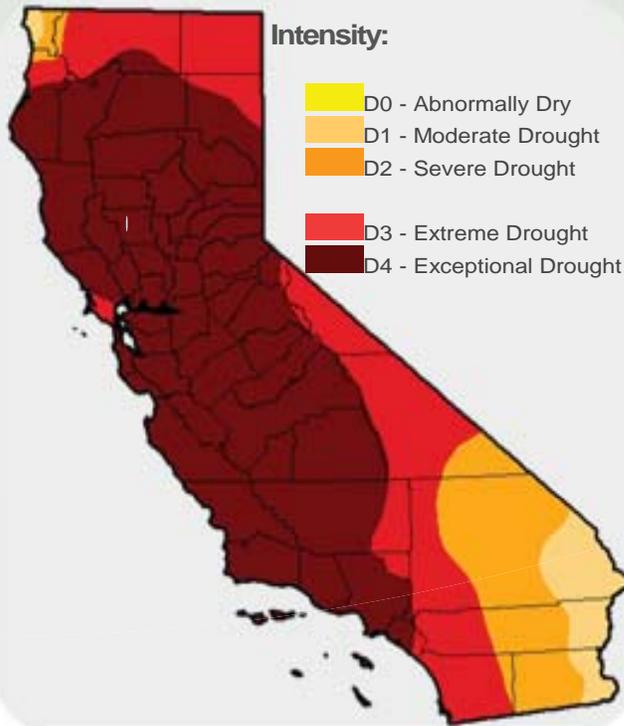


Budget in Brief - Fiscal Year 2015-2016

Drought Impacting Rancho California Water District Supplies, Costs and Rates:



On April 1, 2015, Governor Edmund G. Brown Jr. announced actions that will save water and prevent wasteful water use. "Today we are standing on dry grass where there should be five feet of snow. This historic drought demands unprecedented action," said Governor Brown. "Therefore, I'm issuing an executive order mandating substantial water reductions across our state. As Californians, we must pull together and save water in every way possible."

Save Water

For the first time in state history, the Governor has directed the State Water Resources Control Board to implement mandatory water reductions in cities and towns across California to reduce water usage by 25%.

Rancho California Water District's (RCWD/District) water supplies are affected by the drought. The map of California to the left shows that most of the state (and where RCWD's water comes from) is in an exceptional drought. Locally RCWD is also dealing with extreme dry weather.

RCWD's Water Supply Impacts:

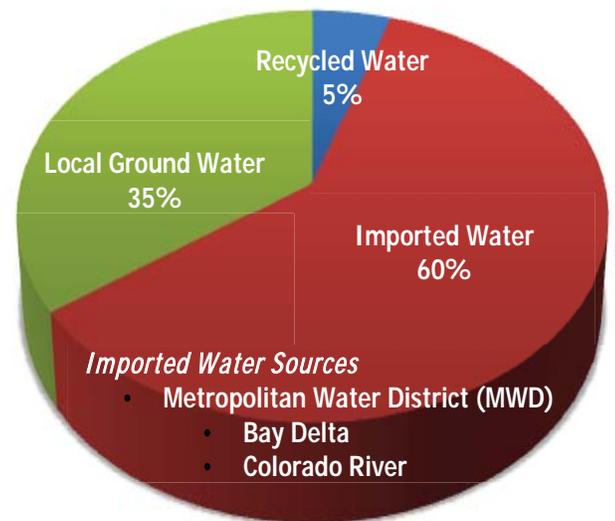
Water supply changes will impact costs:

The single greatest operating expense is the cost of water. RCWD's water supply will be impacted by the drought conditions and more expensive water will be needed to meet demands.

- * **Local Ground Water:**
14% Reduction in Available Native Groundwater
- * **Treated Import Water:**
14% Increase in More Costly Import Water

Treated import water is 500% more costly than local groundwater.

Where our water comes from:

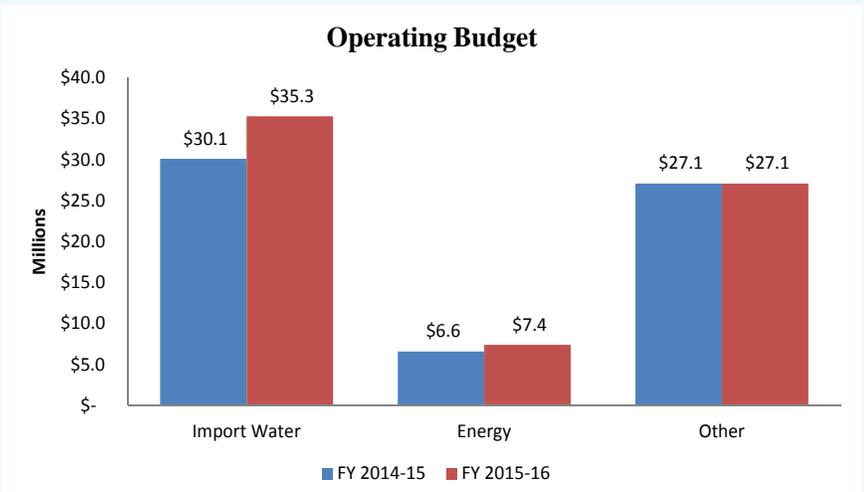


What is Driving the Overall Budget Increase?:

The budget cost increase is only related to the costs of purchasing imported water and increases in the cost of energy. RCWD has kept all other costs that can be controlled steady in order to help minimize rate increases.

RCWD's budget will increase \$6 million or 10.2% and is the result of factors outside of its control.

- * **Change in water supply accounts for \$5.2 million of the increase.**
- * **Energy cost to produce and pump water will increase \$800 thousand.**
- * **RCWD has kept all other costs in line.**



Customer Bill Impact Summary:

As proposed, the bill impact to the average customer water bill is shown below:

Domestic Customer:

Rancho Division:

\$6.47 which, is an increase of approximately 13.42%

Santa Rosa Division:

\$5.38 which, is an increase of approximately 7.11%

Agricultural Customers:

Rancho Division:

\$112.89 which, is an increase of approximately 9.5%

Santa Rosa Division:

\$156.00 which, is an increase of approximately 9.7%

What YOU Can Do to Be More Water Efficient:

Residential:

- Review your property for leaks, broken sprinklers, adjust watering schedules, reduce landscape areas, and replace inefficient fixtures.
- Do not allow hoses to run while washing motor vehicles. Use a hose equipped with an automatic shutoff valve.
- Use a broom instead of a hose to clean driveways, sidewalks and other hardscape surfaces.

Commercial:

- No commercial entity shall allow the use of its premises for charity of fund-raising car washes.
- Drinking water shall not be served other than upon request in eating or drinking establishments.
- Operators of hotels and motels shall provide guests with the option of choosing not to have towels and linens laundered daily. Notices of this option shall be displayed in each bathroom using clear language.

Agricultural:

- When possible, irrigate crops during the cooler nighttime hours to minimize evaporative water loss.
- Tune-Up agricultural irrigation systems by checking for and repairing leaks and damaged sprinklers.
- Do not allow irrigation water to leave planted crop areas.

For more information on efficiency programs, rebates, and reporting water waste please visit our website at www.ranchowater.com under the water use efficiency tab.