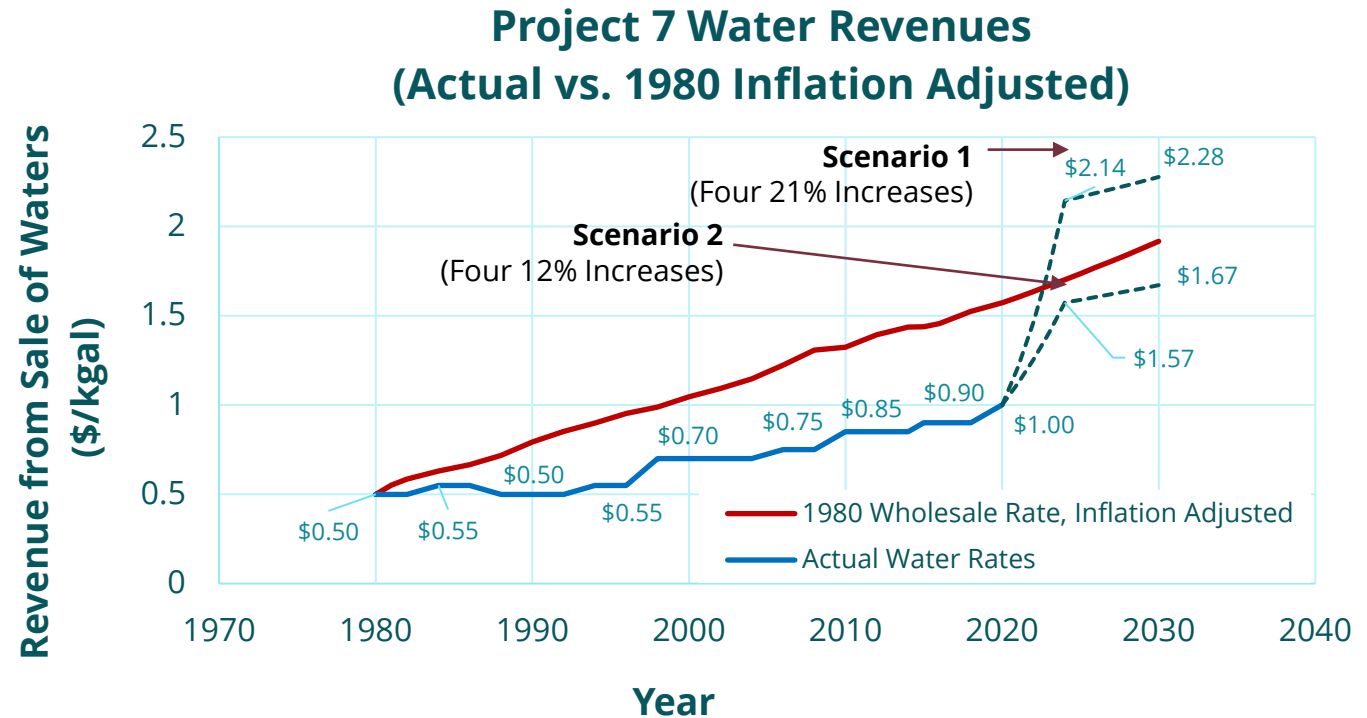
The Ridgway Water Treatment Plant will be designed so additional capacity can be added in the future, which would result in a design capacity of around 10 million gallons per day - a more than 30% increase in drinking water supply for the region.

Project 7: Regional Water Supply Program	Funding Contribution*
Estimate of Total Program Costs* (Total cost dependent on selection of final raw water conveyance and water treatment process)	\$50-70 million
Project 7 Capital Reserves** Required to meet near-term debt service for low-interest project development loan/s	\$2 - \$3 million / 3% - 5%
Revenue** Scenario 1: 2021 15% increase + 3 more 12% y.o.y revenue increases (\$1,993,810) Scenario 2: 2021 15% increase + 4 more 21% y.o.y revenue increases (\$3,166,035)	\$1.9 - \$3.1 million / 3% - 5%
Low-Interest Loans* (Interim Loan: \$7 million) (State Revolving Fund Loan: TBD) (EPA WIFIA Loan: Up to \$39 million) (USDA Water Loan & Grant Program: TBD)	\$31.6 - \$57.3 million / 63% - 80%
Grant Opportunities*** (Congressionally Directed Spending (CDS), BOR, FEMA, EDA, DOLA, CDPHE, etc.)	Awarded / Pursuing \$25,000 / \$8.56+ million / 15% - 20%
Plant Investment Fee (not currently favored)** Scenario 1: 750 new taps @ \$1,000 per tap (\$750,000) Scenario 2: 750 new taps @ \$8,000 per tap (\$6,000,000)	\$750K - \$6 million / 1.5% - 12%

preliminary estimates subject to change / **potential local funding sources shown for planning purposes only / *future grant awards will be applied towards loan and revenue/fee amounts*

Funding: Increasing Cost & Value of Water

- **Maximize outside funding** to multiply every dollar contributed locally
- **Strong candidate for federal/state grants;** however, a local match is required by increasing the price of wholesale water
- **Match the inflation adjusted value of water;** 40+ years of efficient management has allowed us to keep rates below inflation adjusted levels
- **Fund the region's future water needs,** while simultaneously keeping rates low by correcting for deferred inflation
- **Refine the ultimate design;** the actual increases will likely fall in between Scenarios 1 and 2, shown here.
- **Bottom Line:** Now is the time to reinvest in a secure regional water supply for future generations...so next 40-years are as strong as the past 40.



Note: Both Scenario 1 & 2 assume 1% annual rate increases from 2025-2030

Note: Inflation adjusted rates assume an average 2% annual rate of inflation from 2021-2030

DEFINING SUCCESS:

*In 2019 and 2021,
program leadership
met with all
Project 7 voting
members and identified
the following definitions
of program success:*

System Strength: "We are part of the whole and we want the whole system to be strong."

Predictable Budgeting: Transparent cost sharing agreements must be established. "We need real numbers and specifics on how this is going to work."

Return on Investment: "What size is the right size to provide maximum value on day one."

Long-Term: "Twenty years from now this will be a bump in the road, but a water shortage is remembered forever."

Value of Water: "The founding investment in Project 7 yielded huge regional benefits. Now is the time to reinvest. No one wants to be the generation that drops the ball."

Get Involved

1. Information sharing
2. Upcoming events
3. Schedule a tour:
Existing facility or new site
4. Resolution of support:
To secure outside funding

Contact Us:

Project7@Montrose.net | 970-249-5935 | www.Project7water.org



Questions?

Project 7 
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