



BASS LAKE BULLETIN

Vol. VII No. 3

The Voice of the Bass Lake Community

March 2009

www.basslakeaction.org

EID CONTEMPLATES DOUGHT, PROPOSES RATE CHANGES

SPECIAL REPORT LOOKS AT THE ISSUES AND THE ALTERNATIVES

Residential water users served by the El Dorado Irrigation District (EID) were understandably puzzled when they received a Proposition 218 notification that EID was proposing a new rate structure that would include four graduated rate schedules: Normal rates for normal water conditions, and drought rates for Stage I, Stage II and Stage III drought conditions.

Proposition 218 became Article 13D of the California constitution in 1996. It gives the people the right to vote on all local taxes, and required taxpayer approval of assessments and property related fees. Water rates have been deemed to be property related fees, so the property owners served by the water company must approve any increases in rates by the time of the public hearing on the increase.

Under Article 13D, a proposed water rate increase must receive a majority of the affirmative (yes) votes cast by the water company's customers. If a majority of negative (no) votes are cast, the increase is defeated. Only the votes cast by the time of the hearing are counted and are the basis of the vote result.

Each property served by EID has one vote. Ballots must contain certain information: the name and address of the person voting, the assessor's parcel number of the property served by the water company, and a clear indication of the voter's support or opposition to the proposed rate increase.

Ballots must be sent to the EID at Clerk of the Board, El Dorado Irrigation District, 2890 Mosquito Road, Placerville, CA 95667. Ballots may also be turned in at the public hearing that will be held on March 23 at 6:00 P.M. in the EID Customer Service Building at the same address.

A form letter suitable for voting on the water rate increase may be found on the Bass Lake Action Committee web site on the link EID voting form.



Proposed Rate Schedules

The normal rate schedule would be in effect during periods when we have received our normal rainfall and there is no shortage of water. The three drought rates would go into effect only if the normal rainfall was curtailed and EID were to declare a drought.

The proposed drought rates are keyed to Stages I, II, and III of drought in EID's drought preparedness plan and are linked to reductions in the water available for EID to distribute to its customers. The less water to which EID has access, the higher the drought designation level.

When EID water supplies are slightly restricted, with a reduction in the water supply up to 15 percent, EID is in a Stage I drought.

When EID water supplies are moderately restricted, with a reduction in the water supply of up to 30 percent, drought Stage II with voluntary, community-oriented restrictions with potentially mandatory restrictions on use is enacted.

When EID water supplies are severely restricted, with a reduction in the water supply of up to 50 percent, drought Stage III is enacted, and all Stage I and Stage II water shortage response measures become mandatory.

Ratepayers must be curious as to why the EID is proposing these rate changes at this time. Some explanation is in order, starting with a look at the regulatory climate for water.

Water Regulation and Conservation

The operation of a water distribution systems is fairly simple compared to the regulatory environment in which water providers like EID operate. Operationally, everyone knows that the rain and snow that fall in the mountains flows into rivers, lakes and reservoirs. The water is then sent through pipes to our homes. We expect that when we turn on the tap, water will come out. That's the job of water distributors like EID.

But what ensures that the water will always be there when we need it? Because the EID is subject to any number of federal, state and regional water laws and regulations.

Research by the Bulletin has found that legislators, water agencies, and water regulators at all levels have been working for some time on a comprehensive plan to try and meet the water demands of up to an additional 10 million Californians by 2030. Water conservation plays a major role in all of these plans.

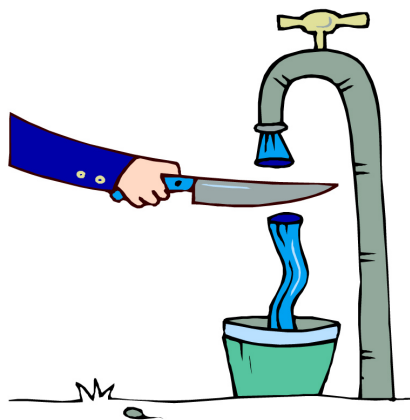
One of the main conservation methods calls for public water supply systems like EID to adopt metered water rates that reflect the full cost of the water production and delivery, graduated rates that encourage customers to minimize water use through progressively increasing water rates, or by other measures which penalize excessive water use. The pressure on water providers to adopt such rate structures is intense, and failure to do so courts possible penalties, including the curtailment of water supplies, for an offender.

