

CANYON GRANADA OWNERS ASSOCIATION

c/o Mary Ellen Hill & Associates
1111 Tahquitz Canyon Way #120
Palm Springs, CA 92262

March 21, 2016

Dear Canyon Granada Owner,

On behalf of the Canyon Granada Board of Directors, I would like to update you on the efforts taken here at Canyon Granada to reduce water consumption over the past several years.

As everyone knows, California is in the midst of an historic drought. In 2014, Governor Brown declared a state-wide emergency mandating a 25% water-use reduction. To reach this mandate, the regulation assigned each urban water supplier a conservation standard between 4% and 36% based on regional usage. The Coachella Valley, a high-usage region, was originally assigned to the 36% category and then—in February 2016 (per State action)—was reduced to 32%.

Immediately after Governor Brown's order, Canyon Granada started work to reach the reduction mandate. We hired a consultant to aggregate our water bills into easy-to-read graphs, the summary page of which is enclosed (although it reflects the original 36% goal). From there, we learned that residential usage is only 24% of our total water consumption with the remaining 76% being landscape irrigation.

After months of inquiry, the only logical way to reduce consumption was to convert inefficient grass landscape to desertscape. At both board and annual meetings, owners expressed their desire to keep the interior of our complex "green." Thus, Canyon Granada decided to convert two of the three exterior frontages of the subdivision to desertscape. To perform our desertscaping work, we hired one of the top designers in the Coachella Valley, the results of which have even solicited inquiries by neighboring HOAs to design their own lawn replacement programs. We enclose photos of the South Palm Canyon section, which was completed last year, as well as the recently-completed Avenida Granada section. There has been virtually no removal of interior lawns, nor is there any plan to do so. In fact, it has been our plan to reallocate some of those water resources saved from the exterior of our community to restore the more lush landscape we have all grown accustomed to while still maintaining the law's conservation mandate.

In addition to desertscaping, Canyon Granada also redirected lawn irrigation specifically to our citrus, shade and ornamental trees. This resulted in some lawn browning, especially along Avenida Granada—which was slated for removal anyway—but we are happy to report that most trees appear to be surviving. Our hibiscus bushes, however, were a casualty of a Valley-wide insect infestation and are being replaced as they die or show renewed signs of infestation.

Space prevents me from discussing all the measures your board has undertaken to make the best of a difficult water situation, but there are many. By the end of 2015, though, I am happy to report that we achieved a 31% water reduction from 2013, the State's baseline year.

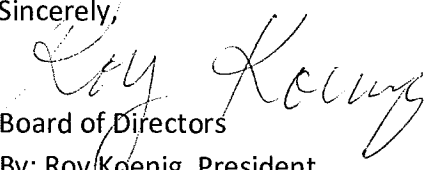
It is safe to say that most Californians are not happy about the consequences of this multi-year drought. However, the effects of the drought are real. A March 6, 2016 Desert Sun Newspaper Op-Ed by the chair of the Desert Water Agency (see enclosed) announced their agency recently ratcheting up the fining process. We believe, however, that staying on our conservation course will prevent our association from becoming liable for such fines, which ultimately, would be paid by each one of us and will allow us to stay at the forefront of water conservation.

There are approximately 570 homeowners associations in the Coachella Valley. A simple drive throughout Palm Springs and other desert cities will show that the trend is to convert to desertcape (with some associations opting to desertcape either only the interior or exterior of their subdivisions. Many have chosen to do both. We listened to our members and limited the conversion to the exterior only).

The board and I not only invite you, but encourage you to attend our board meetings, serve on our committees, attend the annual meeting and visit our website for current information. Homeowner involvement and open communication help guide HOA boards in making the many tough decisions they face...and Canyon Granada is no exception.

Thank you and please let me know if I can answer any additional questions.

