



1. Why are my rates going up?

Cherokee Metropolitan District operates a diverse water and wastewater system over a large geographic area. Similar to the challenges faced by many other water providers across the nation, Cherokee contends with aging infrastructure while simultaneously working to provide adequate water supplies and infrastructure for future growth.

Cherokee faces important challenges in continuing to provide reliable and safe water for their customers. For one, Cherokee is sensibly focused on moving towards more renewable water supplies and away from their historical dependence on non-renewable (and diminishing) groundwater. This will involve acquiring and delivering water from farther away or even participating in regional water supply projects. As many customers are already aware, Cherokee is also under a strict mandate from the Colorado Department of Public Health and Environment (CDPHE) to limit the amount of Total Dissolved Solids (TDS) in the treated water at their Wastewater Treatment Facility. Meeting the required level for TDS measurement will require additional treatment of wastewater using Microfiltration (M/F) and Reverse Osmosis (R/O) methods. These are costly processes in the treatment industry. The TDS compliance issue is outlined in greater detail on Cherokee's website.

The fact remains that costs associated with operating a complex water and wastewater system continue to rise. The revenues received from your bill go towards maintaining and upgrading the infrastructure that Cherokee uses to collect, treat and deliver safe, reliable water and to plan for future needs.

2. How much are my rates going up?

All customers will see an increase to their monthly water and wastewater service charges as well as to the rates they pay for water and wastewater volumes. The amounts will depend on the type of customer and water use patterns.

Commercial customers that are used to paying a single block rate will be billed according to a tiered rate structure similar to what residential customers are billed.

Example Bill Explanation:

A bill is comprised of fixed monthly charges for water and wastewater services as well as charges for how much water you use and wastewater you generate.

For typical residential and multi-family customers, charges for water and wastewater services will increase almost ten percent (10%). The service charge for water will increase from \$15.90 to \$17.00 per month (for a ¾" meter) while the wastewater service charge will increase from \$29.75 to \$32.58 per month.

For example, if you're a residential customer that uses roughly 10,000 gallons (13.4 CCF, or Units) of water a month, your monthly water bill (availability charge plus water charge) will increase from \$84.27 to \$91.87, a difference of \$7.60. Similarly, if your monthly wastewater flow is just over 5,000 gallons (@ 7 CCF), your monthly bill (base charge plus sewer charge) will increase from \$42.00 to



Proposed Rate & Fee Increases / FAQ's

\$45.99, a difference of \$3.99. This example bill for a residential customer is outlined below in greater detail:

Residential Bill Example:

Water Use = 10,000 gallons (13.4 CCF Units)

Sewer Flow = 5,236 gallons (7.0 CCF Units)

	2016	2017	Increase
Water Charges (Total):	\$84.27	\$91.87	\$7.60
Sewer Charges (Total):	\$42.00	\$45.99	\$3.99
Bill Totals	\$126.27	\$137.86	\$11.59 (9.18%)

3. Where are the revenues being spent?

Revenues from water rates go towards funding operations, maintenance, and administrative expenses as well as upgrades and new projects. Cherokee plans to complete an extensive capital improvements plan over the next 10 years involving projects that are required to diversify its water supply and keep water and wastewater facilities in working order and compliant with regulatory requirements. The total cost of the projects identified in the capital improvements plan is \$163 million. Many of these capital projects have multi-year timeframes, with costs being covered from a combination of customer rates (from both current and future customers) and impact fees associated with new development over a 10-year span. A list of the major projects and initiatives that are to be paid in part from water and sewer rates are the following:

	Project	Proposed Budget
i.	Microfiltration/ RO Treatment Plant	\$ 11,950,000
ii.	Brine Disposal Wells	\$ 10,540,000
iii.	Ellicott Pipeline Rehabilitation / Replacement	\$ 30,800,000
iv.	Water Storage Tanks and Rehabilitation	\$ 14,680,000
v.	Surface Water Treatment Plant	\$ 29,050,000

4. What is the difference between base charge and volumetric charge?

The base charge, or fixed monthly charge, is what the District charges simply to make water/wastewater service available at your location, even if you use little or no water in any particular month. The fixed monthly charge is based on the size of the meter at a property or business.

The volumetric charge accounts for the costs to the District for the volume of water that customers actually use. The volumetric charges per CCF unit go up for higher volumes as a means to encourage conservation.