EID currently generates about 54% of its revenue from consumption-based charges as measured by water meters. The regulatory standards require that at least 70% of ongoing rate revenue be derived from meter-based charges based on actual

(continued on page 2)

WATER RATES *(continued)*

water use. Therefore, to meet regulatory requirements while maintaining revenues, the District must lower its fixed charges and, at the same time, increase its metered commodity charges. Accordingly, under the new rates, fixed monthly charges for a nearly all customers will go down, while the metered charge per 100 cubic feet of water consumed will increase for most customer classes.



Neighboring Folsom has for years declined to install water meters, preferring to bill users a flat rate regardless of the amount of water used. The city receives water from Folsom Reservoir through a complex set of water rights and contractual agreements. As a result of conservation requirements in those agreements, the city is in the process of implementing a meter retrofit program and transitioning its water service customers from a flat rate to a metered rate billing structure. By state law, Folsom must begin billing customers based on consumptive rates by March 2013 or face water sanctions from water authorities.

Caught without water meters to encourage water conservation through graduated rates in the current drought, Folsom has been forced to issue draconian water restrictions limiting the amount of water residents can use for lawns and landscaping, recently elevating the city's drought alert status to Stage 3. The city's new increased restrictions limit landscape watering to two designated days a week and prohibit the use of free-flowing hoses without control valves. If the city is unable to achieve voluntary compliance through personal contacts and written warnings, it will impose penalties. Two violations in a month may result in water being shut off, and three violations will result in a fine and the mandatory installation of a water meter at the user's expense.

EID's Proactive Response

Responding to these regulatory pressures, last year EID commissioned a rate study to devise a rate structure that aimed to maintain revenue neutrality, encourage water conservation, and establish a tier of drought rates. The resulting recommendations called for customers who have low to average water usage to see a decrease in their bi-monthly bill, and provided that all customers would have greater control over their water bills through their water-use practices. The EID says that the proposed rate structure will be fairer to EID customers by placing a greater emphasis on water conservation by making a larger percentage of the customer's water bill dependent on actual water usage.

One of the most difficult aspects a water supplier has to deal with during a drought is the need to charge more for water when customers are asked to use less water. This issue faces all water agencies in dry years and during drought. The proposed regular and drought rate schedules in the Proposition 218 notice that was sent to EID customers shows that the drought rates increase with each stage of drought. In summary, if water agencies don't implement drought rates, they receive significantly less revenue because water use drops. Fewer revenues put the agencies' ability to operate their facilities—used to ensure the delivery of clean, safe drinking water—at risk.

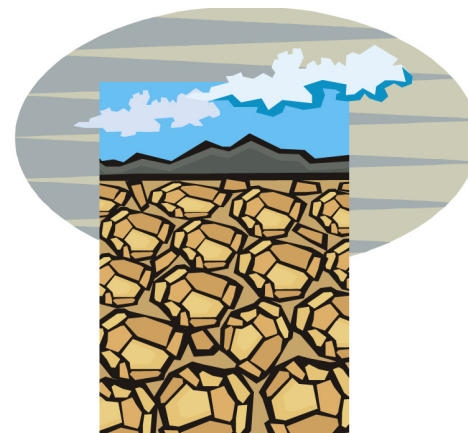
The EID's decision to try and implement new water rates has evidently run into the "FUD" factor: fear uncertainty and doubt. Customers worry about what will happen to their water bills if the rates are changed, and their normal reaction is to want to leave rates as they are.

Drought Rate Triggers

The Bulletin contacted EID representative Deanne Kloefer to get some straight answers about the rate change. Kloefer outlined the conditions that would have to happen at each rate level. She clarified what

each stage was, and gave examples of what customers will be asked to do to reduce their water use during each drought stage:

First, Stage 0 represents normal conditions, like we have generally experienced for the past several years (no drought). In this stage, the EID encourages water conservation practices, but does not set a target for customers to reduce their water use. As with all stages, EID's water waste regulation is in effect. There is no drought rate for this stage; Stage 0 rates apply during normal conditions.



During Stage I, EID Board of Directors will ask customers to voluntarily reduce water use to help achieve a District-wide 15-percent drop in consumption from the average of the past three years. As one example of a conservation measure in this stage, EID would ask customers to irrigate their landscapes only during the evening, at night, and in early morning hours to help reduce evaporation losses. The proposed drought rate shown in the notice for Stage I would apply.

In Stage II, EID will begin by asking customers to take additional voluntary conservation measures such as limiting irrigation not only to non-daylight hours but also to three nights a week. If water supply conditions continue to worsen, the voluntary measures will become mandatory—with penalties for non-compliance. The goal is to reduce water use by 30 percent District wide from the past three-year average. The proposed drought rate shown in the notice for Stage II would apply.

