

The logo for Project 7 Water Authority features a blue water droplet shape containing a stylized 'P' and '7' in white and blue.

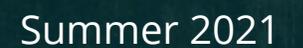
Project 7  
Water Authority

The title 'Regional Water Supply & Resiliency Program' is displayed in large, white, sans-serif font against a dark green, semi-transparent rectangular background.

Regional Water Supply  
& Resiliency Program

The text 'GOVERNING BODIES UPDATE' is written in white, uppercase, sans-serif font on a dark red, semi-transparent horizontal bar.

GOVERNING BODIES UPDATE

The text 'Summer 2021' is written in white, sans-serif font on a dark green, semi-transparent rectangular background in the bottom right corner.

Summer 2021

**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:**

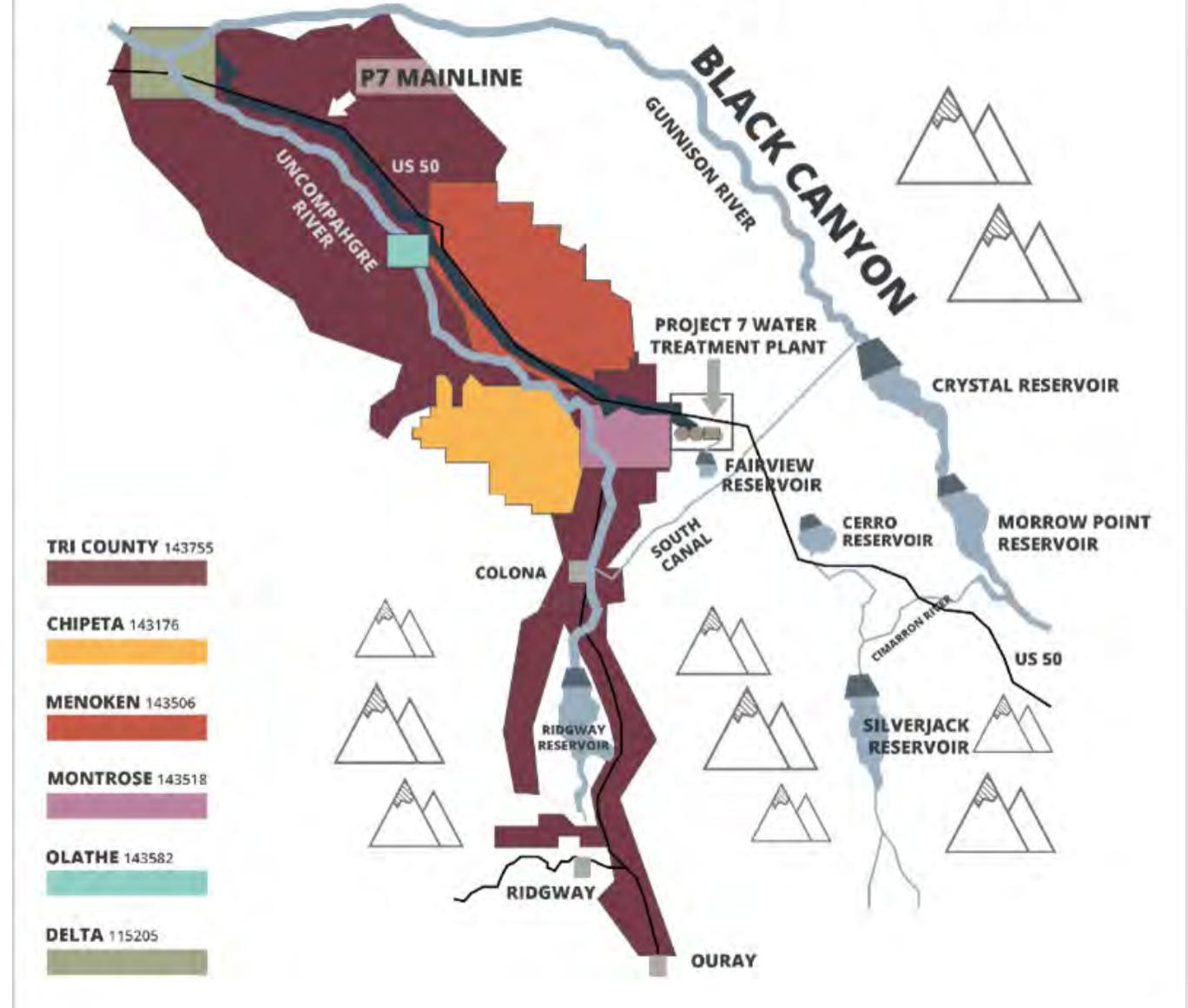
- City of Montrose
- City of Delta
- Town of Olathe
- Tri-County Water Conservancy District
- Chipeta Water District
- Menoken Water District
- Uncompahgre Valley Water Users Association



