

# NOTICE

This is a certified copy of  
brochure sent to all Calhan  
citizens concerning our  
missing water and increased  
rates to all citizens

# **WHAT DOES THIS MEAN TO TOWN RESIDENTS?**

1. The Town does not want residents to know how much water it has given away over the years, to bulk water users and non-residents. The losses will have to be paid by the residents.
2. By their reluctance to open the books for an independent audit, it appears Town officials want to protect those who benefit from the Town's lax or non-existent accounting and billing processes, to the detriment of the rate-paying residents.
3. The Town has failed to read the non-residents' water meters and accurately account for and bill their water use; and even though these failures have been brought to Town officials' attention, no effective remediation has been taken.
4. Town officials' remedy for using public money to pay for the replacement of a private water line (without official authorization) is to designate, in a revision to the Municipal Code, the private line as a public water main after the fact, rather than seek reimbursement from the non-residents responsible for replacement of the private water line.

**PLEASE, CONTACT THE TOWN OFFICIALS AND DEMAND AN INDEPENDENT AUDIT OF THE WATER RECORDS! ASK QUESTIONS OF YOUR ELECTED OFFICIALS AS TO WHY THEY HAVE NOT TAKEN MORE CARE WITH YOUR WATER AND WHY THEY HAVE NOT REQUIRED FAIR TREATMENT FOR ALL WATER USERS, AND INSTEAD, THEY HAVE REQUIRED RESIDENTS TO SUBSIDIZE THE WATER GIVEN AWAY TO BULK WATER USERS AND NON-RESIDENTS!**

## **Town Phone - 347-2586**

**THERE IS NO REASON FOR CALHAN WATER RATES TO INCREASE IF TOWN HALL WOULD JUST COLLECT THE MONEY DUE FROM EVERYONE WHO TAKES AND USES OUR WATER. NON-RESIDENTS SHOULD ALL PAY THE CURRENT BULK RATE OF \$10.00 PER THOUSAND GALLONS (MANY CITIES NOW CHARGE \$20.00). 9.5 MILLION CHLORINATED AND AERATED GALLONS OF WATER WAS PUMPED OUT OF CITY LIMITS TO IRRIGATE PASTURES, WASH GRAVEL, WATER LIVESTOCK AND WHO KNOWS WHAT ELSE. IT HAS NOT BEEN ACCURATELY BILLED NOR COLLECTED. WE BELIEVE TOWN IS OWED**

**OVER \$140,000.00**

**THE CALHAN CHAMBER OF COMMERCE HAS HIRED THE BEST INVESTIGATORS TO COMPILE THE MOST ACCURATE INFORMATION AT NO COST TO CALHAN CITIZENS. CALL TOWN HALL AT 347-2586 IF YOU FEEL WHAT THEY HAVE DONE IS WRONG! IF RESIDENTS DON'T REACT TO THIS MISCONDUCT, YOUR WATER BILLS COULD GO TO \$150.00 A MONTH.**

## **VOICE YOUR DISAPPROVAL.**

# **Are you wondering why Calhan wants to RAISE WATER RATES?**

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*You probably won't believe what's inside this newsletter.*

**Any Questions, Call Us:  
347-2763**

Your Calhan Chamber of Commerce at work for you.

## **SUMMARY OF CALHAN WATER PROBLEMS**

Through a series of Open Records Act requests, the Calhan Chamber of Commerce requested the Town provide records and information on water use and sales, particularly for bulk water users and non-residents who have been allowed to tie into the Town's water system. The following information is being provided to Town residents to show the poor condition of the Town's water records and perhaps explain why residents are being told they have to make up for the shortfall in water revenue by a rate increase.

### **BULK WATER SALES ARE NOT PROPERLY ACCOUNTED FOR BY THE TOWN**

As residents may know, the Town of Calhan has, for many years, supplied water in bulk to farmers and ranchers in the area who are without reliable sources of water. Potable bulk water is supplied through fire hydrants located in the Town. These "bulk water users" do not have taps like Town residents and are not charged a monthly fee for water service. Until late last year, bulk water users were on the "honor system" to report to the Town the amount of water taken, and the Town would bill them for the amount reported. Water could be taken day or night from unlocked hydrants.

The Chamber requested the Town provide records of bulk water sales over the years. The Town provided *surprisingly few* records about the amount of water sold and paid for when compared to the actual amount of water calculated to have been taken. Based on the amount of water the Chamber calculated was taken by bulk water users (by extrapolating from the Town's records), there appears to have been a correspondingly small amount of revenue collected by the Town for the sales. Some of the information in the Town's records was intentionally redacted, under the guise that state law prevents the disclosure of confidential information of utility users, *even where the Chamber's request did not seek information on individual users.*

Following careful reconciliation of the records provided by the Town, the Chamber believes the documents show certain bulk water users who may have taken significant advantage of the honor system, to the financial detriment of the Town and its residents. The Town's lack of proper records shows what the Chamber believes is the Town's failure to have an adequate accounting system in place so that bulk water users are obligated to pay for all the water they actually take.