The goal of Stage III is a 50-percent reduction in water use from the three-year average. Stage III includes mandatory measures in addition to those in Stage II, again with penalties for non-compliance. The proposed drought rate shown in the notice for Stage III would apply if the Board adopts the proposed rate structure. In Stage III—declared when drought is very severe—one of the measures EID could take

(continued on page 3)



THE PRESIDENT'S LETTER



Hello All,

It seems odd to be thinking about drought, when as I write this it's been raining for several days, but I guess that's how things work out.

Most of this month's Bulletin is devoted to the looming drought and what can be done about it. While we at BLAC do not take a position on the rate changes requested by EID, we feel that the subject of water is a deep and complex one, and we needed the space to explain a lot of things about water that are not obvious at first glance. I also hope that everyone votes for their parcel, and that everyone votes their conscience.

The water issues crowded out some things, and they will be covered next month. I do want to say that in our recent meeting with the California Highway Patrol, we were assured that our portion of El Dorado County is going to be well-patrolled. The Placerville CHP office is increasing its patrol officers, and so is the Rancho Cordova office. Regarding Bass Lake Road, CHP officers from both regions use our road to cross from Highway 50 to Green Valley Road to complete their patrol circuit, so in essence we are getting double the coverage that we had before.

One thing that was reported by the CHP is that the traffic problems that were predicted to occur in connection with the new Red Hawk Casino have not materialized.

The rain, and the snow at the higher elevations, have been welcome. The rain certainly has encouraged the plants and trees in our yard. Everything is blooming in full color, from the purple flowers of the rosemary to the white blossoms of the pear trees.

It sure does look like March will come in like a lion and go out like a lamb.

John E. Thomson

President

WATER RATES *(continued)*

is the allocation (rationing) of water.

EID Water Supply

While it is impossible to predict the occurrence of drought, it appears as though EID is better off than many water purveyors



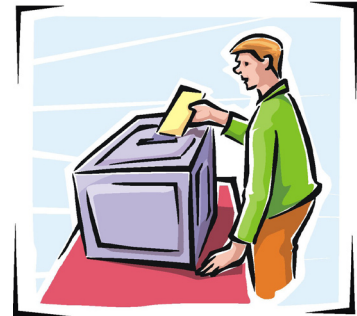
in California as far as water supplies are concerned. According to the 2007 El Dorado County Water Resources Development and Management Plan, EID gets water under various water rights or entitlements from Folsom Lake, Jenkinson Lake (Sly Park), the South Fork of the American River and Project 184 Reservoirs, the North Fork of the Cosumnes River, Clear Creek and Squaw Hollow Creek, the Middle Fork of the Cosumnes River, Weber Reservoir, Weber Creek, Slab Creek, the South Fork of the American River, Hangtown Creek, and Bass Lake Reservoir.

The report cautions that EID's actual water availability is not equal to the sum of all its water entitlements. Several factors influence water availability from EID's entitlements such as use history, infrastructure constraints, and seasonal diversion and storage policies. Firm yield for EID's water supply has been established through computer modeling and is defined as the yield that the integrated supply system can reliably deliver in 95 percent of the years, while incurring shortages in no more than 5 percent of the years. In 2006 EID adopted a supply-based system firm yield of 60,550 acre-feet per year. An acre-foot is equal to the amount of water a foot deep that covers an acre, or 325,851 gallons. The infrastructure-constrained firm yield is 47,000 acre-feet. Safe yield is estimated by the Water Resources Plan at 58,753 acre-feet per year.

EID anticipates a dry year in 2009, but conditions are not yet at the level that would trigger action under EID's Drought Preparedness Plan. Prior to the latest storms, EID reported that Jenkinson Lake at Sly Park in Pollock Pines—the largest single source of water for EID customers—was at about

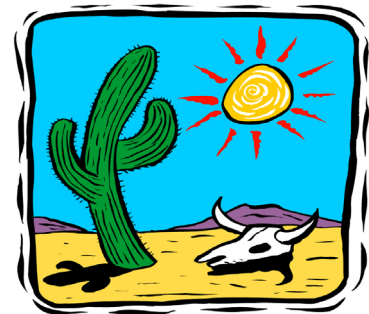
64 percent of capacity, below its average over the past 53 years for this time of year.

If March storms do not improve their water supply, the EID board may have to declare phase one of the district's drought plan at their March 9 meeting. The recent declaration of a statewide drought emergency by the governor could mandate actions for all water districts, and EID may be forced to declare a Stage I drought condition.



