

CWSD Resident Questions

Dear CWSD customer,

First, we were very pleased to receive everyone's input. Clearly, many of you care, as we do, about the quality of your water and the services you receive. So let's begin. People asked about taste, minerals in the water, our purification process, as well as whether ongoing water tests are done to ensure the water quality in Cottonwood is healthy and safe. To see the responses to your questions and concerns, go to www.cottonwoodwater.org to download the file.

It's important to know that our water meets and/or exceeds the State's strict water quality standards and that we are here to help you with questions about your water and wastewater services. That's why we took all questions and categorized the information into the groups below.

Because we do value your opinion and want to keep you informed about what's going on, please help us communicate cost-efficiently by providing and keeping your email address current with our management. If there's anything we've missed or you want to submit your email, please email us at info@CottonwoodWater.org or call our management office at 303-649-9857.

*Sincerely,
Alyssa Kasaris, CWSD Board Member
Susan Romani, CWSD Board Member
Stephen Wasiecko, CWSD Board Member
Scott Lamond, CWSD Board Member
Adam Perez, CWSD Board Member*

Water Quality Questions

The District's treatment process (how your water is tested, treated, and provided to your household) is valuable information for all consumers. That's probably why we received a lot of questions and comments regarding our water supply, taste, and quality. People asked about taste, minerals in the water, our purification process, as well as whether ongoing water tests are done to ensure the water quality in Cottonwood is healthy and safe.

District Feedback

Water Supply: The Cottonwood District actually has **two** main sources of water, which change periodically throughout the year to optimize best seasonal use and cost efficiencies. One source is shallow **groundwater** in Cherry Creek. This water is treated to a very high standard at the Joint Water Purification Plant ("JWPP"), and has a relatively low mineral content. The second source is from **deep groundwater** wells. This source is also of very high quality as deep groundwater is naturally free of pathogens. It requires no treatment other than chlorination, but it does contain trace minerals: iron and manganese. The majority of water deliveries this year were made from the JWPP. While water from both sources is mixed in the District's water tank, water being pumped to the tank may be unmixed. This supply can vary from time to time based upon which wells are operating. Therefore, your source of water will often vary between one or both of these supply options, whichever is more efficient at the time.

Minerals in Cottonwood's Water: Total Dissolved Solids (TDS) is a measure of minerals and other natural substances dissolved in a water supply. These are usually noticeable when water evaporates in dishwashers and in sinks or bathtubs. TDS exists in all water systems, and it is not regulated, as it does not represent a health concern. The EPA recommends that TDS be kept under 300 part per billion (ppb). Cottonwood averages about 280-285 ppb.

Grit: If there is noticeable grit in your water, it is most likely to be iron and/or manganese. These elements can settle in places within the system where water velocity is low, and then stirred up at times when changes occur in the amount of water delivered. Cottonwood's water does have additives that are meant to prevent this from

occurring, with varying levels of success. If you are having problems with noticeable grit, please call our customer service line (303.792.9509) and let us know.

Sampling to Ensure Water Quality: Cottonwood's operations staff takes a variety of water samples each month to ensure that the water supply is safe. If you have a particular concern with your water quality, let us know and a technician will follow up with additional sampling.

Fluoride Levels: For Cottonwood water sources, fluoride occurs naturally at 1.7 parts per million (ppm). This is less than the drinking water maximum limit of 4.0 ppm. Cottonwood does not add fluoride to our system. Small amounts of fluoride are actually good for our teeth. Removing fluoride completely would be costly and unnecessary. Doing so would require a treatment system at each of our individual deep wells.

Taste: As you might expect, the taste of drinking water is very subjective. For example, the deep groundwater is sometimes bottled and sold as "mineral water", and yet many people do not like the taste of mineral water. On the other hand, at the water treatment plant (JWPP), they take all minerals out of the water and then add some back in to make the water safe to drink. When people take taste tests of the water with minimum mineral content, some like it more than others. It's important to know whether we use our groundwater or surface water, the water quality meets and/or exceeds the State's regulations.

