



STAFF REPORT

SUBJECT:

Water and Wastewater Rate Hearing

RECOMMENDATION:

Staff recommends that the Board of Directors approve increased rates for water and wastewater, to be effective July 1, 2024, should there not be a majority protest of ratepayers and property owners. A proposed resolution is attached.

BACKGROUND:

Water and sewer rates were last adjusted by Resolution No. 02-214 to establish new rates effective July 1, 2014. Though those rates were adequate for many years, in the past few years both the water and sewer enterprise funds have begun to have inadequate revenue to cover expenses. As a result, the District issued a request for proposal, the result of which was to hire Dan Bergmann of IGService to conduct a professional rate study for each enterprise.

The rate study reviews historical and projected revenues, expenses, and fund balances, and then revises specific rates charged to customers to assure rates are consistent with the cost of providing services. On April 18, 2024, Mr. Bergmann presented to the Board proposed increased rates for each enterprise. As a result, the Board directed staff to issue Proposition 218-compliant rate increase notices to all customers. The written rate study report dated April 24, 2024, is attached, including the rate increase notice attached at the end of the rate study.

DISCUSSION:

It is critically important to increase utility rates within Biola to responsibly fund ongoing utility operations. As a result of increasing costs, both water and wastewater lost money during fiscal year 22/23 and are projected to lose money during this fiscal year 23/24. Water is expected to have a large negative cash flow of \$128,000 this fiscal year caused by large project costs incurred. The fund balance for water is dwindling, anticipated at \$135,000 at the end of this fiscal year, and the fund balance of wastewater is anticipated at negative \$151,000 at the end of this fiscal year. Considering that the district's cash is pooled, that most of it is accounted for in the enterprise funds, and wastewater is already negative, it is critical to raise rates soon, to both maintain a positive overall cash balance for the District, and to move toward a reasonable level of cash reserves, of which now there is essentially no reserve.

The needed revenue increase for water is 50 percent in the first year, followed by four percent increases in the next four years to follow inflation. The needed revenue increase for wastewater is 60 percent in the first year, and then like water, followed by four percent increases in the next four years to follow inflation.

The results of the rate study also adjust individual rates for water and wastewater services. For water, whereas the existing rates include 20 thousand gallons in the base charge, the new rates will not include volumes in the base charge, but instead charge for all volumes, and incorporate a lower monthly fixed charge for smaller customers. The new water rates also move away from tiered rates to one volume rate for all water sold. For wastewater, the increases are weighted more to industrial customers based on the calculated system balance of wastewater discharges.

Detailed explanations for the rate setting methodology can be found in the rate study. Mr. Bergmann will attend the rate hearing to review the proposed increases and address questions from Board members and the public.

FISCAL IMPACT:

Water revenue in the first full year is increased fifty percent, an increase of \$102,000. Wastewater revenue in the first full year is increased sixty percent, an increase of \$110,000. Increases after the first year are to follow inflation and otherwise true-up rates to cost of service within each customer class.

PREPARED BY:

Dan Bergmann, IGService

Attachments: 1) Proposed Resolution approving increased rates
2) Rate Study dated April 24, 2024

**Water and Sewer Rate Study
for
Biola Community Services District**

April 24, 2024

Prepared by:

**Dan Bergmann, Principal
IGService
15 Shasta Lane
Walnut Creek, CA 94597
Email: dan@igservice.com
Cell: 925-899-2578**

Water and Sewer Rate Study for Biola Community Services District

Purpose

The purpose of this cost-of-service rate study is to review and modify the existing water and sewer rates structure such that customers pay rates in proportion to the cost to provide specific services. As a part of this study, overall operating costs and revenue have been analyzed to evaluate reasonableness of costs, and the need to increase overall revenue. These steps are conducted to be consistent with the requirements of California's Proposition 218. In general, this means:

- A rate study is conducted to support the revenue needed for each enterprise fund.
- Each customer group pays its proportionate share of costs.
- Revenue from rates is used only for the specific fund's purposes.
- The revenue collected is not more than needed.
- Customers are notified in writing of the rate increases, the reasons increases are needed, information about the rate hearing that will be held after 45 days, and that they may protest in writing.
- If more than 50 percent of customers (parcel owners) protest, the increase shall not happen.

Background

Water and sewer rates were last adjusted by Resolution No. 02-214 to establish new rates effective July 1, 2014. Though those rates were adequate for several years, in the past few years both the water and sewer enterprise funds have begun to have inadequate revenue to cover expenses. As a result, the District sought a professional rate study for each enterprise.

