

This notice is for owners or tenants of real property who are directly liable to pay water, recycled water or sewer rates or charges, and/or replenishment assessment charges. Your property may not be subject to all of the rates listed in this notice depending on the actual services DWA provides to your parcel.

PUBLIC HEARING | Thursday, December 15, 2016 at 6 p.m.

Cielo Vista Charter School cafeteria, 650 S Paseo Dorotea, Palm Springs, CA 92264

This serves as public notice that Desert Water Agency’s Board of Directors will hold a public hearing. At this time, any member of the public may speak on the issue of rates. Protests must be in writing and will be tabulated. If the agency has not received protests from more than 50% of its customers, the Board of Directors will have the option of voting on the proposed rates. The new rates and charges, if adopted, will go into effect on January 1, 2017.

ABOUT DESERT WATER AGENCY

Desert Water Agency (DWA) was created in 1961 for water service and groundwater management. As a public water agency, DWA does not profit from the services it provides. DWA’s rates are determined by the cost of providing services. The California Constitution doesn’t allow us to collect more than that. We take our commitment to protecting our water, and our customer dollars, very seriously.

We currently serve a community of about 105,000 with water service. We also provide recycled water service and sewer service to a small portion of our customers. A recent independent rate analysis showed we are not adequately covering our costs, which is why you’re receiving this notice.



RATE CHANGES NEEDED TO MAINTAIN AGING SYSTEM

The Coachella Valley has some of the lowest water rates in the entire state, but we also have a good deal of old infrastructure that needs to be replaced to operate efficiently. The agency repaired 476 leaks on pipelines in 2015 alone, resulting in 12 million gallons of water lost plus emergency repair costs of more than \$600,000.

There are a variety of factors that have increased our cost of service.

- Necessary investments in infrastructure
- California restrictions and environmental regulations, some of the strictest in the world
- Increasing cost of imported water
- California’s most severe drought in recent history



COMMUNITY WORKSHOPS — *join us to learn more*

- **Thursday, November 3, 6:00 PM**—Mizell Senior Center (480 S Sunrise Way)
- **Thursday, November 10, 12:00 PM**—Desert Water Agency (1200 S Gene Autry Tr)
- **Saturday, November 19, 10:30 AM**—Cathedral City Senior Center (37171 Buddy Rogers Ave)
- **Monday, November 28, 7:30 AM**—Desert Water Agency (1200 S Gene Autry Tr)

WWW.DWA.ORG/RATES

Come learn more about the proposed rates at one of our workshops.



UNIFORM RATE KEEPS COSTS DOWN

Desert Water Agency's Board of Directors made the decision to continue using uniform rates instead of implementing budget-based or tiered-rates due to the cost that development and implementation require.

Under the proposed increase, all customers will see rates increase — and will be charged less if using less. We know our community is dedicated to conservation, and our customers have achieved significant savings even when compared to agencies with tiered rates. DWA has demonstrated its commitment to conservation through its incentives and programs.

Creating and maintaining a budget-based rate structure requires an incredible amount of time and resources — not to mention the risk of litigation. Permanent staff members would need to be hired, and DWA would likely face additional compliance costs, all of which would have to be passed on to customers.

Many agencies with tiered or budget-based rates were hit even harder financially by the drought. In the past several years, some water agencies in California have actually gone back to uniform rates from budget or tiered rates. DWA's financial needs are best met with uniform rates.

SOME RECENT COST CUTTING EFFORTS

Energy cost cutting	\$3.5M
2016 bond refinance	\$5M over life of bond
2007 employee medical cuts	\$5M to date
Pension restructuring	\$3M to date
2012-present grants	\$5M

\$21.5M and growing



OUR COSTS

The pie chart to the right provides a basic breakdown of Desert Water Agency's costs based on our 2016-17 budget, approved on June 28, 2016. DWA's financials and accounting practices are audited by a third-party firm every year to ensure that we are using the best practices.

YOUR COSTS

Your tap water costs \$0.002 per gallon.



QUESTIONS?

We're here to help. If you have any questions about the proposed rates, or how they would impact your bill, please give us a call at 760-323-4971 and mention proposed rates or view our frequently asked questions at www.dwa.org/rates. A report that explains the proposed rate and methodology is available at www.dwa.org/rates and at the agency.

CUSTOMER ASSISTANCE PROGRAM

Eligible customers can receive a \$50 credit on their water bill. We also provide a link to community resources that may help customers lower their monthly household expenses.

Desert Water Agency worked with United Way of the Desert to help establish this Customer Assistance Program for customers in need.