*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.*

## PROJECT 7 WATER AUTHORITY SOURCE & TRANSMISSION LINES



**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- **1973:** Regional water shortages as a result of undersized and outdated treatment facilities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 Program initiated

# Project 7 Water Authority



# PROGRAM PURPOSE

*Strengthen the regional drinking water system by directly accessing existing water rights in Ridgway Reservoir and adding a second water treatment plant*

# PROGRAM VALUES

 <p>We're financial stewards and cost conscientious.</p>	 <p>We understand the value of water.</p>
 <p>We're an "all for one, and one for all" community.</p>	 <p>We depend on a safe and reliable water system.</p>

## **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.*

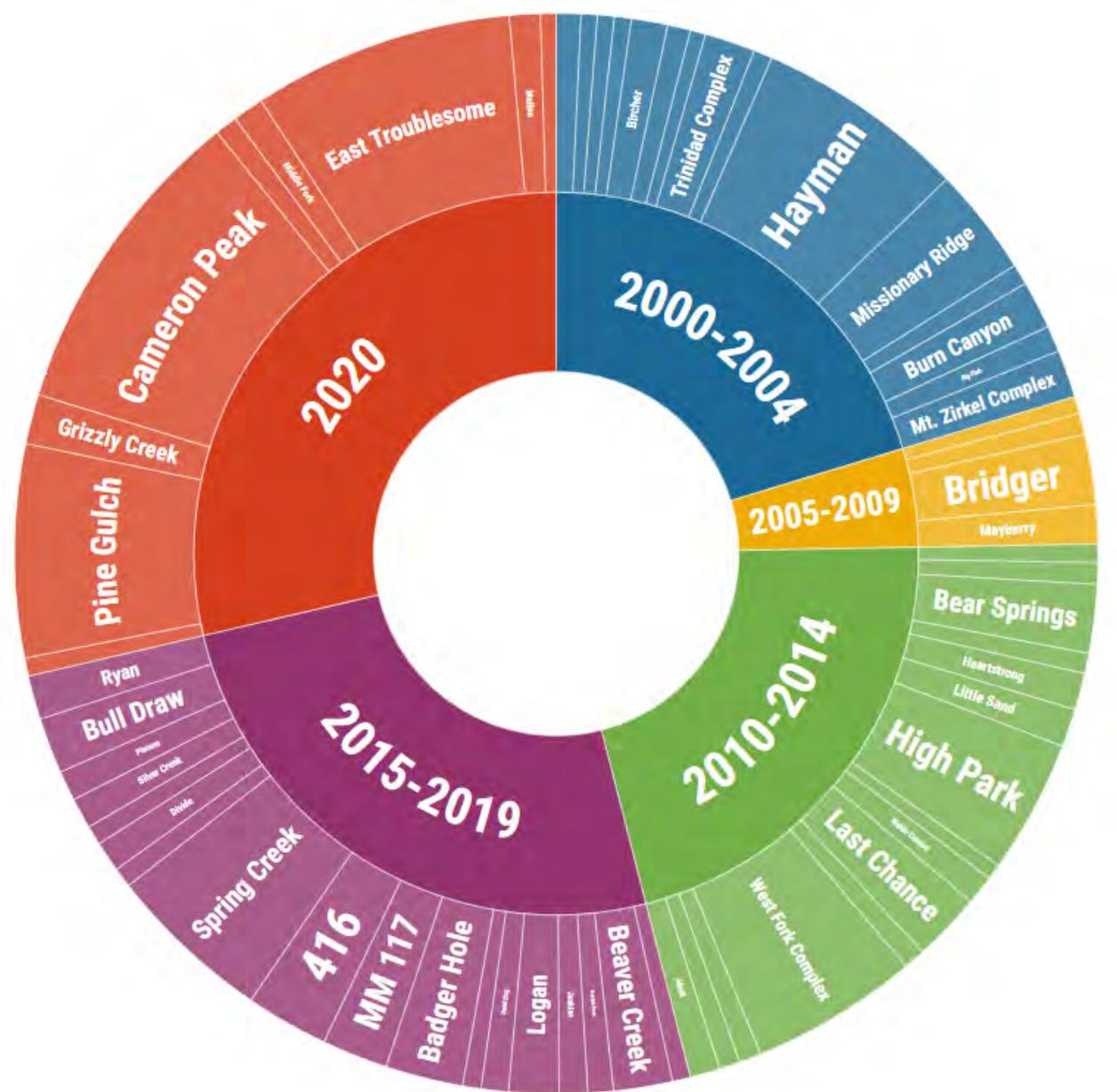


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Source: [Rocky Mountain Area Coordination Center](#)

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 P7's founding vision of a resilient and reliable water supply for the Uncompahgre and Gunnison Valleys.



**Dependability:** Reduce the need to pump water around the valley which lowers maintenance costs and benefits the environment.



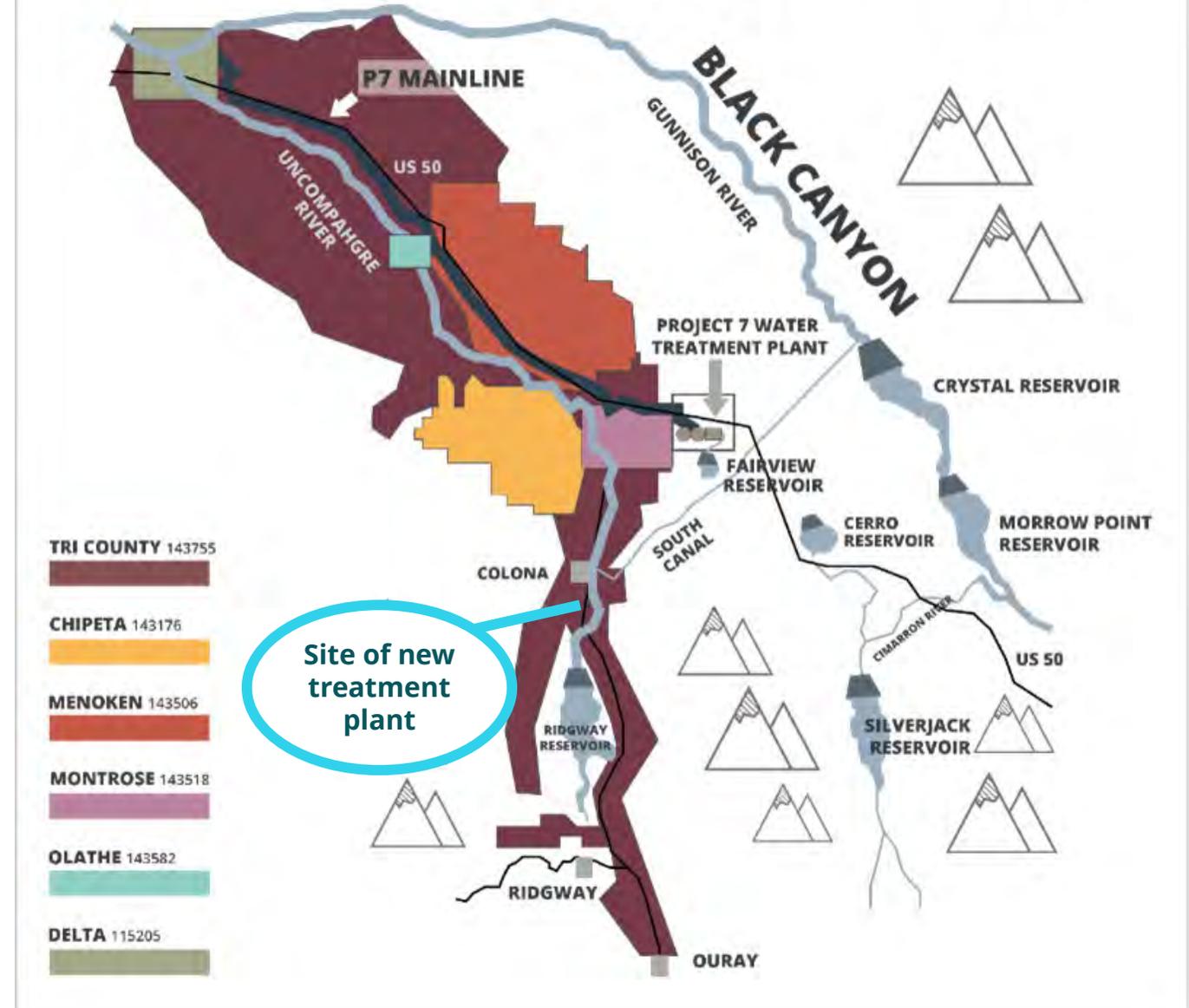
**System Strength:** Develop a new water supply and reduce the risk of supply interruptions due to wildfire or drought in the Gunnison watershed, or transmission failures in the Gunnison Tunnel.



