



STAFF REPORT

TO: Biola Community Services District Board of Directors
FROM: General Manager, Elaine Cervantes
DATE: April 18, 2024
SUBJECT: Water and Sewer Rate Study

BACKGROUND

Water and Sewer rates have not been increased for ten years. As a result of increased operating costs combined with recent costly water system repairs, the District has depleted its cash reserves, and revenue from rates is no longer adequate to cover operating costs. As a result, the District contracted with Dan Bergmann of IGService to conduct water and sewer financial and rate analysis, working closely with staff, to determine rates for the next five years.

Water and sewer rates must be increased substantially in order for the District to cover increasing operating costs, deferred repairs, and to rebuild District cash reserves. District cash reserves are almost completely depleted. Overall revenue is recommended to be increased approximately 50 percent for both the water and sewer enterprises.

Mr. Bergmann will present study results. The presentation will cover the following for each water and sewer

- Explanation about cost-of-service rate setting and compliance legal requirements
- Historical and projected operating costs, including fund balances
- Review of existing rates
- Methodology for setting rates to different customer groups
- Impact of proposed rates on different customer groups
- Potential timing and steps to proceed with rate increases

RECOMMENDATION

- AGENDA NO. 5-
For the Board to approve the public notices for the public hearing for the Biola Water and Sewer Rate Increase on June 20, 2024.

TENTATIVE SCHEDULE

1. **Thursday, March 28, 2024: Preliminary Report Meeting with Dan Bergmann**
 - Objective: Review preliminary results and discuss necessary revisions.
2. **Thursday, April 18, 2024: Presentation of Current Water and Sewer Rates and Results to Board**
 - Regular scheduled Board of Directors meeting
 - Objective: Present existing water rates to the Board for review and discussion.
3. **By Wednesday, April 24, 2024: Notice of Proposed Rate Increase**
 - Objective: Issue notices informing customers of the proposed rate increase as per Prop 218 requirements.
4. **Thursday, June 20, 2024: Prop 218 Public Hearing**
 - Regular scheduled Board of Directors meeting
 - Objective: Conduct a public hearing to provide stakeholders with an opportunity to voice their opinions and concerns regarding the proposed rate adjustments.
5. **Monday, July 1, 2024: Implementation of New Rates**
 - Objective: New water rates, as approved by the Board and in accordance with Prop 218, will come into effect.

The implementation of Prop 218 District Water Rates involves a structured schedule aimed at ensuring transparency, public participation, and compliance with legal requirements. By adhering to this tentative timeline, we aim to facilitate a smooth transition to the new water rates while addressing the needs and concerns of stakeholders.

This report provides an overview of the schedule and milestones associated with the implementation of Prop 218 District Water Rates. It outlines key dates for meetings, presentations, and public hearings, emphasizing the importance of transparency and stakeholder engagement throughout the process.