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MEMORANDUM

CWS File #10-110

To: Mr. Ben Wade, CWCB
From: Kim Frick
cc: Dean Moyer, Webb Jones
Date: 1-7-2011
Subject: 75% Progress Report for Town of Windsor 2011 Rate Study

Clear Water Solutions and Water Consulting Group have worked closely with Town of Windsor staff to develop rates that work well for its existing customer base. Recovering costs and encouraging water conservation have been key focus areas during our rate development. Staff has provided water use, revenue and expense data that has been important in establishing rates that are fair across all customer categories.

The Town has internally evaluated water rates and has proposed small raises within the two tiered system to pass on costs. However, this rate study's purpose is to encourage water conservation through the rate structure. Windsor is a participant of Northern Integrated Supply Project (NISP) which will include some large costs in the future. However, Windsor has decided not to include the costs for NISP at this time until the project becomes permitted. This is a change from the last time we spoke and should significantly ease the process for the Town.

Our priority was to provide the Town Board and staff with the background and education needed to establish rates fairly and to understand the importance rates play in water conservation. A study was completed on rate structures of similar-sized municipalities along the Front Range. This study provided the Town with perspective on different rate structures while understanding that rate structures are unique to each water provider. We feel the Board is well equipped to set rates that best suit Windsor.

We will attend the Town Board work session to present two rate alternatives for the Board to consider – a two-tier and a three-tier structure. We will provide an overview of how these rates were developed and show how the recommended rate structure compares to other similar-sized water providers. Furthermore, we will discuss the anticipated impacts the rate structures will have on existing Windsor rate payers and the timeline for implementation. We will request that the Board provide direction on which rate alternative to implement. The Board will provide any suggestions or adjustments that will need to be made to the recommended rate structure prior to implementation.

The Town will provide a 30-day public comment period during which a copy of the draft plan will be kept at Town Hall and posted on the Town website. Notice of this 30-day review period will be posted in the Town paper and on their water bill. Once the 30-day review period is completed, we will address public comments as directed by the Board and staff and request Board.