



October 1, 2018

Dear Copper Mountain Water and Sanitation Customer:

The Copper Mountain Water and Waste Water Treatment Systems are designed to accommodate 18,000+ people on any given day of the year. The Resort sees large visitor numbers during peak times during the ski season and, as a result, must have a quality system that can accommodate those visitors. Copper Mountain Resort welcomes visitors and would not survive without them but creating infrastructure to accommodate those visitors becomes the cost burden of the small number of Copper Mountain property owners. The Metro District maintains approximately 300 water customer accounts and those 300 accounts are responsible for the costs associated with maintaining a system designed to accommodate 18,000+ people.

The water rate system used by the District prior to 2014 was based on an SFE model (Single Family Equivalent). Each customer was assessed a SFE which was calculated using the number of bedrooms, bathrooms and kitchens. It was not based on actual water use. In 2014 the District adopted a new rate structure designed to address 2014 budget requirements and fund 2014 expenses. Under the new rate structure, the SFE model was changed to a CEU model (Copper Equivalent Unit). The CEU is not based on the number of bedrooms, bathrooms and kitchens but instead is calculated from each customer's documented water consumption. Each customer's water use was reviewed between the dates of January 1, 2008 through March 31, 2014. Only 1st and 4th quarter water usage was analyzed so that any irrigation water was not used in determining CEUs. Water used during the two highest 1st and 4th quarters during this period was averaged to calculate each customer's peak use of the Water and Waste Water Treatment System. The average of the two highest quarters, or peak use, was then divided by 10,000 gallons of water to determine the CEU (1 CEU = 10,000 gallons).

For example, Customer A's two highest quarters are 9,000 gallons and 11,000 gallons. The average is 10,000 peak use gallons, divided by 10,000 gallons = 1.0 CEU.

Another example, Customer B's two highest quarters are 27,000 gallons and 32,000 gallons. The average is 29,500 peak use gallons, divided by 10,000 gallons = 2.95 CEU.

CEUs were reviewed and reassessed in 2018 based on historical use data from the past five years including 1st quarter 2013 through 4th quarter 2017. Per District policy, the 2nd and 3rd quarter data from each year was not included so that irrigation use does not influence the results. The projected CEU increase in 2018 reflects growth and variability in historical water use. The District will contact customers with significant

COPPER MOUNTAIN CONSOLIDATED METROPOLITAN DISTRICT

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CEU adjustments to provide notice of the changes prior to 1st quarter 2019 billing. 2018 CEU assessments will go into effect January 1, 2019 and the CEU review will be done every two years moving forward. However, customers may request a review of their assessed CEU at any time by contacting the Public Works Director at 970-968-2537 ext. 206.

Copper Mountain water customers did not experience an increase in water rates between 2002 and 2015. In 2015, the Copper Mountain Metropolitan District Board of Directors approved a rate increase of 10% for Water and Sanitation services effective October 1, 2015. In 2016, the Copper Mountain Metropolitan District Board of Directors approved a rate increase of 15% for Water and Sanitation services effective October 1, 2016. In August of 2017 the Copper Mountain Metropolitan District Board of Directors approved a rate increase of 10% for Water and Sanitation services effective October 1, 2017. In September of 2018 the Copper Mountain Metropolitan District Board of Directors approved a rate increase of 7% for Water and Sanitation services effective October 1, 2018. Water and Sanitation rates continue to be reviewed and a recommendation will be made to the Board in September of 2019 should another increase be necessary.

The fixed costs associated with the 2018-2019 rate structure are the Base Water Rate at \$40.61 per CEU per quarter and the Base Sewer Fee at \$149.19 per CEU per quarter. These fees are combined for a total Water/Sewer base rate of \$189.80 per CEU per quarter.

Water used up to a customer's assessed CEU (or peak use) is charged at the lower Tier 1 rate of \$8.24 per 1,000 gallons. Any water used over a customer's assessed CEU is charged at the higher Tier 2 rate of \$12.36 per 1,000 gallons. Based on documented water use, customers should not experience Tier 2 rates unless they use an uncharacteristic amount of water – extra guests, more renters, filling hot tubs, malfunctioning toilet, leaking pipe, etc.

A separate Emergency Service Fee is charged at \$5.00 per CEU per quarter. This fee helps cover the cost of emergency related services provided to the Copper Mountain Community.

Late charges are applied to accounts 30 days past due and are calculated at 1.5% of the past due amount.

As an example, for a customer with an assessment of 1.0 CEU using 8,000 gallons of water in any quarter, the charges would be:

Base Water/Sewer Rate	\$189.80	(1.0 x \$189.80)
Water Use Tier 1	\$ 65.92	(8 x \$8.24)
Water Use Tier 2	\$ 0	
Emergency Service Fee	<u>\$ 5.00</u>	(1 x \$5.00)
	\$260.72	per quarter (or \$86.91 per month)

Another example, for a customer with an assessment of 3.5 CEUs using 40,000 gallons of water in any quarter, the charges would be:

Base Water/Sewer Rate	\$664.30	(3.5 x \$189.80)
Water Use Tier 1	\$288.40	(35 x \$8.24)
Water Use Tier 2	\$ 61.80	(5 x \$12.36)
Emergency Service Fee	<u>\$ 17.50</u>	(3.5 x \$5.00)
	\$1032.00	per quarter (or \$344.00 per month)

The CEU related charges (Base Water/Sewer Rate and Emergency Service Fee) are designed to fund fixed expenses. The per-gallon charges (Water Use and Irrigation) are designed to fund variable expenses. Fixed expenses include future capital improvements, repairs, replacements and professional services plus all fixed operating expenses (i.e., expenses that have to be paid regardless as to whether or not we deliver any water - discharge permit fees, insurance, base level staffing, water rights, etc. These costs have no relationship to the volume of water delivered or treated). Variable expenses are those related to all expenses that vary with the volume of water delivered or treated (i.e., utilities, treatment chemicals, contract labor, etc. These costs increase as the volume of water delivered or treated increases).

Irrigation rates are not based on a CEU assessment. If an irrigation meter is used and irrigation water is measured, it is charged at \$11.25 per 1,000 gallons per quarter. If irrigation water is not metered separately, it is likely water use will exceed the customer's CEU assessment and water will be charged in the Tier 2 water rate at \$12.36 per 1,000 gallons per quarter. It behooves customers using water to irrigate their property to install an irrigation meter.

Every customer is unique and will pay for water they consume. Homes of identical or similar size will have different quarterly bills because of their unique water use habits. CEU assessments may be different for identical or similar size homes due to historic water consumption. Customers who use more water will see higher bills. Customers who use less water will no longer subsidize those who use more. Water use does include running toilets, burst pipes or any other problems pulling water through the meter. What happens inside a property is not the responsibility of the District and any resulting water use must be paid for by the property owner.

The District is happy to provide a copy of your historic water use and explain your CEU assessment. If you believe there may have been an anomaly in your water use between the dates of January 1, 2013 through December 31, 2017 that does not accurately reflect normal water consumption or you have purchased the property since 2015 and feel water consumption patterns have changed, please contact Rob Martin, Public Works Director, at 970-968-2537 ext. 206 or rmartin@cmcmdi.com to have your account reviewed.

If you have any questions regarding Water and Sanitation services or rates, please contact Bryan Webinger, District Manager at 970-968-2537 extension 204 or email bwebinger@cmcmdi.com or Rob Martin, Public Works Director, at 970-968-2537 ext. 206 or rmartin@cmcmdi.com .

Sincerely,

Copper Mountain Consolidated Metropolitan District

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