

## STAFF REPORT

AGENDA ITEM 11.A  
*Resolution 14/15-8*

MEETING DATE: August 28, 2014

PREPARED BY: Donald M. Davis  
General Counsel



AGENDA TITLE: ADOPT Resolution 14/15-8 of the Board of Directors of the Bear Valley Community Services District, Amending the District's Surcharges for Basic Residential Water Rates During District Declared Water Shortage Conditions.

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### **RECOMMENDATION**

Staff recommends that the Board ADOPT Resolution 14/15-8, Amending the District's Surcharges for Basic Residential Water Rates During District Declared Water Shortage Conditions.

### **BACKGROUND**

The District has established surcharges for basic residential water rates during declared Stage One, Two and Three Water Shortage Conditions pursuant to District Code Chapter 7-4. The purposes of the surcharge include to encourage additional water conservation and to help defray the costs of constructing, maintaining and operating the District's water system as reduced usage of water lowers the revenues received by the District even though many of the operating costs remain relatively constant regardless of the amount of water consumed by the District's residential customers. The existing surcharges result in a 10% increase in basic water rates during a Stage One Condition, a 20% increase in basic water rates during a Stage Two Condition, and a 30% increase in basic water rates during a Stage Three Condition. The applicable surcharges only apply if the residential customer's monthly usage exceeds 10 units (1,000 cubic feet), and if so, then the entire amount of water used is subject to the surcharge. The Board has requested that the surcharges be revised so that the first 10 units (1,000 cubic feet) of water used in a month during a declared water shortage condition is not subject to the surcharge, as the Board believes that such amount of water reflects the minimal amount of water needed each month by residential customers for basic living conditions.

The proposed resolution does not affect non-residential water rates as the water conservation surcharge has not previously been imposed on such rates. If the Board desired to impose a water conservation surcharge on non-residential rates, such surcharge would be deemed a potential increase in rates and would be subject to the notice, protest and hearing requirements of Proposition 218 prior to adoption.

### **FISCAL IMPACT**

The proposed revisions would result in a loss of the additional revenues that would otherwise be derived from the surcharge on the first 10 units of water used each month by residential customers during declared water shortage conditions. The District declared a Stage Two Condition on August 14, 2014, but delayed the imposition of the surcharge until the October billing cycle so that the Board could review and potentially amend the surcharge. If the proposed resolution is adopted, beginning in October 2014, the District will not receive the revenues derived from the 20% surcharge imposed on basic residential water rates for the first 10 units of water used by each residential customer during this declared water shortage condition.

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**RESULT OF RECOMMENDED ACTION**

The District's water conservation surcharges for basic residential rates would no longer be imposed on the first 10 units (1,000 cubic feet) of water used each month during a declared water shortage condition and the District would lose the additional revenue derived from the surcharge for this water.

**REQUESTED MOTION**

"I move the Board of Directors ADOPT Resolution 14/15-8 of the Board of Directors of the Bear Valley Community Services District, Amending the District's Surcharges for Basic Residential Water Rates During District Declared Water Shortage Conditions.

Attachments:  
Resolution 14/15-8