**Direct Access:** Directly use existing water rights in Ridgway Reservoir rather than relying on water trades to access this resource.

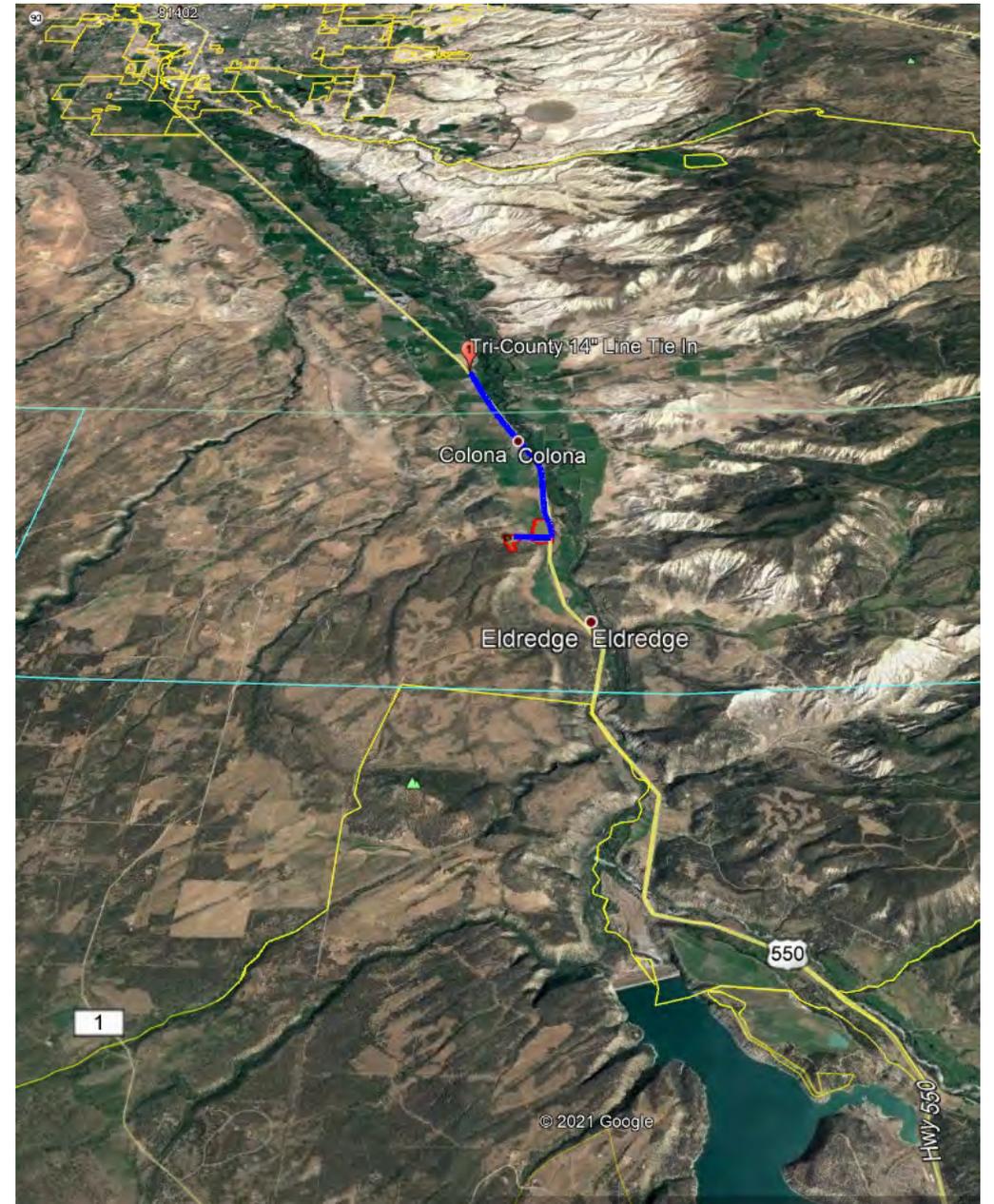
*The program will ensure full access to our regional water supply portfolio and create resiliency in supply and delivery*

