



P.O. Box 675 \* 61750 Chollita Road \* Joshua Tree \* California 92252  
Phone (760) 366-8438 \* Fax (760) 366-9528  
Website: [www.jbwd.com](http://www.jbwd.com) \* Customer Service: [customerservice@jbwd.com](mailto:customerservice@jbwd.com)

Dear Property Owner or Customer,

*Date of Notice: January 5, 2018*

### **WHY AM I RECEIVING THIS NOTICE?**

You are receiving this notice because the **District is proposing a significant rate increase** and you are the customer and/or the owner of record of one or more parcels of property located within the service area of Joshua Basin Water District.

Joshua Basin Water District (JBWD) is a local public agency that provides water service to homes and businesses in the community of Joshua Tree. This notice is being sent to inform you that JBWD is proposing to phase in a series of water rate increases over the next five years to restore financial stability and address a number of financial challenges.

JBWD's water rates are currently in the lower-middle range compared to other regional agencies. The proposed rate adjustments are needed to fund future operations, provide increased funding for rehabilitation and replacement of ageing facilities, and fund water purchases from the Mojave Water Agency to help reduce further depletion of our over-drafted groundwater basin.

The proposed rates were developed by an independent rate consultant with input from JBWD's *Citizens Advisory Committee*, a group of local community members that provide input to JBWD's Board of Directors. The proposed rate increases will not solve all of JBWD's long-term challenges but will take substantial steps toward restoring financial stability and enabling the District to begin addressing a number of critical funding needs. The proposed rate increases are phased in gradually over the next five years to minimize the annual impact on customers.

### **WHY ARE RATE INCREASES NEEDED?**

JBWD relies primarily on monthly water service charges to fund the costs of operating and maintaining our local water system. Rate increases are needed to help address a number of financial challenges and support safe, reliable, and sustainable water service.

- **Repair and replace ageing water system infrastructure and Capital Improvement.** JBWD owns and operates over 310 miles of pipelines, 5 wells, 17 water storage tanks, 11 pump stations, and a groundwater recharge facility.
  - Roughly, 175 miles of JBWD's water pipelines were installed 40 to 70 years ago and are approaching the end of their useful lives. Many old pipelines are inadequately sized and no longer meet fire flow requirements.
  - Other ageing facilities – including old pump stations, wells, and water tanks – will need to be rebuilt or refurbished in upcoming years. An engineering analysis of the water system developed by Dudek, JBWD's consulting engineers, identifies the need for \$2.5 million of annual funding over the next 30 years to gradually replace ageing infrastructure. While the proposed rates will not provide full funding for future needs, the rates will enable the District to fund high-priority projects to address current deficiencies and improve reliability.
  - Rate increases are also needed to fund a five-year, \$2.5 million meter replacement program to replace old water meters that are reaching the end of their useful lives.
- **Fund imported water purchases to reduce further depletion of JBWD's groundwater basin.** JBWD currently relies primarily on our naturally occurring groundwater for of the community's water supply. With minimal natural recharge, groundwater levels have decreased over the years. The proposed rate increases will enable JBWD to gradually increase funding for water purchases from the Mojave Water Agency to help recharge the groundwater basin and reduce further depletion.

- **Keep up with ongoing cost inflation.** Rate increases are needed to keep revenues in line with cost inflation and escalating costs of providing service.

### PROPOSED WATER RATES

JBWD is proposing to phase in a series of water rate increases over the next five years as shown in the table below. Water rates include two components as described below.

- **Basic Monthly Fee:** This is a fixed monthly charge based on the size of the water meter purchased by each customer, and is billed independently of water consumption.
- **Monthly Water Flow Charges:** These charges are billed based on metered water use. Charges for customers with 3/4-inch and 1-inch meters are billed according to a four-tiered rate structure with water purchased first in Tier 1 and then subsequently in higher Tiers as water use increases. Accounts with larger meters pay a uniform rate for each unit of metered water use. Monthly Water Flow Charges are billed in units of one hundred cubic feet, equal to approximately 748 gallons. Hence, the proposed Tier 1 rate of \$3.70 per hundred cubic feet effective March 1, 2018 equates to charge of slightly under 1/2 cent per gallon.

A very limited number of customers also pay Private Fire Protection Charges, which are fixed monthly charges levied on approximately 20 accounts that have separate fire service connections.

