



New State Rules and Worsening Drought Will Impact the District's Water Supply and the Cost of Water

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Santa Ynez River Water Conservation District, Improvement District No. 1 (ID No. 1) Customers:

I wanted to alert you about new drinking water standards adopted by the State of California that will have a dramatic impact on the District's water supply and the cost of providing water service.

Earlier this year, the State adopted tough new standards to reduce the acceptable amount of the molecule Chromium-6 in state drinking water. Chromium-6 is one of several naturally occurring forms of Chromium, an element that enters the groundwater through geological formations throughout California, including many of those located in the Santa Ynez Valley.

ID No. 1 has always provided drinking water that is safe and reliable to our residential and agricultural customers while meeting State water quality standards. Currently, drinking water in California must contain no more than 50 parts per billion of Chromium. That's the equivalent of 50 drops of water in an Olympic-sized swimming pool and is already twice as strict as the federal standard for safe drinking water.

But as of July 1, the State is enacting these tough new standards into law, which mandates that ID No. 1's and all water suppliers' drinking water contain no more than 10 parts per billion of Chromium-6, requiring a reduction of 80% from the current total Chromium limit.

What Do the New Chromium-6 Standards Mean for ID No. 1 Water Users?

Treating water to meet this new standard is extremely expensive, and water districts throughout California are challenged by the costly regulation. ID No. 1 is no exception. While we work to keep water affordable, this new mandate will make the cost of water service more expensive for ID No.1's customers.

Complying with the new drinking water standard for Chromium-6 could cost California's public water agencies as much as \$616 million a year, according to estimates developed by the Association of California Water Agencies.

The Drought is Exacerbating the Situation, Making Water Treatment More Difficult and More Expensive

Complicating matters is the fact that California is in the middle of its worst drought in recorded history. This month, ID No. 1 will consider joining other water agencies around the State by declaring a Stage 2 Water Shortage Emergency caused by the concurrent extreme drought conditions and Chromium-6 regulatory restrictions.

The water out of your tap or your sprinklers comes from two different sources: surface water supply, which originates locally as rainfall or state-wide as snow comes to us from Lake Cachuma, the Santa Ynez River and the State Water Project; and, groundwater sources drawn from wells drilled into aquifers beneath the Earth's surface.

The trace amount of Chromium that exists in our water comes from groundwater sources, but is typically not found in surface water supplies. To dilute the concentration of Chromium to a harmless level, we would typically blend more surface water with groundwater. However the extreme drought severely limits the amount of water available, and we cannot meet the new State Chromium-6 standards simply by adding more surface water.

In light of these circumstances, ID No. 1 may be forced to spend as much as \$25 million on new treatment facilities to meet the new State Chromium-6 standards. ID No. 1 is currently analyzing a variety of options to meet state standards and reviewing associated costs of capital improvements and other actions. Unfortunately, you should be aware that these costs will ultimately reach the ID No. 1 customers.

State standards are getting tougher in the midst of the worst drought in recorded history. These twin pressures could force your water rates dramatically higher in the coming months.

ID No. 1 is doing everything it can to continue providing safe and reliable drinking water, while fighting to keep your water rates affordable. This summer, the ID No. 1 Board of Trustees will make a final decision regarding implementing the best and most cost-effective solution. Prior to that decision, we will hold a public workshop to further explain the new regulatory mandate and the range of solutions being explored, and provide a forum for you to ask questions and get more information. We will continue to provide information throughout this process and urge you to read more about Chromium-6 and the new State standards.

More information is available from the State Department of Public Health and on our website, <http://www.svrwd.org>.

Sincerely,



Chris Dahlstrom
General Manager