



December 15, 2017

Dear Basalt Water Customer,

The Town of Basalt's water rates will be increased starting in 2018 in an effort to stabilize its water enterprise. The Town provides water primarily in the old town and southside areas. Other areas of the Town such as Aspen Junction and Willits are served by the Mid Valley Metropolitan District. The water rates, which should reflect the cost of operations and provide savings for capital improvements, are evaluated from time-to-time to ensure that we can provide safe and reliable sources of water that meet all State and Federal regulations. Unlike other services provided by the Town, the Water Fund receives no subsidy through tax dollars. The Water Fund is what is known as a government enterprise which means that it is wholly supported by user fees. The increase, which is set at 45% is substantial, but will represent the first rate increase in five years. Looking back over the last ten years, rates increased by only a few percent which is not sustainable for the long term maintenance of the water system. According to a 2016 municipal water rate survey completed by the Colorado Department of Local Affairs, Basalt's water rates were on average 40% less than other municipal water systems throughout the state.

The Town completed a water rate study in 2010 which made recommendations for annual water rate increases. The report looked at the cost of operations, system maintenance and repair, debt and capital projects. The recommendation at that time was to do an initial rate increase of 21% to balance revenues to expenses. A range of annual increases were also recommended which varied from 3.9% to 4.88%. The study remains relevant today and was a main resource in determining the appropriate rate increase.

I am always surprised to learn about the amount of infrastructure it takes to deliver water to the homes and businesses in a community. Unlike other Town assets, the water system is largely invisible since the entire conveyance system is underground. The Town's water infrastructure includes 14 miles of water transmission lines, 6 water tanks which account for 2.7 million gallons of storage, the water treatment plant, 3 wells and Basalt Springs. In order to have access to the water, the Town has been diligent over the years in securing water rights to ensure that we have the appropriate quantity of water to meet the Town's water demand.

Maintenance on the system is the best way to ensure that it stands the test of time. This year we will be recoating one of our million gallon tanks which will mean taking it off-line for a time to perform the maintenance. Luckily we have built redundancy into the system so that our customers will not go without service during the time it takes to complete the maintenance. Other routine maintenance includes valve exercising and repair, hydrant testing, meter calibration, leak testing and emergency

repair. In addition to these activities, our staff is required to do daily water quality testing which means holidays and weekends too. We are required by the state to submit the results of the testing which is summarized each year in a water quality report that we post on the Town's website.

The new rates will allow the enterprise to stabilize its revenues in order to meet annual expenditures. It will also allow the enterprise to set aside money for future capital improvements. The rate is consistent with the recommendations in our water rate study and in line with the rates of other water systems around the state. The Water Department is diligent in maintaining the infrastructure which will help with the longevity of the system. We are fortunate to have great water quality and will continue to efficiently use the resources to best serve our customers.

Sincerely,

Ryan Mahoney, Town Manager

The following represents the changes in water rates.

Water is Billed Quarterly		
	Old Rate	New Rate
	Quarterly Charge	
Base Rate – In Town	\$55	\$79
Base Rate – Out of Town	\$81	\$117
	Cost per 1,000 Gallons (Based on Quarterly Consumption)	
0 – 31,500 gallons	\$1.69	\$2.45
31,501 – 80,325 gallons	\$2.33	\$3.38
80,326 – 111,600 gallons	\$4.77	\$6.92
111,601 and above	\$5.83	\$8.45