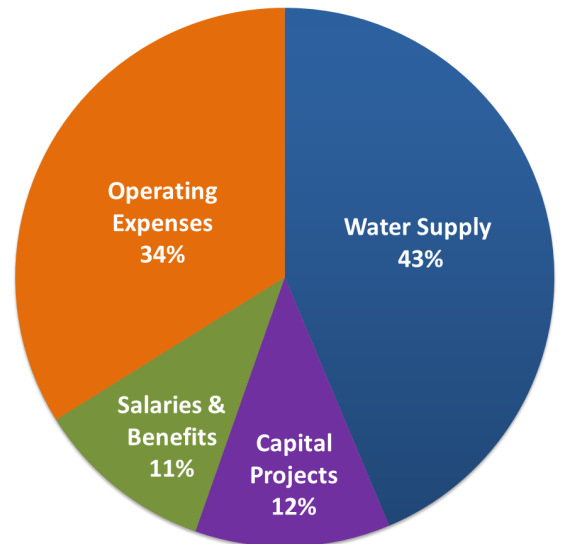
Our employees and vendors made contributions that allowed us to start the fund, which will be managed by United Way.

For more information, contact United Way of the Desert at 760-323-2731 or visit www.dwa.org/rates.

GOOD STEWARDS OF RESOURCES, CUSTOMER DOLLARS

Despite rising costs and reduced revenue, DWA has consistently committed to providing some of the highest quality drinking water in the state at the lowest possible expense to you, our customers. The agency has been a good steward of ratepayer dollars and valuable natural resources, and DWA always takes significant, measurable steps to cut costs before exploring a potential rate increase.

Like it probably is at your home or business, energy is a major cost for DWA. We have helped offset this cost by installing a solar field for our office building and our recycled water treatment plant, and we received nearly \$2M in rebates to do it. We have also been generating hydropower since the 1980s, and just negotiated a contract that will help us make about three times more for every kilowatt generated. We participate in Southern California Edison's demand-bid program, getting paid not to use our pumps during very high demand hours, and we take advantage of Edison's rebates to test and retrofit pumps at our well sites. Whether it is a grant or lean staffing, we are always looking to be as efficient as possible.



PROPOSED RATES

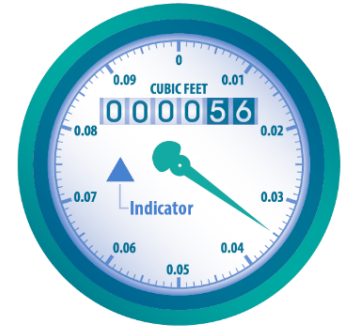
Notice of public hearing on proposed rate increases

Monthly service charge: the purpose of this charge is to help offset DWA fixed costs.

Meter size	Current	Proposed Jan. 1, 2017	Proposed July 1, 2017	Proposed July 1, 2018	Proposed July 1, 2019	Proposed July 1, 2020
5/8"-3/4"	\$10.75	\$14.41	\$18.12	\$22.48	\$27.60	\$33.53
1"	\$13.25	\$14.41	\$18.12	\$22.48	\$27.60	\$33.53
1 1/2"	\$19.75	\$27.52	\$34.59	\$42.92	\$52.70	\$64.02
2"	\$27.75	\$43.24	\$54.35	\$67.44	\$82.82	\$100.61
3"	\$34.00	\$85.18	\$107.06	\$132.85	\$163.14	\$198.18
4"	\$73.00	\$132.35	\$166.36	\$206.43	\$253.50	\$307.94
6"	\$185.50	\$263.40	\$331.08	\$410.82	\$504.50	\$612.85
8"	\$330.75	\$420.66	\$528.74	\$656.08	\$805.69	\$978.73
10"	-	\$1,102.10	\$1,385.28	\$1,718.90	\$2,110.87	\$2,564.22
12"	-	\$1,390.41	\$1,747.66	\$2,168.56	\$2,663.06	\$3,235.01
4" fire service	\$12.00	\$17.91	\$20.41	\$23.25	\$26.48	\$30.15
6" fire service	\$24.00	\$39.25	\$44.54	\$50.53	\$57.31	\$64.99
8" fire service	\$36.00	\$67.71	\$76.71	\$86.89	\$98.42	\$111.46
10" fire service	\$48.00	\$105.66	\$119.60	\$135.38	\$153.23	\$173.41
12" fire service	\$60.00	\$127.00	\$143.73	\$162.65	\$184.06	\$208.26
Sewer flat rate*	\$5.00	\$5.36	\$5.55	\$5.74	\$5.94	\$6.15

DID YOU KNOW?

- > Most DWA customers have a 1" meter or smaller.
- > You can use your meter to check for leaks? Visit www.dwa.org/checkforleaks to learn more.



*Most DWA water customers, including those in Palm Springs, have a separate sewer provider and aren't charged this fee. DWA sewer customers do pay this fee.

Service rates: this is the amount charged on your bill based on how much water is used with every unit charged at the same price.