Current & Proposed Water Rates							
	Current Rates	Proposed Water Rates Effective On or After					
		Mar-1 2018	Jan-1 2019	Jan-1 2020	Jan-1 2021	Jan-1 2022	
<b>BASIC MONTHLY FEE</b>							
<i>Fixed monthly charge based on meter size.</i>							
Meter Size		Monthly Rate					
3/4 & 1 inch	\$25.78	\$26.96	\$30.70	\$34.43	\$38.03	\$41.35	
1-1/2 inches	85.93	89.87	102.33	114.77	126.77	137.83	
2 inches	137.49	143.79	163.73	183.63	202.83	220.53	
3 inches	257.79	269.60	307.00	344.30	380.30	413.50	
<b>MONTHLY WATER FLOW CHARGES</b>							
<i>Billed based on metered water use, as measured in units of one hundred cubic feet.</i>							
<b>For 3/4" and 1" Meters</b>		Rate Per Unit (\$ per hundred cubic feet)					
Tier 1	0 - 5 units	\$3.00	\$3.70	\$4.40	\$5.05	\$5.70	\$6.20
Tier 2	5.01 - 10 units	3.50	4.40	5.30	6.15	7.00	7.70
Tier 3	10.01 - 20 units	4.00	5.10	6.20	7.25	8.30	9.20
Tier 4	20.01 + units	4.50	5.80	7.10	8.35	9.60	10.70
<b>For 1-1/2", 2" and 3" Meters</b>		Rate Per Unit (\$ per hundred cubic feet)					
Unit rate for all water use		\$3.79	\$4.60	\$5.40	\$6.20	\$7.00	\$7.70
<i>Note: 1 unit = one hundred cubic feet, or approximately 748 gallons.</i>							
<b>PRIVATE FIRE PROTECTION CHARGES</b>							
Service Size		Monthly Rate					
2 inches	\$12.62	\$14.38	\$16.37	\$18.36	\$20.28	\$22.05	
3 inches	25.25	26.96	30.69	34.43	38.03	41.34	
4 inches	50.50	44.94	51.16	57.38	63.38	68.91	
6 inches	75.76	89.88	102.31	114.75	126.75	137.81	
8 inches	113.62	143.80	163.70	183.60	202.80	220.50	

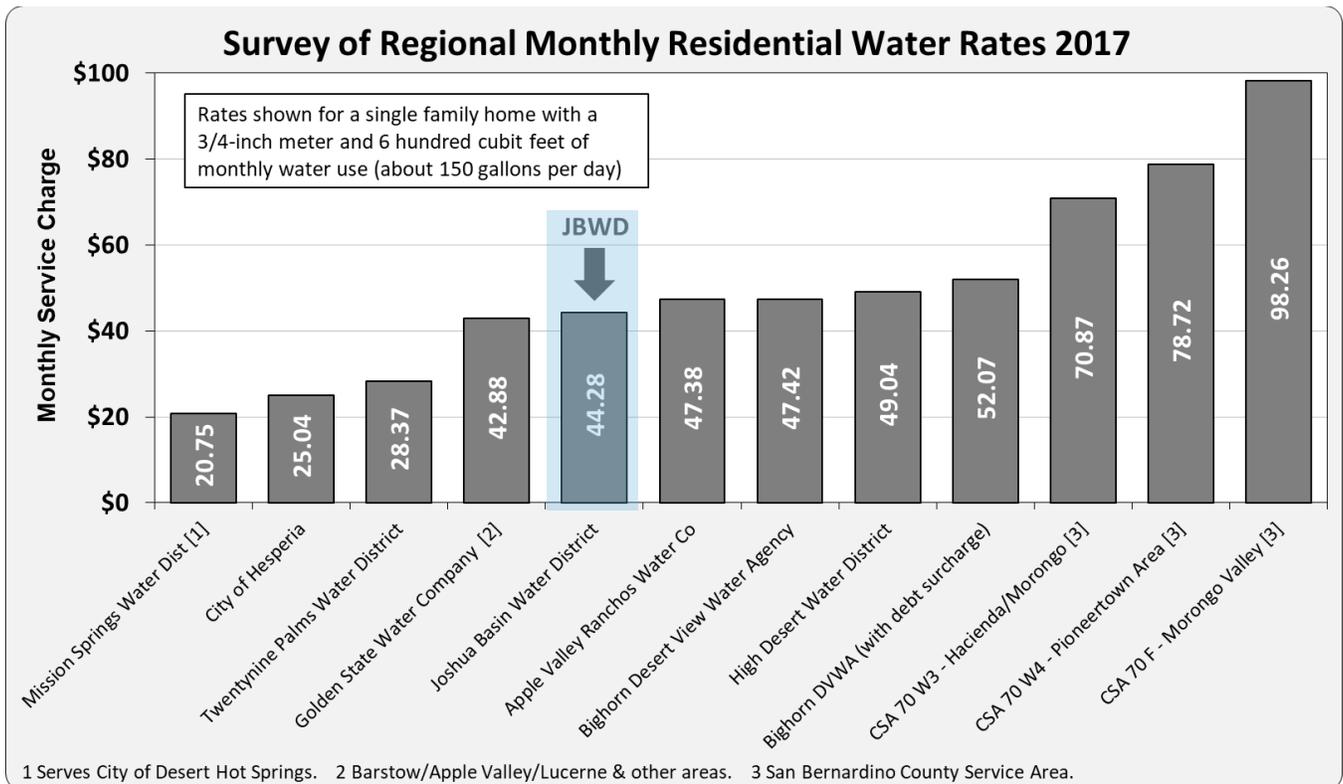
## NOTICE OF A PUBLIC HEARING ON PROPOSED RATE INCREASES

Joshua Basin Water District will hold a public hearing on the proposed rate increases on February 21, 2018 starting at 6:30 PM. The meeting will be held at JBWD offices located at 61750 Chollita Road, Joshua Tree, California 92252.

