

La Cumbre Mutual Water Company

695 Via Tranquila, Santa Barbara, CA 93110-2296

Phone 805 967-2376 Fax 805 967-8102

WWW.LACUMBREWATER.COM

DIRECTORS

JANE LODAS

PRESIDENT

ALEX RODRIGUEZ

VICE-PRESIDENT

BOB URADNICEK

MARC RUSSO

OZ FUNDINGSLAND

MIKE ALVARADO

GENERAL MANAGER

January 2017

STAGE II DROUGHT LEVEL - WATER RATE INCREASE

Dear La Cumbre Water Customer,

At our December Board of Director's meeting, after extensive discussion, the BOD's unanimously approved a rate increase as well as a lowering of all the tiers that will be effective March 1st, 2017 for the March/April water billing. The rate increase was needed in able to meet the current 5 year budget as well as encourage additional conservation and delay the need for future rationing.

Thank you for helping us achieve a 39% decrease in 2016 usage compared to 2013. However, we are still seeing significant declines in our well water levels. The well levels are at their lowest since the low levels of the 1989 drought. To continue to provide water in this historic drought, we have budgeted to rehabilitate a well in the Modoc preserve. We also plan to upgrade and add iron removal treatment to a currently inactive well in the Puente area. Bringing these two wells online will add redundancy and reliability to our system and spread out the pumping in the central basin.

We are also constantly evaluating purchase water agreements. Unfortunately, all of the agreements we have seen so far have priced the water out of reach. If the drought continues to persist and our wells continue to decline, we will have to rely mainly on State Water and purchase water agreements. We are currently projected to receive 20% of our allocated State Water for 2017/2018 year. We are hopeful that the final allocation will be higher but must plan for a worst case scenario.

The new water rate includes a lowering of the water Tiers.

Exist. Res Rate	Tier	0-40 @ \$5.24/HCF	New Res. Rate (3/1/17)	Tier	0-30 @ \$5.75/HCF
	Tier 2	41-80 @ \$6.25/HCF		Tier 2	31-60 @ \$6.75/HCF
	Tier 3	81-120 @ \$9.66/HCF		Tier 3	61-90 @ \$10.50/HCF
	Tier 4	>120 @ \$13.74/HCF		Tier 4	>90 @ \$15.00/HCF

The smart meter program is approximately half way completed and on track to be finished June 2018. It has significantly enhanced our conservation efforts by detecting leaks and has the ability to notify you, as well as us, within 24 hours of a serious leak or incident. Customers can log in with a computer, tablet or phone and see graphs of their hourly/daily/monthly water use. We are truly thrilled with how well this system has worked. If you do not have a smart meter yet and would like it sooner rather than later, please contact us.

Even with this latest increase, your cost of water remains comparable to or lower than that of other South Coast water agencies. For conservation ideas please check out the following websites: sbwater.org and saveourwater.com. A Water Rates and Charges sheet is enclosed. Please feel free to call our office for any help you need. Thank you for your continued support and your continued conservation efforts.

Sincerely,

For the Board of Directors



Jane Lodas

Board President