Voter Choices

What does all this mean to those of us who have EID water service? Water users served by EID have a choice of voting "No" on the rates, which will probably result in top-down rationing mandated by federal and state regulators; or voting "Yes" on the new rates that will let them choose whether to ration themselves or pay more for water, in essence controlling their own fate. ~



GOVERNOR DECLARES DROUGHT EMERGENCY

Governor Arnold Schwarzenegger declared a state of emergency on February 27 because of three years of below-average rain and snowfall in California, a step that urges urban water agencies to reduce water use by 20 percent.

The drought has forced farmers to fallow their fields, put thousands of agricultural workers out of work and led to conservation measures in cities throughout the state, which is the nation's top agricultural producer. Agriculture losses could reach \$2.8 billion this year and cost 95,000 jobs, according to state water authorities.

(continued on page 4)

GOVERNOR *(continued)*

State agencies must now provide assistance for affected communities and businesses and the Department of Water Resources must protect supplies, all accompanied by a statewide conservation campaign.

Three dry winters have left California's state- and federally-operated reservoirs at their lowest levels since 1992.

California's mountain snow pack was measured at 80 percent of normal despite recent storms, far from enough to ease a prolonged drought that is forcing water rationing in cities and sharp cutbacks in irrigation supplies to farmers. Although recent storms have added to the snow pack, California remains in a serious drought according to the state Department of Water Resources.

This year's precipitation levels are still below average. On the heels of two critically dry years it is unlikely we will make up the deficit and be able to refill our reservoirs before winter's end.

The Governor's order leaves the door open for more severe restrictions later. Additional measures can include mandatory water rationing and water reductions if there is no improvement in water reserves and residents fail to conserve on their own.

At least 25 water agencies throughout the state already have imposed mandatory restrictions, while 66 others have voluntary measures in place. ~

**March**

*The March wind roars
Like a lion in the sky,
And makes us shiver
As he passes by.*

*When winds are soft,
And the days are warm and clear,
Just like a gentle lamb,
Then spring is here.*

- Author Unknown

**CSD ISSUES LLAD REFUNDS, BUT SOME HOMEOWNERS SHORTED**

The El Dorado Hills Community Services District has issued refund checks for assessment money that was used to maintain Oak Knoll Park. The money was collected as part of payments from property owners in the Bass Lake Zone B Landscape and Lighting Assessment District (LLAD), which consists of Woodridge Village.

BLAC has learned that due to a clerical error, some residents who paid the 2002-2003 assessment were inadvertently not credited with doing so, and their refund check amount was less than what was owed to them.

Current property owners who have been the only owners of their homes from the time they were built should check their records and make sure that if they paid the 2002-2003 LLAD assessment on their property bills that they got their refund for that year.

The LLAD assessment appears on the Woodridge residents' property tax bills as "372 EDC L&L#16B BASLK" in the Distribution section of their property tax bill.

Bass Lake Zone B property owners who believe they have not received their full refund should contact Community Services District Finance Director Allison Hamaker at 916-614-3207 or ahamaker@edhcsd.org. ~

Bass Lake Action Committee
501 Kirkwood Court
El Dorado Hills, CA 95762

BLAC MEETS WITH EDC SUPERVISORS, SETS FUTURE MEETING DATES

The Bass Lake Action Committee met with county supervisors John Knight and Ray Nutting at the regularly scheduled February meeting. The discussions ranged from the condition of Bass Lake Road to the county's budget woes. BLAC president John Thomson promised that BLAC would continue to work with both Knight and Nutting to achieve their mutual goals.

The date of Saturday, October 10 was chosen for the BLAC seventh anniversary party. All BLAC members and supporters will be invited to the event, which will have an Oktoberfest theme.

The April BLAC regular meeting will be held at the home of Dee and Denny Olberding, 4068 Kirkwood Drive, El Dorado Hills, 530-677-8739. For further information, please contact BLAC vice president Kathy Prevost at 530-672-6836.



The Bass Lake Bulletin is published monthly by the Bass Lake Action Committee, El Dorado Hills, California

Copyright © 2009. Reproduction is permitted if appropriate attribution is given to the Bass Lake Bulletin

John E. Thomson, Ph.D.
President and Editor
doctorjet@basslakeaction.org
530-677-3039

For additional information see our website basslakeaction.org or contact

Vice President Kathy Prevost
kathyp@basslakeaction.org
530-672-6836