Property owners and customers affected by the proposed increases may submit written protests against the proposed water rates. Pursuant to California law, protests must be submitted in writing and must: a) identify the affected property or properties, such as by Assessor's Parcel Number or address; b) identify the name of the property owner or customer, and c) include the signature of the property owner or customer. The proposed rates cannot be adopted if written protests are received from a majority of affected parcels with one protest counted per parcel. Written protests should be mailed to: Joshua Basin Water District, P.O. Box 675, Joshua Tree, CA 92252 or can be hand-delivered to JBWD at 61750 Chollita Road, Joshua Tree, California 92252. All protests must be submitted prior to the close of the Public Hearing.

### DISTRICT RATES COMPARE FAVORABLY TO OTHER LOCAL & REGIONAL AGENCIES

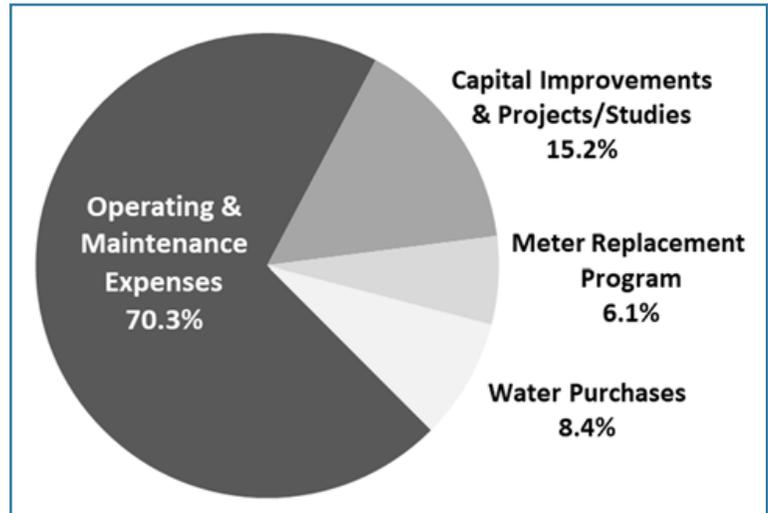
JBWD's monthly water bill for a single-family home with median monthly water use of 6 hundred cubic feet (approximately 150 gallons per day) is currently \$44.28, about 12% lower than the regional average. Roughly, half of the residential bills are at or below this level of use. With the proposed rate increases over the next five years, JBWD's future rates are anticipated to end up in the upper-middle range. Other agencies are also facing the need for water rate increases in upcoming years.



### **WHAT DO OUR RATES PAY FOR?**

The chart on the right shows a breakdown of projected expenses for fiscal year 2021/22, the last year of the proposed rate adjustments. The breakdown reflects JBWD's anticipated funding needs for operating and maintenance expenses, capital improvements and annual funding for projects and studies, funding for a meter replacement program to replace old meters, and imported water purchases used to help recharge the groundwater basin.

### **Projected Expenses: Fiscal Year 2021/22**



### **WHAT IS THE DISTRICT DOING TO KEEP COSTS DOWN?**

JBWD has implemented a number of measures over the years to help keep costs down, including efforts to minimize staffing and insurance costs. JBWD recently contracted for an independent Organizational Assessment to evaluate current and future efficiencies. Additionally, JBWD was successful in obtaining over \$8 million of grant funding for the water recharge facilities that have enabled JBWD to start importing water to help reduce overdraft of the local groundwater basin. Going forward, JBWD will continue to evaluate additional cost-cutting measures such as the potential for establishing an in-house construction crew to replace ageing pipelines and infrastructure.

### **WHAT IF WE DON'T RAISE RATES NOW?**

- The District will continue to use essential funds towards “bandaid fixes,” instead of towards fixing the continued problem that will only get worse with time.
- Costs for materials and supplies to replace pipe increase annually, costing more to do the same “fix” as months pass by. Delays increase cost!
- Water service interruptions will increase and impact our daily lives as the infrastructure disintegrates.
- Continued reduced aquifer water levels will impact water quality, eventually resulting in additional expenses to treat our water to meet safe drinking water mandates.
- Our District's water needs are growing, just as most all other water agencies' needs are growing throughout the United States. Retention and recruitment of qualified personnel will be challenged as we are currently facing a 60% turnover of retirements in the national water works industry.
- Inadequate staffing can result in costly injuries, impacting all of us!

***For additional information, please contact Curt Sauer, General Manager, or Susan Greer, Assistant General Manager, at the District Office by calling (760) 366-8438.***