



# Phelan Piñon Hills Community Services District

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## Important Rate Payer Notice

*Beginning in January 2014, the State of California issued a series of unfunded mandates that have had a serious impact on water districts statewide.*

***The following is a brief outline of these drought mandates and additional unforeseen changes in the cost to provide service, and their impact on the Phelan Piñon Hills Community Services District and our ratepayers.***

1. On January 17, 2014, Governor Brown proclaimed a State of Emergency and declared the State of California to be in a drought.

The Phelan Piñon Hills Community Services District (District) was mandated to cut consumption by 32%. In addition to the consumption reduction, the District has been required by the state to hire additional conservation staff and to implement certain conservation measures.

### **What impact does this have on rate payers?**

In order to comply with the requirements mandated by the state, the District has hired staff and increased our conservation budget. ***This is the first time in District history that either our staffing numbers or our conservation budget have been increased.*** Additionally, due to the reduction in water consumption, the District must implement certain rate changes that can ensure stability and guarantee ongoing delivery of safe and reliable drinking water to our customers. These unforeseen budgetary increases are reflected in the rate increase approved by the Board of Directors on January 20, 2016.

2. On May 28, 2014, the state approved the California Department of Public Health's request to lower the allowable hexavalent chromium (chromium-6) maximum contaminant level for drinking water systems, effective July 1, 2014. This new standard is the lowest standard in the Nation by 90%.

Due to the complex and expensive nature of reducing the level of chromium-6 in water, water providers have been given until January 1, 2020, to achieve compliance.

### **What impact does this have on rate payers?**

This is an **unfunded state mandate**, which means that the District must implement and fund a chromium-6 reduction program itself. While the District has explored non-traditional funding options, the implementation, annual operating costs, and capital costs are significant in order to come into compliance with the new standards. These costs are reflected in the rate increase.

3. In addition to increases due to new state mandates, the rising costs of doing business has had a considerable impact on the District. In the past two years alone, Southern California Edison energy costs, which are the District's number one expense, have risen nearly 30%, despite District efforts to minimize this increase by converting many District components to solar .

### **What impact does this have on rate payers?**

Because of the increase in the cost of electricity, mandated conservation staffing, conservation measures, and the state mandated chromium 6 project, the District must raise rates in order to meet the cost of providing service to its customers.

## What is the District doing to lower costs and save money?

The District is here to serve the residents of the communities of Phelan and Piñon Hills. We believe we have an obligation to provide the best services we can in the most economical way possible. To date, we still have an operating budget lower than when the County of San Bernardino operated the water system prior to 2008 and we strive to maintain relatively the same budget year to year. This year is the first year that we have raised our staffing levels since 2008, and this is only due to the recent unfunded state mandates mentioned in this letter which require us to hire conservation staff. In addition, we strive to cut our costs in all ways possible including, but not limited to, installing energy efficient components in the water system and installing solar panels. Our cost cutting is what has allowed us to continue to provide services despite the steadily rising costs to provide water.

## Our Rate Increase

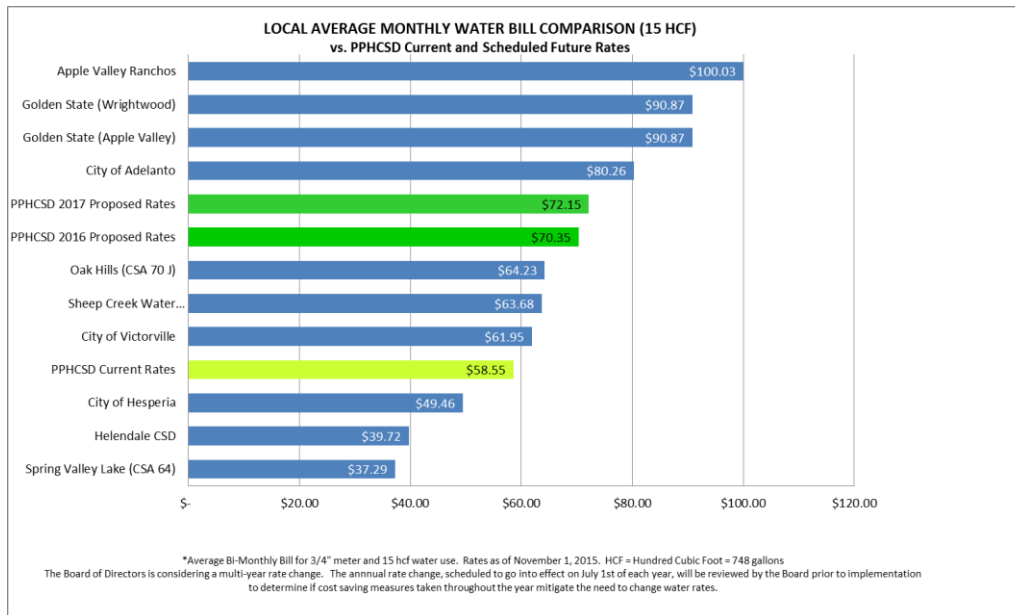
Because of the above stated increases, and despite our efforts to lower costs, a rate increase was determined necessary by the Board of Directors. This rate increase will allow us to continue to provide clean and safe drinking water to our customers, meet the rising Southern California Edison and other operating costs, and to meet the unfunded state mandates recently implemented. The Board of Directors held a series of Public Workshops and meetings addressing this rate increase. On January 20, 2016, a final public hearing was held and the Board of Directors voted to approve the rate increase.

### How Much More is My Bill Going to Be?

While individual bills vary greatly, the average user will only see an increase of around \$8-\$13. To calculate your approximate increase, please use the rate calculator on the District's website at [www.pphcsd.org](http://www.pphcsd.org). To see a detailed outline of all increases, please read the *Phelan Piñon Hills Community Services District Water Rate Study Final Report* located on the District's homepage at [www.pphcsd.org](http://www.pphcsd.org).

## How Do the New District Rates Compare to Other Districts in the Area?

Even after implementation of a rate increase, the District's rates still remain competitive with other rates from surrounding agencies in the High Desert.



## How Can I Learn More?

Please visit the District's website at [www.pphcsd.org](http://www.pphcsd.org) to view the Water Rate Study – Final Report. Copies of the minutes, and other Board meeting resources related to the Water Rate Study and rate increase, are also available for review on the District's website.

If you have further questions regarding this notice, please contact the office at 760-868-1212, or visit the District's website.

Thank you,

***The Phelan Piñon Hills Community Services District***