



October, 2019

Dear Cherokee Customer:

IMPORTANT INFORMATION

One of the services provided to you by Cherokee Metropolitan District is the collection and treatment of all wastewater. Treatment occurs at a facility roughly 17 miles east of the District, where approximately 1.8 million gallons of wastewater is processed daily. Once treated, the water, known as effluent is pumped to rapid infiltration basins 5 miles further east, where it percolates into a groundwater aquifer used for drinking and other purposes.

In May of 2014, the State of Colorado Department of Health and Human Services imposed a Compliance Order on Consent on Cherokee Metropolitan District to comply with a higher level of treatment of our wastewater effluent. Specifically, they required that the District reduce what's known as TDS (Total Dissolved Solids) in our effluent. Such material is largely made up of minerals, salts and organic matter that come from natural groundwater sources and a variety of household and commercial uses, all of which end up in concentrated amounts in wastewater. This issue is not unique to Cherokee but is a component of water and wastewater treatment for providers throughout Colorado and the nation. TDS is measured in parts per million or mg/L. The State imposed a 400 mg/L limit on our discharged effluent. We currently discharge at an average of 550 mg/L. There are no negative health impacts of TDS levels at these concentrations.

Cherokee has vigorously challenged this State order in a variety of ways including, applying for variances to allow for a higher TDS discharge limit, but after years of work has been unsuccessful in obtaining any variance. Thus, began a multi-year compliance schedule to reduce the overall TDS concentrations in our wastewater effluent. The required compliance must be achieved by Sept. 2022.

One of the only ways to remove TDS is to use high density filtration known as Reverse Osmosis. As a result of your Cherokee Metropolitan District Board of Directors, staff and engineering experts spending significant time and resources to design the most efficient removal system possible,

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Example of an operational reverse osmosis facility

we are now beginning final design and construction planning to add Reverse Osmosis facilities to our existing wastewater treatment facility.

Federal and State requirements on water/wastewater providers are onerous, increasing in complexity and number in the last decade alone. There are efforts at the State level to push for small-issuer (small utility providers) exemptions that would be very helpful for smaller entities like us to handle these many rules and regulations and the associated costs, but until that time, we are challenged by meeting our regulatory mandates and to do so with openness and transparency and our customers' best interests in mind.

These mandated treatment requirements are costly and therefore require the imposition of a new Surcharge, which will be collected and restricted for use to accomplish this compliance order. We are working to make this Surcharge as small as possible while managing all of the costs involved in construction of these types of required facilities and associated legal and design costs. All of this is above and beyond the regular, daily operations and maintenance of the existing infrastructure necessary to provide reliable, clean, safe water services to our customers.

Your water/wastewater monthly bills will soon include a State of Colorado Regulatory TDS Surcharge, which will be collected and placed in a restricted account, where it will earn interest to help offset the interest the District will pay for the bond issuance to pay for construction and compliance. This interest offset, along with the highest level of cost monitoring and control, the most up-to-date engineering approach, cost sharing amongst all customers and partners and annual cost sharing calculations, will keep this Surcharge as low as possible, while still meeting this mandated compliance order.

We recognize that this project will have a long-term financial impact on our customers, but it will also set our District up for sustainable water delivery and treatment services long into the future, including improved overall water quality as a result of the new treatment system.

We invite you to stay connected via our website and social media portals and to contact us with questions. The budget is always accessible and open for inspection and there is significant historical information available to share the facts that have led to these mandated upgrades.

There will also be a second public hearing held at the Cherokee Metropolitan District Offices on October 15th at 5:30pm, during which the Board of Directors will consider the exact amount of the TDS Surcharge necessary to comply with this mandate. This meeting is open to the public.

YOUR CHEROKEE METROPOLITAN DISTRICT TEAM