

Water Supply Improvements Are Coming (and property taxes will increase)

Chautauqua Lake Estates is part of Chautauqua Water District #2 (CWD #2). The District, located on the northeastern shore of Lake Chautauqua, currently services 174 customers, the overwhelming majority of whom are CLE residents. A proposal is in the works to utilize a new water source and to extend CWD #2 to service Dewittville and possibly Point Chautauqua, which will add an estimated 345 dwelling units to CWD #2.

According to our Town Supervisor, Don Emhardt, "There is an issue with water quality at CLE. The issue is not life threatening and has to do with disinfection by-products. While trying to fix this problem it was discovered that the water plant would need some major rebuilds and the expense of this was weighed against the water wells and it was determined that the wells would be the less expensive route." This does not mean that our water is unsafe at the present time. According to the *Annual Drinking Water Quality Report for 2021* for CWD #2 (also on the CLE web site), "Last year, your tap water met all State drinking water health standards...During 2021, our system was in compliance with all applicable State drinking water operating, monitoring and reporting requirements. To address the issues in our treatment plant, we have been issued an Administrative Order on Consent by the EPA. We have implemented interim measures such as developing a flushing plan and modifying our organics removal process at our treatment plant in order to assist in reducing the levels of disinfection byproducts." The extension project will provide a solution to these problems.

Full Details of the proposed expansion are contained in a document entitled *Chautauqua Water District No. 2 Expansion Project* which is available on our website (clecondos.com). The purpose of this memo is to summarize the highlights of the project, and to indicate the potential tax implications for CLE owners.

A New Water Source: Our water is drawn currently from Lake Chautauqua, runs through a small treatment plant to the water tower, and then is distributed to 174 residences. The current water treatment plant was installed in 2004, and the filters are too small, such that the water treatment plant cannot keep up with the demand for water on busy weekends. Also, in the offseason, when the number of users drops sharply, the water in the tower becomes stagnant and of poor quality. As noted, our current water district is under an EPA mandate to fix the problem.

When the expansion project is complete, in three to five years, water will be drawn from twin artesian wells located behind the cheese house in Dewittville. Water will be carried by a new pipeline running along Springbrook Rd. and north along Route 430 to the water tower. Don Emhardt indicates that the project will result in "good water and plenty of it."

New Facilities: According to the Ramboll report, the major components of this expansion project are:

- “. Installation of two groundwater supply wells in the hamlet of Dewittville
- . Construction of a support building housing pressure filters, water softening equipment, chlorination equipment, exterior clearwell and electrical/instrumentation systems. Building size is estimated at 1,000 SF.
- . Approximately 14,200 linear feet of 8-inch diameter pipeline
- . Tee connections and valving for future extensions
- . Fire hydrants”

Project Costs: The estimated capital cost of the project is \$3,953,000. The town is seeking grant funding and zero interest financing for this project. There is also a remaining balance of \$350,000 on the capital cost of the water tower to be spread over all customers in the expanded district. Annual operating and maintenance costs for the project are estimated at \$90,000 in year 1, \$122,000 at the midpoint of construction, and \$140,000 when fully built.

Tax Implications: Charts on pages 8 and 9 of the Ramboll report indicate the estimated tax implications for existing customers and for new customers under two scenarios, one in which the grant application is not successful, and the other for the case in which a \$2,000,000 is awarded for the project. Zero-interest financing is assumed in both sets of calculations.

If the grant application is not successful, existing customers in CWD #2 (that's us) will pay an estimated \$1,156.33 in the first year of the project, \$766.04 at the midpoint of construction, and \$546.11 annually when the project is fully complete.

If the grant application is successful, existing customers in CWD #2 will pay an estimated \$872.64 in the first year of the project, \$573.64 at the midpoint of construction, and \$417.66 annually when the project is fully complete.

Mr. Emhardt indicates that he expects the project to reach full build-out rather quickly, because there is a need for water in Point Chautauqua, at Tinkertown Bay, on the east side of Dewittville, at Bayberry Landing and at the campground on Thumb Rd. He cautions that the numbers in the Ramboll report are estimates, possibly a bit on the high side, and that none of the numbers can be regarded as a final number until the project has been completed and the final cost is known. The building of townhomes on the golf course (which was recently sold) and the possible future expansion of the pipeline to Mayville will bring in new users. As the number of users in the water district increases, the costs per user will decrease.

More information on this project will be provided as it becomes available.

CLE Board of Managers