## PROJECT 7 WATER AUTHORITY SOURCE & TRANSMISSION LINES



# Ridgway WTP Site:

- *Acquired in 2020.*
- *More space and better building site than location below Ridgway Dam.*
- *Water delivered to site either using a dedicated raw water transmission line or a surface water diversion.*
- *Treated water delivered in a 3-mile water main to existing Tri-County WCD main.*



# Ridgway WTP Site:

- 50 Acre site
- Proposed building site located off the HWY-550 corridor but with dedicated access
- Treatment alternatives currently being developed with the goal of selecting a design basis in summer 2021





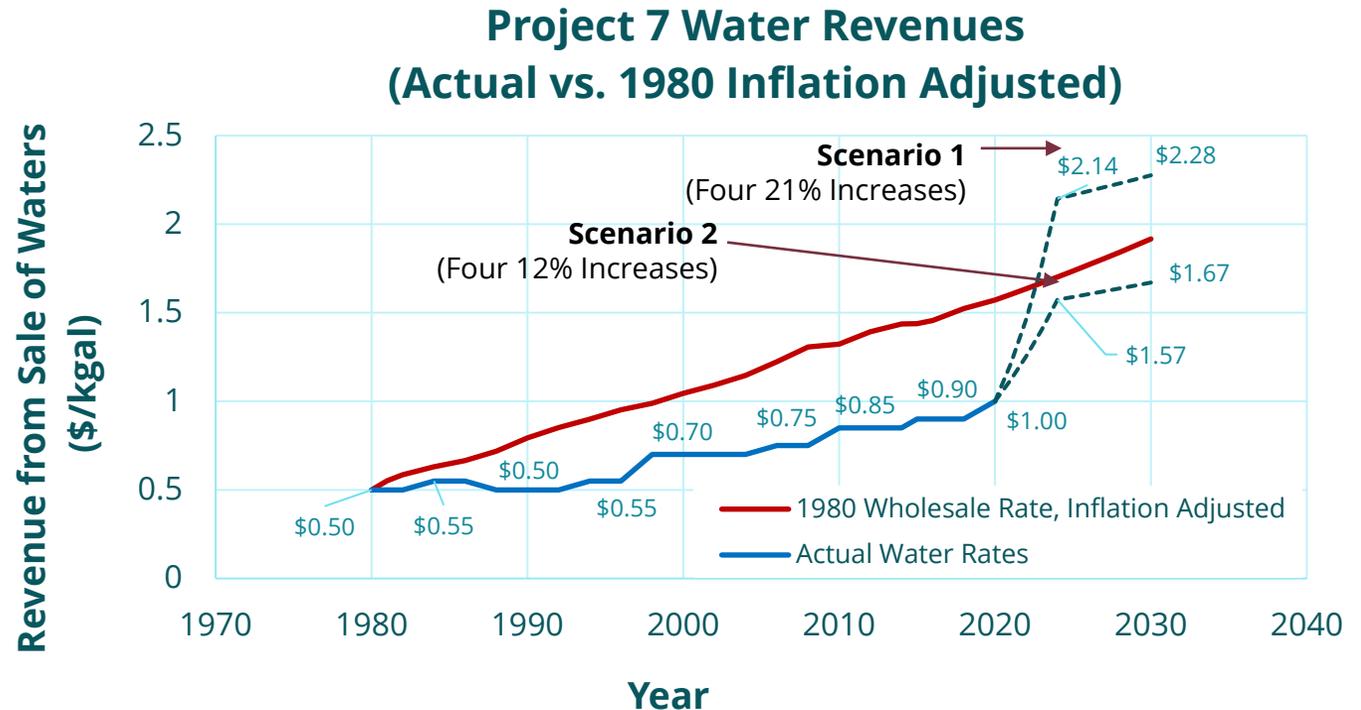
The Ridgway WTP would be set back from HWY 550 to protect the area's scenic and agricultural character. The project team is currently evaluating design concepts to optimize the site layout.

