



# EAST BOULDER COUNTY WATER DISTRICT

P.O. Box 18641, BOULDER, COLORADO 80308-1641  
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March 1, 2011

Dear District Member:

This letter is to notify you of the District's 2011 water rates effective March 1, 2011 (first reflected in the March 31, 2011 billing). These revenues support all of our operating expenses, plus the cost of any future capital improvements and repairs. (We cannot use existing taxes for these purposes—these may be only used to retire our bonds.) The water rate requirements were set in the public meeting held November 8, 2010.

The District's water source is the City of Lafayette. Initially, there were no increases in water rates and account service charges for 2011. *However, the City Council approved increases during their February 1, 2011 meeting, effective March 1, 2011. The District was not informed of the change until the middle of February. The necessary changes have been made to the Water Rate Calculator.* The City has notified the District of the rate and service increases scheduled through 2015.

The District identified revenue requirements in the 2011 Budget. The 2011 water rates have been set to meet those revenue requirements, guided by the following principles:

- The base rate, non-connected user fee, and purchased water markup should be kept as consistent year-over-year and as low as possible.
- The District's basic "markup" of the water we purchase from the City of Lafayette remains at \$1.25 per thousand gallons.
- There is now more than 220 gallons per minute pump capacity. However, conservation is still being encouraged.
- The District must pass on the any rate increases initiated by the City of Lafayette during 2011.

Because of the General Obligation Bond Refunding that occurred in 2010, additional dollars were added to the Capital Reserves for system maintenance and improvement. Therefore, the amount of revenue required from the sale of water was reduced by approximately \$25,000. This is reflected in the lower water rates and non-connected service fee for 2011.

The progressive rate structure introduced in 2005 continues to be followed, with adjustments, to meet future revenues needed for system improvements and to promote conservation.

On the back of this letter, you will find the rate calculator for 2011 showing the March 1, 2011 revised rates.

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

Sincerely,

East Boulder County Water District Board of Directors

/s/ Mark A. Johns

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