

East Boulder County Water District

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December 30, 2004

Dear District Member:

This letter is to notify you of the District's 2005 Water Rates and Standby Fee effective January 1, 2005 (first reflected in the February 2005 billing). These revenues support all of our operating expenses, plus the cost of any future capital improvements or repairs. (We cannot use existing taxes for these purposes—these may only be used to retire our construction bonds.) The rates and fee were set in the public meeting held December 13, 2004.

The District's water source is the City of Lafayette. In 2003, the City of Lafayette adopted a four-year plan to help pay for new water source acquisition and delivery infrastructure. The plan calls for increases in their water rates by 9 percent each year.

Using the adopted 2005 Budget, the revenue requirements have been identified, and the 2005 Water Rates and Standby Fee have been determined. The following principles were adopted by the Board to guide the determinations:

1. The base rate should be kept as consistent year-over-year and as low as possible, with water consumption at higher levels having a higher rate, if necessary.
2. The District continues to "mark-up" the water we purchase from Lafayette by \$1.00 per thousand gallons.
3. A more progressive rate structure will be slowly phased in over a number of years to meet future revenue needs and promote conservation. The 2005 rate implements this by increasing the marginal rate by an additional \$1.00 to a total of \$7.31/1000 gallons, beginning at 80,000 gallons per month of consumption.
4. The District will support any rate changes initiated by the City of Lafayette (whose 9% increase is responsible for most of the rate increase).

On the back of this letter you will find a rate calculator for 2005.

Please feel free to contact any board member if you have any questions about the new rates.

Sincerely,



Michael Deck
President

Michael Deck
President

Richard Moeller
Vice-President

Mark Johns
Treasurer

Robert Champ
Secretary

Nick Bennett
Director