Questions Regarding Costs & Rates

Customers asked how to reduce consumption, get into a lower tier category, meter-reading (apartment complexes), price of tap water, as well as sanitary (wastewater) sewer costs.

District Feedback

Pricing: Cottonwood is a small community with a population of less than 5,000 residents. Smaller communities such as ours do not benefit from the "economies of scale" of a large water provider like Denver Water or Aurora. The large-scale water providers serve tens of thousands of customers (Denver Water has 1.3 million) and can, therefore, share operational costs among more people, which, in turn, reduce individual customer costs. Consider as you build larger water and wastewater facilities, the cost of those facilities is less per gallon of water delivered. For example, a 10 million gallon storage tank might cost \$2.5 million, or \$0.50 per gallon of storage while a 2 million gallon tank costs \$1.6 million, or \$0.80 per gallon. That's why customers in a large system, like the two mentioned, typically receive lower costs of service.

Price Comparison: Cottonwood's rates compare favorably with similar local communities such as the Parker Water and Sanitation District, the Arapahoe County Water and Wastewater District, the Stonegate Village Metropolitan District and the East Cherry Creek Valley Water and Sanitation District. It is good to know that Cottonwood compares well to others facing the same operational challenges.

Supply: Cottonwood, like most of the other water providers in the South and East Metro Denver Area, has had to invest in replacing a portion of its original water supply. Since the Cottonwood development was initially designed and built, studies of the deep groundwater now indicate that production from our wells will decline substantially over the next 10 to 20 years because of the large volume of pumping of a non-renewing resource. Cottonwood, like other districts, has been investing in renewable water and the facilities to transport the water here. These costs will continue to be substantial, but such investment is critical for Cottonwood to maintain sufficient water supply. The good news is about one-half of our original water supplies were renewable where other district's only source of water is non-renewing deep groundwater.

Wastewater Treatment: Wastewater treatment in Cottonwood does incur higher fees because there are higher treatment regulatory standards for returning treated wastewater to the stream above Cherry Creek Reservoir. That's true for any of our neighbors that also return wastewater above Cherry Creek Reservoir. We are no different and thus have the same regulations. This adds both additional infrastructure and operating costs due to our location. Keep in mind however, being environmentally responsible is not only a good thing for all who use this wonderful public landscape, it is mandated by the State.

Conservation: Cottonwood has had a water conservation program in place for over ten years. Studies in other semi-drought states show that incentives are most effective to reduce excessive usage by charging higher rates for higher use. Cottonwood estimates the volume of water reasonably necessary for in-home and irrigation use based upon the number of people in a home and the amount of area that needs to be irrigated. It identifies this volume of water as the allocation for a property and sells this water at its lowest rate. Then, when use goes beyond that volume, the cost of water goes up dramatically into what is called first “excessive” and then “abusive” rates. If a resident or apartment complex is being charged at excessive or abusive levels, a lot of cost savings can be achieved by reducing use. This is possible in a number of ways and the website details how you can reduce consumption both indoors and out (the greatest water user). Keep in mind, a significant portion of Cottonwood’s costs are “fixed.” These are costs like maintaining an office, providing billing, customer services, operations personnel, etc. When water use is reduced, the savings do reduce some electrical pumping costs and some chemical additions.

If you are experiencing problems in staying within your allocation, contact our customer service representative. We are happy to meet with you and offer suggestions. In some cases, there may be an error in how your allocation was calculated. Let’s first make sure this is not the case. NOTE: If there are only two people living in your home and you are not irrigating, you should **never** be in the “excessive” tier rate. If you are, you may have an undetected water leak or your meter may not be functioning properly. Contact us.

Ways to Reduce Costs: The Board members (Cottonwood residents) are very aware of the high cost of water and sewer services. They, along with District management, are focused on ways to cut expenses and control costs wherever possible. The Board’s primary concern for our customers is to provide *safe drinking water* and *to ensure that sufficient water is available when you turn on the tap*. In 2010, the Board completed detailed studies of its revenues and expenses and concluded that water and wastewater rates needed to increase by approximately 20% over a three-year period, starting in 2010. This plan was presented to customers in Advisory Committee meetings and at public hearings. Two-thirds of that rate increase has been implemented, and the Board will be considering the third year increase in 2012. Customers are invited to participate at public meetings. Dates will be posted on the website.

