



DIABLO GRANDE WATER & DROUGHT FAQS (FREQUENTLY ASKED QUESTIONS)

WATER USAGE, COSTS AND RATES

Q: How much water does the Diablo Grande community use annually?

Historically, the community uses about 1,200 acre feet of surface water per year. Here's how that use computes:

- 78% of that usage is for the two golf courses and the vineyard
- 17% is for personal Diablo Grande residential use and the clubhouse
- 4% is for ROA Common Areas (the park, fences easement, and front yards within specific residential neighborhoods)
- 1% for COA common areas (medians, round-about, and guard house landscaping)

Additional water usage is related to water and sewer line flushing. Water lines are periodically flushed to keep potable water quality high. Sewer lines also are flushed to eliminate solids build up. However, the need for regular system flushings diminishes as more residents move to the community.

Q: What is the price of the 8,000 acre feet charged to Western Hills Water District for Diablo Grande?

According to its June 2000 agreement with Kern County Water Agency, Western Hills Water District is contractually obligated to pay for 8,000 acre feet of surface water annually from the State Water Project (via the California Aqueduct) for the Diablo Grande community.

The June 2000 agreement between Western Hills Water District and Kern County Water Agency contains key provisions, which include the following:

- The right to 8,000 acre feet of surface water for Diablo Grande is subject to allocations and restrictions imposed by the California Department of Water Resources (DWR) on all State Water Project contractors, including Kern County Water Agency. (DWR is responsible for managing and operating the State Water Project, including the California Aqueduct.)
- Surface water allocations for Western Hills Water District from DWR are based on the projected rainfall and water runoff within the State Water Project watershed.
- Typically, annual surface water allocations for Diablo Grande are initially announced in December for the coming year, with periodic adjustments made until final allocations are determined in May for the remainder of the year.
- **Western Hills Water District is contractually obligated to pay all DWR-allocated costs associated with the delivery of all 8,000 acre feet of surface water – even if DWR**

announces zero percent (0%) water deliveries to Western Hills Water District due to drought conditions.

Consequently, Western Hills Water District received a bill from Kern County Water Agency in the amount of **\$1,070,489 in 2014** for the annual purchase of up to 8,000 acre feet of water, even though the District will receive no water under that contract. The good news is that the costs associated with power and pump station operations needed to deliver water to Diablo Grande will be credited back to Western Hills Water District **thereby reducing the 2014 bill to approximately \$875,000.**

Q: Why is the California Department of Water Resources (DWR) charging State Water Project contractors (such as Kern County Water Agency) for water if no allocations are being made this year? Isn't water free?

Payments to DWR help cover numerous costs borne by DWR including the construction, operation and maintenance of all the reservoirs, aqueducts, pumping plants, and other facilities of the State Water Project, including the California Aqueduct (the delivery system for water provided to Diablo Grande). These costs are on-going, despite times of heavy rainfall or times of drought – therefore payments from State Water Project contractors (as made by local water districts such as Western Hills Water District) to DWR are also on-going, no matter the water allocations by DWR.

Q: How are water rates charged to individual households at Diablo Grande?

Exclusive of those Diablo Grande neighborhoods assessed monthly charges for the watering of front yards, the water rates charged to individual residential households by Western Hills Water District are based on the costs of service as determined in a 2010 rate study prepared for the Western Hills Water District Board of Directors. The study reviewed actual water rates for both Diablo Grande residential households and the golf courses as well as common areas. As part of a consensus-building effort among all Diablo Grande property owners for a rate increase at that time, the Western Hills Water District Board of Directors agreed to new residential water rates, which were less than those recommended in the 2010 cost of service study. That, coupled with the DWR's 2014 zero water allocation, will result in an imbalance between revenues from Diablo Grande residential customers and the District's actual 2014 water costs. More specifically, the revenues from Diablo Grande residential customers will cover only a small portion of the District's costs this year. As a result, the Diablo Grande community developer will pay for both its fair share of water use and it will cover the Water District's annual budget shortfall.

In order to reduce water demand during this year's severe drought, Western Hills Water District added mandatory water conservation measures for all its customers which complement the existing water conservation program already in effect.

Q: Would it help reduce individual residential household water bills if there were more or less people living at Diablo Grande?

If the cost of surface water is based on a fixed allocation of 8,000 acre feet each year to Western Hills Water District, then it stands to reason that the smaller the pool of residents, the higher the cost of water per household. Similarly, the larger the pool of residents, the smaller

the cost of water per household. This becomes even truer when banked water is used since banked water is bought at a premium rate.

DROUGHT-TIME WATER ALLOCATION AT DIABLO GRANDE

Q: How do we get water to our homes if no water has been allocated to Diablo Grande this year?