*Project cost will depend on engineering decisions that are currently being evaluated*



# Project Funding

- **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.

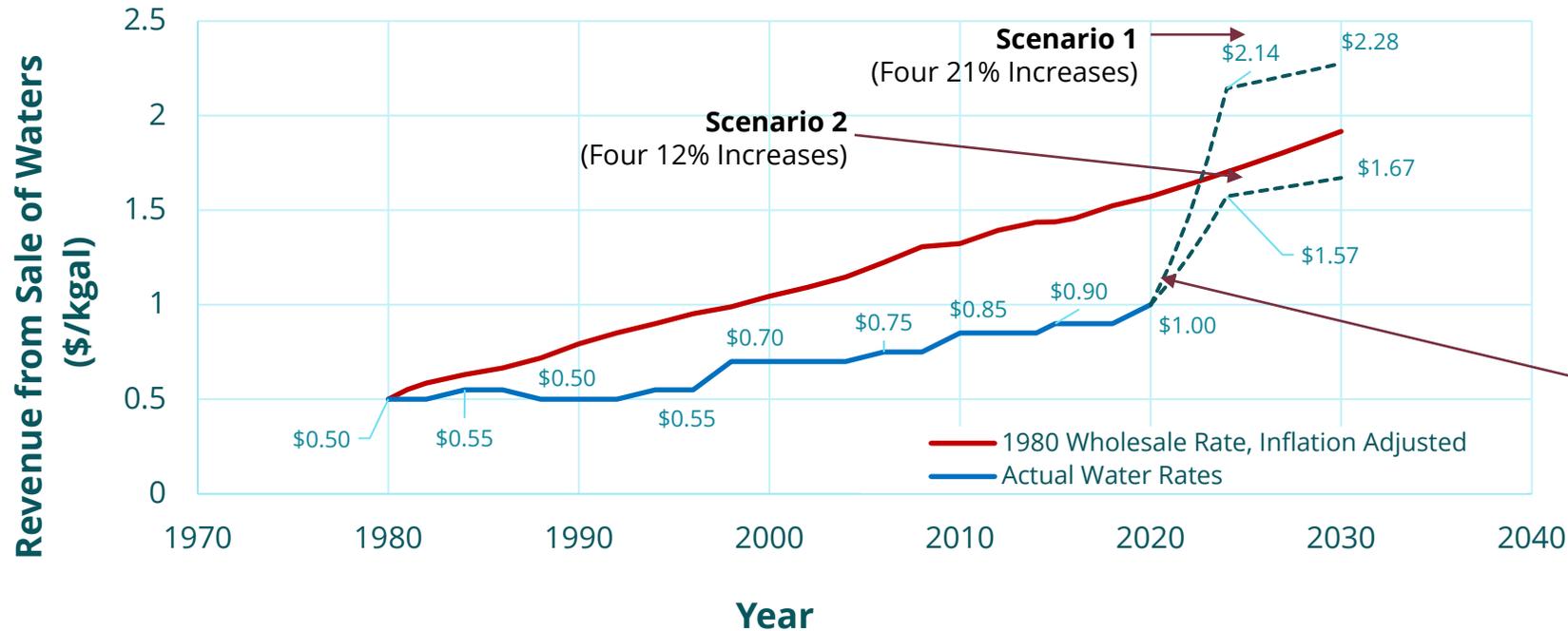


Note: Both Scenario 1 & 2 assume 1% annual rate increases from 2025-2030

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

# Both the cost and value of water continue to increase.

**Project 7 Water Revenues  
(Actual vs. 1980 Inflation Adjusted)**



Planning estimates were developed in the summer of 2020 for a low and high-cost planning scenario.