Water Enterprise

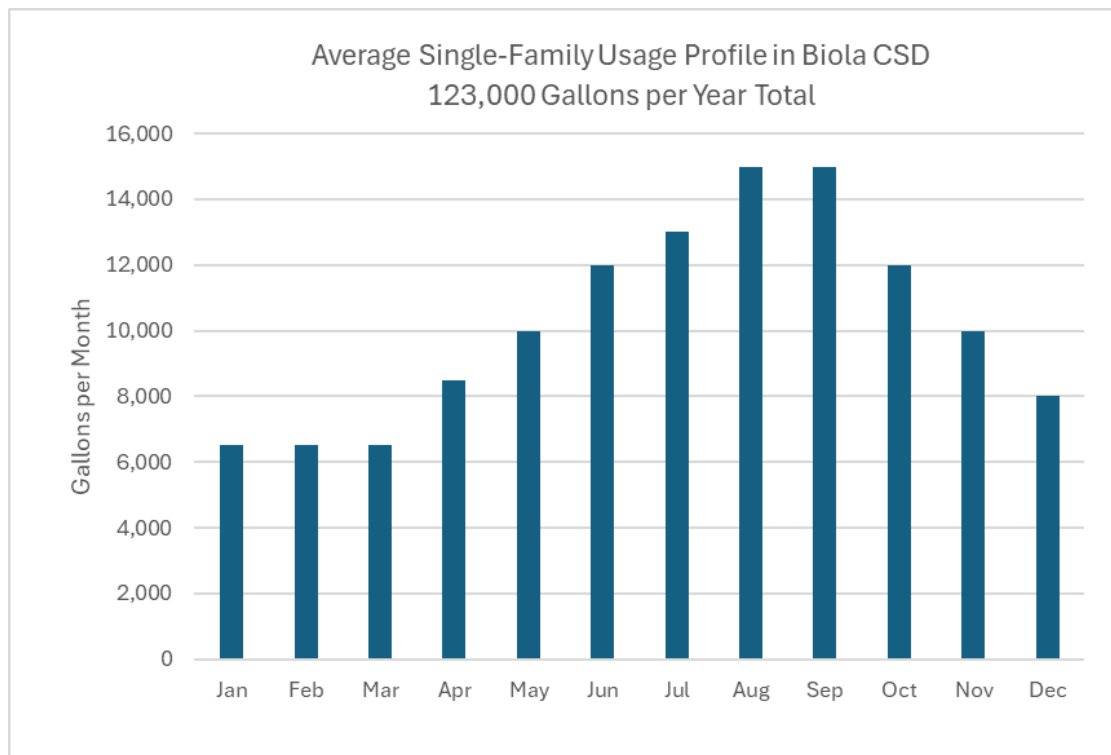
Existing Water Rates

Biola's existing water rates include a base amount and then increasing-cost tiered rates. Specifically, the first 20,000 gallons per month for all customers is included with the base monthly charge. After 20,000 gallons, rates are tiered for all customers, as described in detail below, and illustrated in the bar graph.

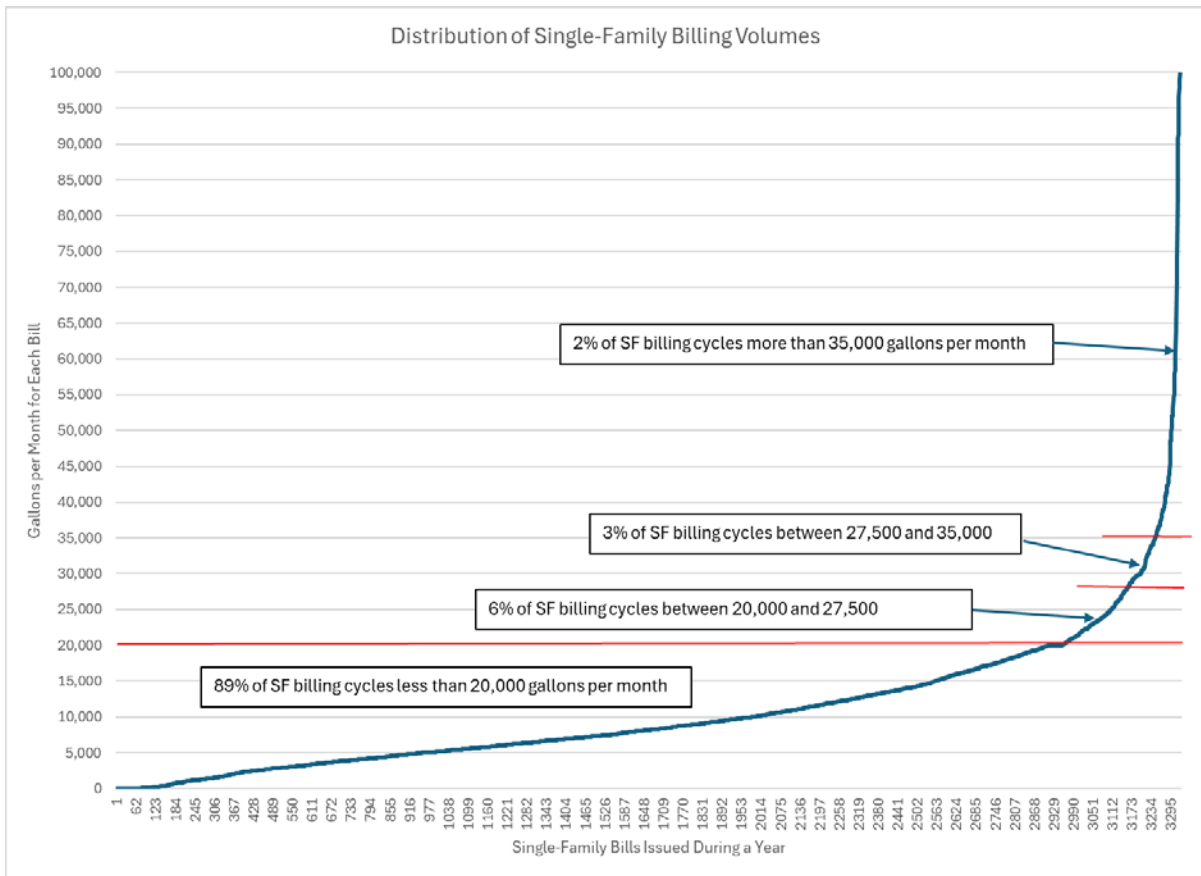
<u>Tier</u>	<u>Gallons</u>	<u>Rate</u>
Base	0 to 20,000	Included
1	20,001 to 27,500	\$1.00
2	27,501 to 35,000	\$1.40
3	Above 35,000	\$2.26



