

La Cumbre Mutual Water Company

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October 2020

Dear Water Company Shareholder,

Consistent with the direction from the Board of Directors, staff has updated our five-year operations and maintenance plan. This plan allows us to comprehensively evaluate our employee cost, near-term capital projects, our annual cashflow and prepares us to meet your water needs. After reviewing this plan, including our need to procure additional sources of water and our project list of vital upgrades needed to keep your water system running smoothly, we have considered various alternatives and adopted a revised water/meter/land charge rate change that will go into effect January 1, 2021.

This new rate structure increases the meter charge but eliminates the acreage charge. It adjusts the thresholds for each of the pricing tiers to encourage conservation. Further, the rate in the lowest use tier (Tier 1) will remain the same. The higher use tiers will be increased, as shown on the Schedule of Charges.

Even with these changes, on average, your water company's rates remain lower than the neighboring water utilities of Goleta, City of Santa Barbara, and Montecito. We have endeavored to balance the rate structure to share the forecasted cost across our various tiers.

Today, conservation is more important than ever. Our smart meter system has a useful leak alert feature, and 56% of our customers have signed up for the free service which also provides daily and hourly water usage information which may be accessed on your computer or smart phone. For more info please email office@lacumbrewater.com.

A rate increase is never taken lightly by our staff or the Board. It has been almost 4 years since our last increase. Our primary objective is to always provide excellent service, protect and improve our infrastructure and ensure reliable water supplies. Please feel free to call, text or email if you have any questions. I may be reached by sending an email to alex@dcgco.com or calling/texting 805-331-7764.

Thank you for helping us conserve.

Kind regards,



Alex Rodriguez
Board President

SCHEDULE OF CHARGES

Water Rates per Hundred Cubic Feet, HCF (1 HCF = 748 gallons),
per two months (Effective January 1, 2021)

	La Cumbre Mutual Water Existing Rate	La Cumbre Mutual Water NEW RATE 1/1/2021
Residential		
Tier 1	\$ 5.75 0 - 30 HCF	\$ 5.75 0 - 20 HCF
Tier 2	\$ 6.75 31 - 60 HCF	\$ 8.00 21 - 40 HCF
Tier 3	\$ 10.50 61 - 90 HCF	\$ 13.25 41 - 80 HCF
Tier 4	\$ 15.00 Over 90 HCF	\$ 22.00 Over 80 HCF
Multi-Family Rate per dwelling unit	\$ 5.75 0 - 18 HCF \$ 6.75 19 - 60 HCF \$ 10.50 Over 60 HCF	\$ 5.75 0 - 20 HCF \$ 8.00 21 - 40 HCF \$ 13.25 41 - 80 HCF \$ 22.00 Over 80 HCF
Commercial Base Allotment = 3 year average (2006-2008 on bi-monthly basis)	\$ 5.75 Base Allotment \$ 10.50 over allotment	\$ 7.60 Base Allotment \$ 13.25 over allotment
Schools & Golf Courses Base Allotment = 3 year average (2006-2008 on bi-monthly basis)	\$ 5.75 Base Allotment \$ 10.50 over allotment	\$ 7.60 Base Allot \$ 13.25 over allotment
Agriculture Allotment based on 870 HCF per agricultural acres per 12 months	\$ 5.75 Tier 1: 0 - 40 HCF \$ 4.27 Tier 2: Agricultural Allotment \$ 10.50 Tier 3: over allotment	\$ 5.75 Tier 1: 0 - 20 HCF \$ 6.75 Tier 2: Agricultural Allotment \$ 13.25 Tier 3: over allotment
Meter Charge		
"A" Ultra Low Flow 3/4" meter less than 50 HCF/year	\$ 14.00	\$ 28.00
"B" Low Flow 3/4" meter between 50 & 99 HCF/year	\$ 28.00	\$ 56.00
3/4" meter	\$ 42.00	\$ 84.00
1" meter	\$ 70.00	\$ 140.00
1.5" meter	\$ 140.00	\$ 280.00
2" meter	\$ 224.00	\$ 448.00
3" meter	\$ 420.00	\$ 840.00
4" meter	\$ 700.00	\$ 1,400.00
Acreage Charge	\$29/Acre	None, the acreage charge will be eliminated

The "A" & "B" 3/4" meter rates are based on the noted HCF for the previous calendar year.

Residential - All customers other than those classified as Multi-Family, Commercial, Schools & Golf Courses or Agriculture.

Multi-Family - Any property serving multiple attached dwelling unit structures such as apartments or condominiums.

Commercial - Any property used solely for commercial use and located in the County of Santa Barbara commercial zoning area.

Schools & Golf Courses - Schools must be on an area of at least 6 acres and be either a public or private, elementary or high school educational facility. Golf Courses must have at least 20 acres of actual golf area and a public or private membership institutional facility.

Agriculture - To qualify for agriculture rate a stockholder must submit a copy of a U.S. Internal Revenue Service Schedule "F" (from latest tax return) indicating farming operations on the property being served along with a letter signed by your CPA verifying that the Schedule F has been filed with the IRS. The Schedule F information will be kept in the strictest of confidence. In addition, since the Ag rate is applied only to acreage being farmed, not the total acreage of the property, we ask the stockholder to indicate the amount of acreage they are farming (minimum considered is one acre). This figure will be subject to verification by staff. Final determination of Ag eligibility will be made by management.