In October 2020, the Authority's board voted to increase 2021 revenue by 15%, or 15 cents per thousand gallons to the current price of \$1.15/kgal.

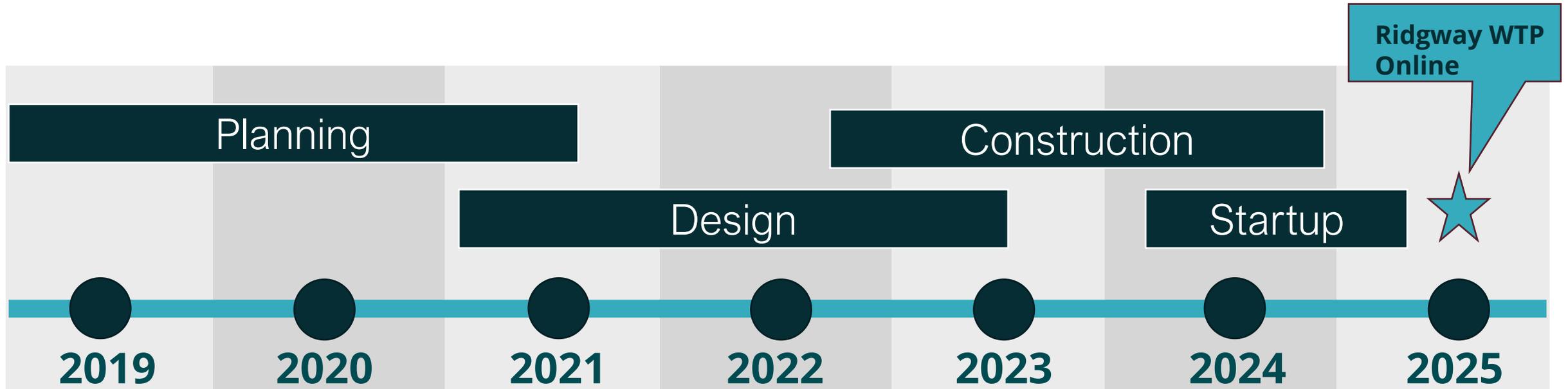
This revenue increase was in between the two planning estimates.

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

Project 7: Regional Water Supply Program	Funding Contribution*
<b>Estimate of Total Program Costs</b> (Total cost dependent on selection of final raw water conveyance and water treatment process)	\$50-70 million
<b>Project 7 Capital Reserves**</b>	\$2 - \$3 million / 3% - 5%
<b>Plant Investment Fee**</b> Scenario 1: 250 new taps @ \$1,000 per tap (\$250,000) Scenario 2: 750 new taps @ \$5,000 per tap (\$3,750,000)	\$250K - \$3.75 million / 0.4% - 5%
<b>Revenue**</b> 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%
<b>Low-Interest Loans*</b> (Interim Loan: \$7 million) (State Revolving Fund Loan: TBD) (EPA WIFIA Loan: Up to \$31.85 million) (USDA Water Loan & Grant Program: TBD)	\$31.6 - \$57.3 million / 63% - 80%
<b>Grant Opportunities***</b> (BOR, FEMA, EDA, DOLA, CDPHE, etc.)	Awarded / Pursuing \$25,000 / \$8.56 million

*\*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*

# ROADMAP: The Regional Water Supply Program is expected to produce water for the Uncompahgre Valley by 2024/2025



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

## 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:  
*This will go a long way in securing outside funding.*

## Contact Us:

[Project7@Montrose.net](mailto:Project7@Montrose.net) | 970-249-5935 | [www.Project7water.org](http://www.Project7water.org)



Questions?

Project 7   
Water Authority