Sincerely,

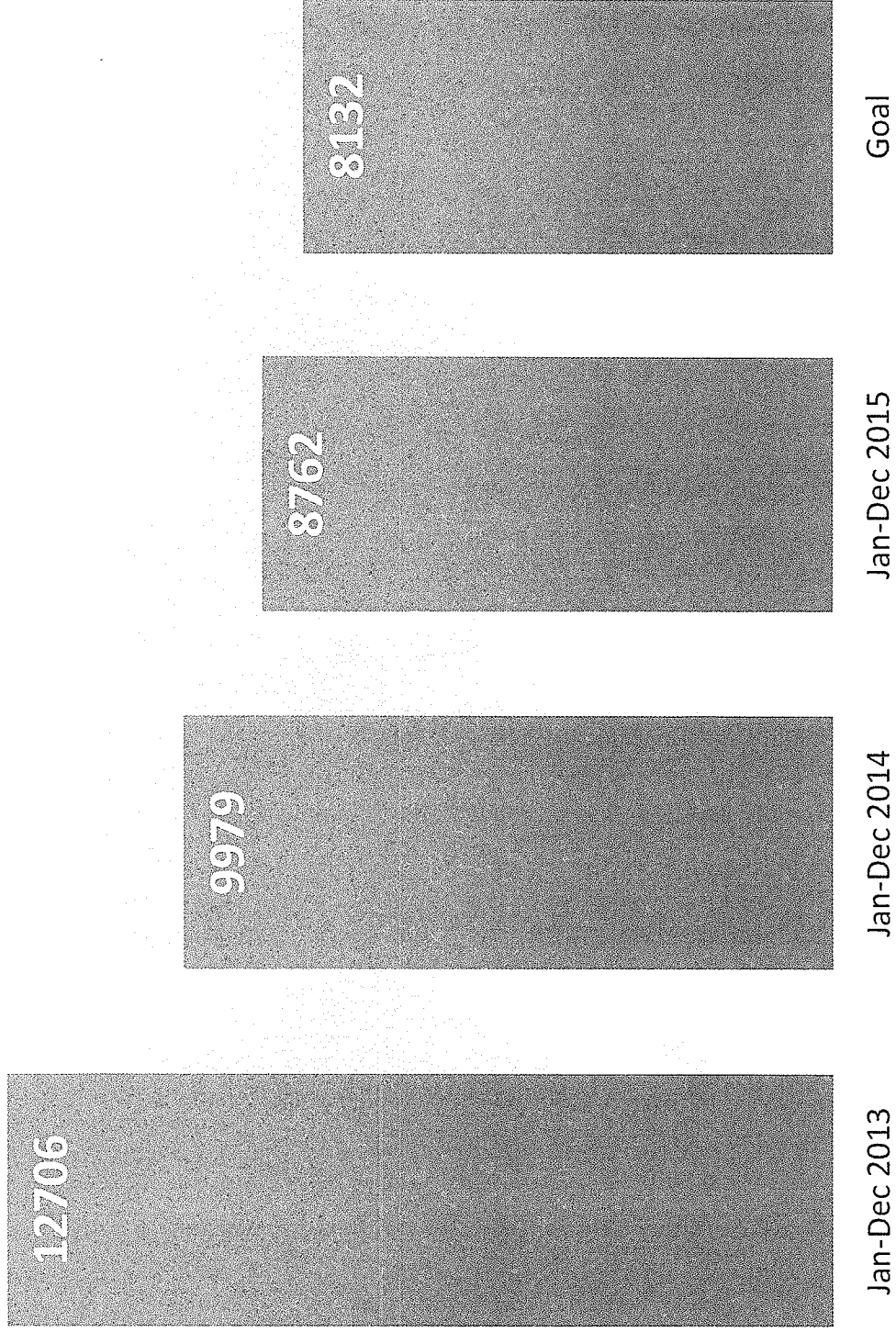


Board of Directors

By: Roy Koenig, President

Enclosures

Combined Irrigation & Residential [100's of Cu. Ft.]



DESERTSCAPING AT CANYON GRANADA

[Right] South Palm Canyon Drive section completed last year. One of the ten new palm trees planted in the two desertsclaped areas. (Photo taken 3/12/16)



[Below] Recently-completed Avenida Granada section of desertscape. (Photo taken 3/20/16)



YOUR VOICE

VALLEY VOICE

DWA toughens enforcement of water restrictions

The much-anticipated "Godzilla" El Niño has not lived up to its expectations thus far, and California's usual stormy months are now behind us. As the very real impacts of severe drought drag on and drought fatigue appears to be contagious, our Board of Directors carefully weighed options to determine the best path toward increased conservation as we continue to fall short of the state's conservation mandate.

After much deliberation, our Board took formal action last week to enhance enforcement of Desert Water Agency's mandatory water use restrictions.

Our agency cannot completely immunize our community against drought fatigue, but we've increased the likelihood that violations will be cited, and fines will be issued in place of repeat warning

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James Cioffi

fine. We're deploying vehicles marked with our new water efficiency enforcement signage, and we hope that the visible increase in enforcement and DWA's presence in the community will encourage customers to, once again, step it up and follow the rules.

Our Board believes the majority of our customers are following the restrictions, and we've taken this action on their behalf. For those who have taken steps to adjust irrigation schedules and modify water use, it's frustrating to drive around town and see sprinklers running in the middle of the day. We don't want to be the water police, but we've fallen short of our conservation mandate for several consecutive months, and it simply isn't fair to ask our rule-abiding customers to cut back even more if they have neighbors who are using water without regard for

the restrictions or fear of a fine.

Our customers do have a conservation mandate that they must collectively achieve during the next several months, and to get there, everyone needs to make sacrifices and contribute. But looking at the bigger picture, the important benefits of conservation go beyond the need to achieve the state's mandate. It is important that our customers recognize the role they play in sustaining and managing our region's groundwater supply.

Decades ago, our valley's water managers engineered a cutting edge, impactful approach to groundwater management that has become a model for programs nationwide. We continue to do our part every day, carefully monitoring and replenishing the basin. But, we can't do it alone.

Our customers also play a valuable role in the careful, long-term sustainable management of our region's water supply. Every gallon saved is another gallon invested. We would love to see our customers commit to using water efficiently throughout their lifetimes.

In the last decade, our customers have made great strides toward reducing water use. Thanks to their efforts combined with the region's long-term, sustainable management, our local supply is in great shape despite the record-breaking five-year drought.

For more information about DWA restrictions or to read the new conservation ordinance, please visit www.dwa.org/restrictions.

Email Desert Water Agency Board President James Cioffi at jcioffi@dwa.org.