From: NCWA Board of Directors February 26, 2021

Subject: Member Update

As many Members are aware, due to the drought and more people staying home due to COVID-19, overall water demand last Summer was unprecedented. More specifically, water demand in June 2020 was higher than any other month in NCWA history. Overall system demand in 2020 was also approximately 15% higher than any other year. As a result, if demands in Summer 2021 are similar to what they were in Summer 2020, our systems will again be operating at, or near, their allotted capacities.

To mitigate these concerns, on 7/1/2020, the Board implemented watering restrictions and entered into a Tap Moratorium. The Tap Moratorium has been extended indefinitely, and, at a minimum, will extend until Winter 2021. This schedule is in place to allow staff and the Board time to complete a thorough review of peak Summer demands and corresponding system performance.

Since last Summer, we have taken several measures to improve system redundancy and our ability to meet these higher demands in the future. Despite these measures, it is vital for Members to recognize the potential impacts the current drought and last year's wildfires may have on our water supplies this Summer. For example, the City of Fort Collins recently announced that they anticipate the need to implement watering restrictions this Summer. As NCWA also obtains raw water from these same watersheds, we may face similar impacts to our water supplies. Simply put, at least through this Summer, we may be looking at record demands during a period of reduced supply.

As such, Members should recognize the likelihood that there will be some form of watering restrictions this Summer. It is our sincere hope that these restrictions not become an annual event as, our water supplies have been designed to support Member needs - even during droughts. Unfortunately, if it appears that our water supplies cannot meet system demands, we will be forced to embrace some form(s) of water conservation policy similar to those utilized by most other water utilities.

Members will also notice a rate increase in their March billing. Historically, Members have voted on rate increases during the Annual Meeting. That said, due to COVID-19, the Board has no control over when the Annual Meeting can be held in person. Accordingly, the Board has taken action to assure funds are adequate to support operations. More detailed information about recent significant rates increases by our service providers, the primary driver behind the rate increase, will be provided at the Annual Meeting. The Board will also ask Members to ratify the rate increase at the Annual Meeting.

We are also pleased to announce our new website "Nocowater.org". Members are encouraged to visit the site for additional information on 2021 rates and other NCWA activities.