5. Define a "Unit" as used by Cherokee to measure and bill water use.

1 CCF Unit equals 748 gallons, or 100 cubic feet (100 CF), of water.



6. Why are the rates charged by other water providers such as Colorado Springs Utilities different from Cherokee?

Each water/wastewater utility is unique in terms of their operating circumstances: locations and quality of water services, size of service area, number of customers, and wastewater discharge permit requirements. The rates charged by each utility must be tailored to those circumstances to assure proper financial management.

Refer to the attached charts which compare Cherokee's current water rates to other area water providers. These charts compare the expected monthly charges for a residential customer if they use 5,000 gallons (6.9 CCF) and 15,000 gallons (20.5 CCF).

7. Define Single Family Equivalent (SFE)

An SFE is also considered as a "typical" residential unit, or the most common type of water service. An SFE has relatively uniform water use patterns (daily, annually, etc.). It is used as the common basis for comparing water consumption for all customer types and allows for more consistency in evaluating demands and statistical growth in comparisons to non-residential and multi-family water customers.

8. What is a typical meter size for residential homes?

The majority of single-family residential customers have a 3/4-inch (3/4") meter.

9. Define "Multi-Family" customers

A classification of residential housing (and customer type) where multiple separate housing units are located within one building, or several buildings within a complex (example: apartments, townhomes, etc.). Depending on how the unit was constructed, multiple units may be billed on one water meter or separate meters.

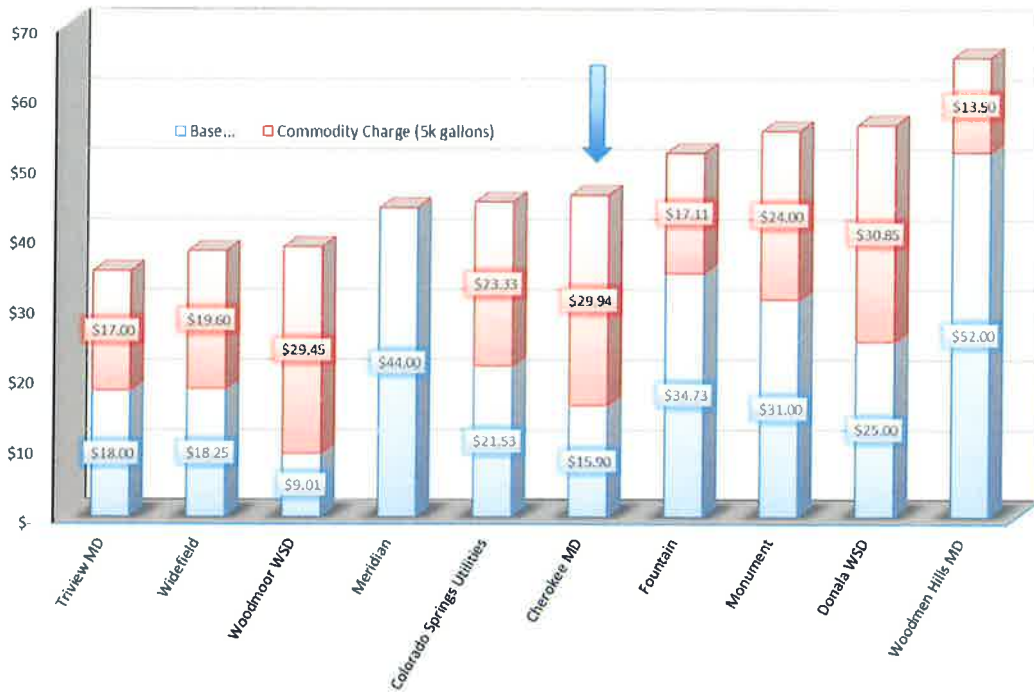
10. Will an increase in water and sewer rates affect Homeowner's Association (HOA) Fees?

Possibly. Assessments are made at the discretion of HOA's. It is their decision on whether rate and fee increases are passed along through annual assessments.

11. Does Cherokee Metro District provide financial assistance to low income households?

Cherokee does not offer a financial assistance program, but individual customers can reach out to Customer Service personnel regarding payment extensions or similar arrangements.

2016 Monthly Water Rate Comparison
 - Single Family Residential (5,000 Gallons Consumption) -



2016 Monthly Water Rate Comparison
 - Single Family Residential (15,000 Gallons Consumption) -

