QUESTIONS AND ANSWERS ABOUT PROPOSED WATER RATE INCREASE

Q: Why are new water rates being considered?
A: As a public water provider, the Bear Valley Community Services District can only charge its customers for the costs associated with providing water service. The District cannot earn a profit and can only pass along the costs associated with providing and maintaining the service. When determining water rates, the CSD prioritizes:

- Fair treatment of all customers
- Rates reflecting the true cost of service
- Maintaining and protecting the District's financial stability and its ability to provide high-level service
- Sufficiently covering fixed and commodity (water) costs
- Encouraging water-use efficiency

The costs of providing services and maintaining an aging infrastructure in Bear Valley have been outpacing revenues for several years.

Q: How much water is in a billing unit?
A: Water meters register water by the cubic foot. Billing units are expressed in Hundred Cubic Feet (HCF). One HCF is equal to 748 gallons.

Q: 748 gallons seems like a lot of water. How much water is that?
A: 748 gallons (or 1 HCF) is equivalent to 150 five (5) gallon water bottles or 5,984 sixteen (16) ounce bottles of water. Your tap water must meet all Federal and State water quality standards.

Q: Why is the District needing a rate increase?
A: We have significant deferred maintenance of the system that needs to be done. For several years these repairs and replacements were not completed because the revenues were not adequate to complete them and fund operations too, so only the operations were funded.

Q.   Don't you have reserve funds set aside for infrastructure repair?
A: Yes and No. The District currently has slightly over $1 million in a Water Reserve fund. However, the ongoing budgetary shortfalls require significant yearly transfers to the operational fund. Once the Reserve Fund is depleted, the District will not have the means to build it up again. Without a rate increase, projected operating expenses will continue to exceed revenues and the Water Department will deplete its cash reserves in FY 2020. This leaves nothing available for emergencies or catastrophic failures.

Q: How were the new water rates determined?
A: A Water Rate Study recently completed involved a comprehensive review of past five fiscal years (2013-2017) of actual operating expenses and revenues for the Water Department along with detailed budget projections for the next five fiscal years (2019-2023), including the projected incremental costs for purchasing and delivering water from Cummings Valley.

Q: Why aren't the District rates lower like some other water utilities I've heard of?
A: The Bear Valley Community Services District water system is very complex compared with other places because of the significant service area and elevations that it serves. All lots have water service and in order to provide that we have many more pieces to our system than others:

- 110 Miles of service mains
- 20 Wells
- 43 Storage Tanks
- 19 Pressure Zones
- 36 Booster Pumps
- 21 Pressure Reducing Stations
- 171 Air Vacs
- 924 Valves

In addition, Bear Valley Springs has a very low density of users for the system compared to other communities. A way of explaining this is that the average new California lot density is 4 residential lots per acre. That density results in 140 users per mile to share the costs of operation. By comparison, BVS has approximately 30 users per mile.

Very simply, by comparison to other communities, our system is much more expensive due to its complexity, with fewer customers to pay for it – so our rates may appear higher than some other providers, but are lower than some other providers too. In any case, the District strives to keep its rates as low as possible.

Q: Why are there only 2 proposed rate tiers?
A: Proposition 218 requires that utilities cannot charge more than the cost of operation, and a recent court case decision - "Capistrano Taxpayers Assn v. City of San Juan Capistrano" affirmed that to be in compliance with Proposition 218, each price tier must be based on the water district's cost of service. The two rate tiers proposed apply to the costs of our system using the wells within the District and the additional costs of purchasing and delivering imported water from Tehachapi Cummings County Water District.

Q: How much will my water bill increase?
A: The total will be based upon how much water you use compared to prior years, but the base rate amount for all users would increase by $17.73 in the first year.

Q: Why is there such a large increase in the Base Rate?
A: This is a rate structure change to stabilize revenues. The District's current rate structure provides approximately 40% of revenues through the base charge and 60% of revenues on usage (called the volumetric rate). As a result, when usage drops, such as during the drought years of 2016 and 2017 (when the District imposed conservation measures), revenue significantly decreased. However, the fixed costs to operate the system remain constant. The system must be operational 24 hours per day, 7 days per week, no matter how much water we deliver. Similarly, we must fix leaks, read meters, prepare bills, and answer your calls.

Q: When was the last time the District increased the water rates?
A: The last substantive increase was in 2008, when tiered rates were increased 4.6% and the base rate went from $24.22 to the current rate of $25.33. Minor adjustments were implemented in 2013 resulting in marginal increases for Tiers 2 ($0.78) and 8 ($2.07). The base rate remained unchanged.

Q: When will I see these changes in my monthly bill?
A: The rates are anticipated to take effect in May, so you will see the new rates the following month.

Q.   How do I learn more about the Rate Study and the complexities of our water system and how it works?
A.   The District will be holding three informational meetings on January 29 – 30, 2019 at the Whiting Center to answer questions and solicit public input. Also, you may visit the District website at www.bvcsd.com for more detailed information.