

SPECIAL NOTICE TO MEMBERS

NEW WATER RATES FOR 2023

The Diamond A Mutual Water Company (DAMWCO) Board of Directors has voted unanimously to increase the water rates for all members starting in 2023 as shown below:

		Old Rate	New Rate	Increase
				\$
Tier 1	<50k Gals/Qtr	\$ 5.00	\$ 7.50	\$ 2.50
Tier 2	50-100k Gals/Qtr	\$ 6.25	\$ 10.00	\$ 3.75
Tier 3	>100k Gals/Qtr	\$ 9.50	\$ 15.00	\$ 5.50
Special (Rec Center)		\$ 3.17	\$ 5.00	\$ 1.83
Maintenance & Improvement		\$ 160.00	\$ 180.00	\$ 20.00

These new rates will go into effect with for water usage starting in January, 2023. The next billing will be sent out in early January to all members and will reflect usage for the 4th quarter of 2022 (Oct/Nov/Dec) and will be billed at the Old Rates. The new rates will not be seen on your water bill until the April quarterly billing, which is based on water usage for the 1st quarter of 2023 (Jan/Feb/Mar).

Why has the DAMWCO Board increased my rates?

First, there was an unprecedented drop in water usage in 2022, which has changed our revenue assumptions going forward. Since 2020, total water usage in Diamond A is down 18%. By tier, the low to moderate users (Tier 1) were down 8%, the high level users (Tier 2) were down 24%, and the very high water users (Tier 3) cut their usage by 56%. We believe that these declines are due to a combination of factors, such as the ongoing drought conditions and our progressive rate structure which charges high volume water users much higher rates. In any event, our Operating Budget will be facing a significant deficit starting in 2023 if our rates are not increased.

Second, as with many in the broader economy, we are experiencing general inflationary pressures.

DAMWCO relies on the services of several outside contractors in order to maintain and repair our aging infrastructure. Costs for these services have risen significantly in last five years and are expected to do so for the foreseeable future.

Third, the State of California has enacted legislation (SB 552) mandating that mutual water companies continue to implement programs that encourage conservation and improve resiliency.

By further increasing the water rates on our highest volume users, DAMWCO will be compliant with the mandate of encouraging conservation. However, significant Capital Expenditures will be required to improve our resiliency in order to meet the State's objectives of increasing flow capacity to respond to fires, implementing emergency backup systems (e.g. generators), and monitoring groundwater levels.

Lastly, the DAMWCO Board wants to avoid a large assessment on the membership. Our Reserve levels are currently below the targeted level. Additionally, we are evaluating several new capital projects that will improve the resiliency of our water system. The scope and scale of these projects will prevent us from building our Reserves within the old rate structure. While an assessment may still be necessary in the event of a catastrophe (e.g. earthquake), the Board projects that by implementing this rate increase now, we can avoid a large assessment on our members and still build our Replacement Reserves over the next five years.

What is the impact of the new rates on my bill?

While all members will see their water bill increase, the impact will be most significant for the highest volume water users.

The Board has found that water usage is highly variable from member to member. True “household” usage falls within a fairly tight and predictable range, and is dependent largely on the number of household occupants. However, the biggest volume of water usage typically occurs outside of the house, in the form of landscaping, water features (pools, spa’s, etc.), orchard / vineyard irrigation, and water for livestock. Consequently, even part time residents may be significant water users, particularly if they have extensive landscaping.

The Board reviewed water usage from 2021 and determined that 46% of our metered connections used an average of 30,000 gallons or less of water on a quarterly basis. Meaning that nearly half of our membership would fall within the “low” water usage category. **As an example, a member that uses 25,000 gallons/quarter can expect their bill to increase by \$83 with the new rates, or \$28/month.**

Another 25% of the meters, used somewhere between 30,000-50,000 gallons per quarter. Think of this group as the “moderate” water users. All of their usage still falls within the Tier 1 grouping. **A member of this group using the maximum 50,000 gallons/quarter can expect their bill to increase by \$145 with the new rates, or \$48/month.**

Note that the above two groups of Low and Moderate users represent 71% of all Diamond A meters.

In the “high” water user category, 25% of our meters have usage that falls into the Tier 2 water rates. **As an example, a member that uses 75,000 gallons/quarter can expect their bill to increase by \$239 with the new rates, or \$80/month.**

Only 5% of our meters experience “very high” water usage, which represents the Tier 3 volumes. Within this group, **a member that uses 125,000 gallons/quarter can expect their bill to increase by \$470 with the new rates, or \$157/month.**

Please recognize that the above examples are based on AVERAGE usage. In our experience, water usage for all members tends to be lower in the winter months (April billings and the July billings), and then moves up sharply in the Summer and Fall (October billings and January billings). Consequently, while you will see some modest impact from the rate increases on your April and July bills, the highest impacts will not be felt until the October 2023 bills are received.