We have learned it costs the Town approximately \$6.70 per 1,000 gallons to treat and provide potable water. Under the Town's current bulk water rate, a bulk water user is charged \$10.00 per 1,000 gallons (in contrast, Elizabeth charges \$20.00 per 1,000 gallons of bulk water). Until recently, the Town apparently charged bulk water users at a rate less than what it cost the Town to produce the water, and in some cases, a few bulk water users were charged a rate substantially less than the approximate \$6.70 per 1,000 gallons it cost to produce the water; including the major bulk water purchaser in 2013, who was charged for water at a rate used for calculating in-town rates for residential users. Some people paid only \$2.37 per 1,000 gallons, meaning the Town lost \$4.33 on every thousand gallons removed.

It is clear the Town does not have an accurate accounting of the amount of water taken under the "honor system" that was supposedly revoked last year. Following the Chamber's inquiries about the discrepancy between the quantity of water actually taken from the hydrants and the amount taken that certain users actually reported to the Town, the Town decided to clamp down on unsupervised use. Now, users are supposed to only obtain water during daylight hours, and one, but not all, of the hydrants are locked. It is not known if a Town employee must be present while the user is taking the water, or if the user remains on the "honor system" during daylight hours to report the quantity of water taken. The hydrants are not metered so it is only a guess as to the quantity of water taken.

### **THE TOWN HAS FAILED TO ACCURATELY ACCOUNT FOR AND BILL NON-RESIDENTS TIED INTO THE TOWN'S WATER SYSTEM**

Over the years, the Town has allowed non-residents to tie in to the Town's water system. The Town could provide no records showing the actual number of meters for non-residents tied into the water system, so there may be water lines providing Town water to non-residents for free. For those meters the Town could account for, it was unable to provide evidence of accurate and regular meter readings since the date the meters were installed many years ago. It is clear the Town has not, over many years, routinely read the meters and properly charged the non-residents for their water use. Since there are no

regulations in the Municipal Code concerning the sale of Town water to non-residents (or for bulk water sales, for that matter), we don't know whether the non-residents pay a tap fee and a higher rate for their water than do residents, and we don't know how and from whom the Town decides whether to allow a non-resident to hook up to the Town's water system. As a comparison, Colorado Springs charges non-residents tying into their water system 1.5 times the water rate charged to residents, and only if the city council approves the connection.

## **WHAT THE TOWN'S RECORDS DID SHOW:**

1. The Town reported it sold about 1.83 million gallons of water in 2013, with one contractor purchasing the majority for one project. Yet, the Town has been unable to produce records of actually receiving payment for the 1.83 million gallons, and the Town's budget has no record of this large sale. Although the revenue for selling that amount of water should have been \$18,300 (at \$10.00/1,000 gallons), the Town produced only one record showing the contractor paid \$994 for the water.
2. Despite the Mayor sending a "cease and desist" letter in 2014 to at least one bulk water user in regard to the change in Town policy that rescinded the honor system, the Town later allowed the same user to access an unlocked hydrant and obtain water on the honor system at night. The Town has been unable to provide an accurate accounting of the amount of water taken by that user.
3. Although a request was made for the Town to provide the total amount of revenue received from bulk water sales from August 1, 2013 through October 30, 2014, arising from users purchasing more than 2,000 gallons at a time on a non-metered basis, the Town's response was that it could not provide that information due to "confidentiality" concerns.
4. In 1977, the Town Board of Trustees approved, by resolution, an agreement with a local property owner (whose land is not within town limits) that in return for the owner's assignment of water rights that could be used by the Town so that a deep well could be drilled, the Town would allow the owner, at the owner's expense, to install a private water line connecting their homes to the Town's water system that would enable the owner to purchase Town water for domestic use. Subsequently, there appear to have been five additional meters placed on water lines coming from the original line, all of which served non-residents. Some of these lines go to commercial properties. The Town is unable to produce any records showing the quantity of water used by the non-residents or billed to them prior to 2013, as the Town admits it has no records of meter readings for those meters before January 2013. (GLASER FAMILY)
5. The Town records show the master water meter serving the non-residents died in 2001, and the new meter started reading the usage from zero once it was replaced. Since 2001 until the present, over 9 million gallons of water have been reported on that master meter as used by non-residents; but the non-residents have been billed for only a fraction of that water.
6. More recently, the Town public works department was directed to replace the private line serving these non-residents at the Town's expense, despite the clear language in the 1977 resolution stating that any water line installation will be at the owner's expense. The Town has not provided a copy of any resolution passed by the Board of Trustees approving this water line replacement. Apparently, the Mayor declared a "town emergency" on his own, without further authorization, ratification or approval by the Trustees, and directed the use of public resources to replace the private water line. Last year, following a Chamber request for information, the Town attorney was asked whether the 1977 resolution required the property owner to pay for the line replacement, and the Town attorney stated the reasonable interpretation is that the owner should pay all related costs. Despite this legal opinion from the Town attorney, the Town has not sought reimbursement from the non-residents for the cost of replacing the private water line. The Town's cost to replace this private water line will have to be passed on to Town residents in the form of higher rates.

In January, the Board of Trustees was asked to approve a change in Chapter 14 of the Municipal Code that will define this recently replaced private water line as a water "main" for which the Town will be solely responsible for maintaining in the future, even though the line only serves non-residents' homes subject to the 1977 resolution that are located outside the town limits.

7. The Town admits it has no internal audit program, and its annual audit is prepared by a bookkeeper from Burlington and signed by a CPA. The Town has, to date, rebuffed all requests to allow an independent audit of its water records.