Meter-readings: All water use in Cottonwood is metered. Only in rare circumstances is the bill an estimate. Meters are read monthly prior to billing. If you feel your meter is not functioning properly or your allocation is incorrect, please contact our office (303.792.9509) to have our operators schedule a time to inspect your meter, or check your allocation.

Utility Billing

Customers asked for everything from paperless billing to the fees charged for online payments, monthly budget averaging, and closer drop off payment sites. Here are the services currently provided.

District Feedback

Statement Format/Bill Pay Options: The District is continuously reviewing our statement format and bill pay options in an effort to better serve our customers. The current bill provides a complete synopsis of your utility usage, including your past and current meter-readings (please note that water usage reflected on your bill represents a figure that is rounded to the nearest 1,000 gallons). For those who requested an easier to read format, we are working on changes to the current bill statement. In the meantime, we encourage you to visit www.cottonwoodwater.org for additional information regarding water and wastewater rate structures.

Convenient Payment Services: We are pleased to be able to offer ACH (automatic) withdrawals from your checking account as well as online bill payment to those customers who prefer this convenience. The fees associated with their use are costs of the bill paying service charged by the provider directly without any fee returned to Cottonwood. Based on the comments received in this survey, Cottonwood is currently working with provider to see if there is a way to reduce or eliminate additional fees for online payments, and is looking into the feasibility of utilizing paperless statements. Stay tuned.

Miscellaneous Questions

Finally, there were several questions that were outside of the above categories. Here are the questions with the District's responses.

What is the plan for fixing the screening trees in the park where the new (near the soccer field) pump/well is?

The Cottonwood Metropolitan District handles the upkeep of the District's open space, including this area. Please contact the Cottonwood Metropolitan District for further information. www.cottonwoodmetro.org

What is the status of participation in WISE (Water Infrastructure and Supply Efficiency) project?

Cottonwood is currently working with Denver Water and Aurora regarding the terms and requirements for the WISE participation. Cottonwood has been actively pursuing the WISE Project and indications are that deliveries could begin in 2014.

Are any of Cottonwood's (CWSD) Board members in positions that may conflict with CWSD decision-making?

Each one of our board members is required, by statute, to disclose any conflicts if they have any whatsoever. There are no known conflicts of interest among the Cottonwood Board of Directors. Please visit www.cottonwoodwater.org for additional Board Members biographical information so you can learn more about their expertise and history.

Are there any future construction projects would impact the open space areas in the Cottonwood District?

As the District continues to grow, there will be a need to develop new wells or redevelop old ones to ensure water deliveries to Cottonwood customers. However, unless there are unexpected repairs to the system, there are no major projects anticipated through at least 2013 within the Cottonwood open space. The District is currently working with other entities, in a regional effort, to secure enough available renewable water for the future of the region. This may actually reduce the need for additional future wells!

What about lower taxes when Crown Point was developed?

Cottonwood came out of bankruptcy in 1996 with a mill levy of 39, and with a projection for the mill levy to increase to 60 to service the debt that had been renegotiated. Since that time, Cottonwood was able to lower the debt through negotiations with bondholders and through subsequent loan refinancing. This lower debt schedule and the growth that has occurred in Crown Point enabled Cottonwood to lower its mill levy to 27 mills despite the need to borrow \$10 million for our new water plant, the JWPP. Currently, despite the very difficult economy since 2008, and the need for additional funds to participate in a renewable water project, the mill levy of 27 appears adequate to cover these costs. We will certainly provide customers plenty of advance notice, should this need change.

Do we have your correct email address?

This is the fastest and most economical way to share District news. Please send yours to: info@cottonwoodwater.org

We thank all of you that provided your emails and took the CWSD survey. Sharing community concerns about our water resources, operations, challenges and financial obligations is the best way for all customers to be part of the long range goals of their water and wastewater services.