Rate type	Current	Proposed Jan. 1, 2017	Proposed July 1, 2017	Proposed July 1, 2018	Proposed July 1, 2019	Proposed July 1, 2020
Domestic water (per 100 cubic feet)	\$1.57	\$1.57	\$1.72	\$1.89	\$2.08	\$2.28
Temporary construction water (per acre foot)	\$779.88	\$779.88	\$854.36	\$939.10	\$1,033.48	\$1,132.90
Replenishment assessment charge	Current	Proposed July 1, 2017	Proposed July 1, 2018	Proposed July 1, 2019	Proposed July 1, 2020	Proposed July 1, 2021
Mission Creek, Garnet Hill & Whitewater (per acre foot)	\$102	\$110-\$130	\$120-\$140	\$125-\$155	\$130-\$165	\$130-\$175

Zone charges: this is the amount charged per 100 cubic feet for additional cost needed to deliver water to higher elevations.

ZONE	Current	Proposed Jan. 1, 2017	Proposed July 1, 2017	Proposed July 1, 2018	Proposed July 1, 2019	Proposed July 1, 2020
A: Acanto, Andreas Hills, Janis Tuscany, Palm Oasis, Terrace	\$0.13	\$0.16	up to \$0.18	up to \$0.21	up to \$0.24	up to \$0.28
B: Lower Southridge, Vista Miller	\$0.19	\$0.22	up to \$0.24	up to \$0.26	up to \$0.28	up to \$0.31
C: Upper Southridge	\$0.46	\$0.53	up to \$0.56	up to \$0.58	up to \$0.61	up to \$0.64
D: Palm Springs Aerial Tramway	\$1.95	\$2.30	up to \$2.43	up to \$2.56	up to \$2.70	up to \$2.85

Drought rate surcharge: if water use reduction is needed/required, this would be charged per 100 cubic feet *in addition to the volumetric rate*. This surcharge may be applied in times of mandatory restrictions or extreme water supply shortage.

Use reduction required**	Proposed Jan. 1, 2017	Proposed July 1, 2017	Proposed July 1, 2018	Proposed July 1, 2019	Proposed July 1, 2020
10%	\$0.09	\$0.10	\$0.12	\$0.14	\$0.16
20%	\$0.21	\$0.22	\$0.28	\$0.32	\$0.37
30%	\$0.36	\$0.38	\$0.48	\$0.55	\$0.63
40%	\$0.56	\$0.59	\$0.74	\$0.85	\$0.98
50%	\$0.85	\$0.88	\$1.11	\$1.28	\$1.46
60%	\$1.27	\$1.31	\$1.66	\$1.92	\$2.20

The drought surcharge will NOT be added to your water bill unless required by a vote of the Desert Water Agency Board. If the surcharge is activated, it will remain in effect as necessary and will be reviewed by the Agency Board every six months to determine if the surcharge is still required.

**Reduction required is compared to DWA total use from April 2015 to March 2016.

100 cubic feet = 748 gallons | 1 acre foot = 328,851 gallons



PO Box 1710
Palm Springs, CA 92263-1710
760-323-4971

postage

ATTENTION

This notice has information about proposed water, groundwater replenishment, recycled water and sewer rate and charge increases.

MAILING INFO

Si usted necesita una copia de este documento en español, por favor entre en contacto con la dirección mencionada arriba.



NOTICE OF PUBLIC HEARING | Thursday, December 15, 2016 at 6 p.m.

Cielo Vista Charter School cafeteria, 650 S Paseo Dorotea, Palm Springs, CA 92264

A public hearing will be held to allow customers to share their input before Desert Water Agency's Board of Directors can vote on the proposed replenishment assessment charge, and rates and charges for water, recycled water and sewer services.

HOW CAN I PROVIDE COMMENTS OR PROTEST?

All Desert Water Agency customers (property owners or tenants) are invited to attend the public hearing and give comments about proposed increases to the replenishment assessment charge and rates for water, recycled water and sewer services. For protests, please include your full name, property address and APN(s) or DWA account number(s) and specify which rate or charge you are protesting. One protest per parcel will be counted.

HEARING: Dec. 15 at Cielo Vista Charter School cafeteria

MAIL: Desert Water Agency, Attn: Board Secretary, PO Box 1710, Palm Springs, CA 92263-1710.

DROP OFF: Desert Water Agency, 1200 South Gene Autry Trail in Palm Springs.

To be counted, all protests must be received in writing by the close of the public hearing on December 15.

WHY DO RATES NEED TO CHANGE?

[Desert Water Agency is a public, not-for-profit water agency. We charge only the costs to provide service.](#)

Pipeline replacement

Some of Desert Water Agency's pipelines date back to the 1920s. To ensure the continued reliability and quality of our service, DWA has an aggressive pipeline replacement program. Proactive maintenance minimizes water lost to leaks and reduces costly emergency repairs.

Drought

Due to the drought and state restrictions, our customers have drastically reduced water use, and have seen lower bills. DWA still has the same pipelines, reservoirs, well sites and more to maintain. DWA is one of many agencies locally and across the state raising rates due to declining revenues and increasing costs.

PLEASE VISIT WWW.DWA.ORG/RATES FOR MORE INFORMATION