After two years of low allocations of surface water to Diablo Grande in 2008 and 2009, the Western Hills Water District Board of Directors decided to explore opportunities to obtain better value from the contract with Kern County Water Agency. While Kern County Water Agency strongly resisted any attempt by Western Hills Water District to market excess water under the current contract, the Agency did allow Western Hills Water District to negotiate a water banking agreement with four member districts of the Kern County Water Agency and the Dudley Ridge Water District (collectively known as the “Westside Districts”) in 2010.

The terms of the 2010 water banking agreement include the following:

- Western Hills Water District agrees to transfer to the Westside Districts only that Kern County Water Agency-contracted water which is in excess of “in-District demands.”
- In return, the Westside Districts agree to pay Western Hills Water District for the excess water transferred to them.
- Plus, the Westside Districts agree to credit Western Hills Water District with 500 acre feet of water in a virtual water “bank account” in any year in which the Westside Districts receives at least 500 acre feet from Western Hills Water District. (The “banked” water is not physically stored for future use; rather it was “credited” via an accounting system.)
- The initial term of the banking agreement is from 2010 to 2019 and will continue, subject to specified termination conditions.

Through the water banking agreement, water represented by the banked water credits can be purchased by Western Hills Water District when there is need, such as during a drought and other emergencies. However, the water comes at a very high price.

From 2010 to 2013, Western Hills Water District successfully banked 2,000 acre feet of water which could be purchased in emergency situations when the allocations of surface water to Diablo Grande were insufficient to meet the community’s needs.

Q: Don’t we have the right to use the water within Diablo Grande from Western Hills Water District’s Marshall Davis Well?

To both obtain necessary Stanislaus County land use approvals and according to the terms of a lawsuit settlement agreement, water from the Marshall Davis Well can only be used at Diablo Grande in the case of a catastrophic emergency, such as earthquakes and other devastating situation, which physically prevents water from being delivered to Diablo Grande via the California Aqueduct. Since the time the current community developer acquired Diablo Grande, the well has only been activated for occasional testing.

Therefore, so long as the California Aqueduct can physically carry water, water from the Marshall Davis Well cannot be used at Diablo Grande. For additional information regarding the Marshall Davis Well, please contact the Western Hills Water District at 209-895-9493.

Q: So how do we reduce water usage so that we don't deplete our banked water resources?

Western Hills Water District began implementing water conservation measures last year. In January 2014, Western Hills Water District also implemented designated watering days for residential customers. On February 26, 2014, the Board of Directors for Western Hills Water District voted to enact mandatory water conservation measures for its customers throughout Diablo Grande, setting a 25% water reduction target for all water users in the community. To date, measures implemented to help conserve water use include the monitoring of meters, water run-off, leaking faucets and faulty sprinklers as well as restrictions on the use of potable water, irrigation of public and private landscaping, pool draining and refilling, and more. Citation, enforcement, and hearings procedures were established by the Board with a system of graduated penalties assessed for each violation cited.

DROUGHT-TIME WATER ALLOCATION TO DIABLO GRANDE GOLF COURSES

Q: Will water be turned off to both golf courses?

In an effort to save water, retain shared view sheds and maintain golf course operations, the community developer has decided to only irrigate The Ranch golf course this year. The Ranch course is essential to residential view sheds, common areas and other "quality of life" amenities and advantages shared by all residents (golfers and non-golfers).

While typical water use averages about 500 acre feet per year for The Ranch course, approximately 200 acres feet of water will be allocated to this course in 2014. By using the water efficiently and wisely, the beauty and quality of The Ranch course is expected to be protected and maintained throughout the year. **As a result of this action, water will be turned-off to The Legends golf course.**

Tournaments and rounds of golf already booked for The Legends will continue until The Legend's links are no longer playable, currently estimated to be in April-May 2014. Following the closure of The Legends course, scheduled tournaments already on contract for The Legends will have the option to be re-booked for The Ranch course. In addition, the golf course and pro shop staff will focus its efforts on the grooming, maintenance, and management of The Ranch's fairways, tees, hazards, and greens.

Diablo Grande Annual Pass Program, Legends West Golf Club, other Clubs and Clinics

The Troon Golf management team has commenced organizing tee times and tournaments for both Annual Passholders and members of Legends West Golf Club to reflect the new drought-related decision to irrigate only The Ranch course and close The Legends course once it is no longer playable. In addition, Men's and Women's Club activities, special clinics and other events will continue on The Ranch course. No changes in daily fees (weekday and weekend) for The Ranch course are anticipated at this time.

NOTE: The annual Passholders fee structure is changing to conform with a calendar year billing cycle. Therefore, Passholder fees in 2014 will be pro-rated from April 1 through December 31, at which time the billing cycle in 2015 will align with a regular calendar year.

Information accurate as of 3/2014