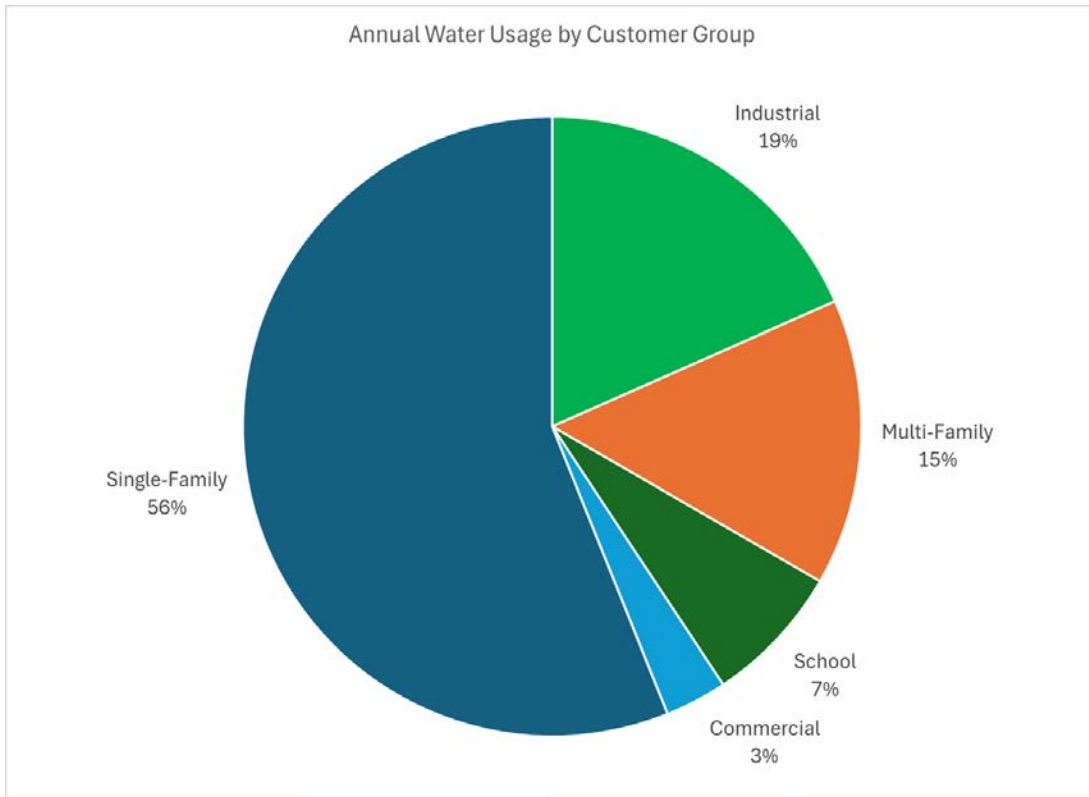
It is important to observe the average single-family home in Biola uses 123,000 gallons per year with an average peak month of 15,000 gallons. Consequently, most single-family customers do not reach the 20,000 gallon threshold to exceed the base amount. The average single-family profile is illustrated below, summer peaking for residential irrigation.



In fact, 89 percent of all single-family water monthly bills are in the base allotment, and just 11 percent are in the higher tiers. This is shown in the following graph. The recommendation is to move away from tiered rates for all customers in Biola. The reasons to move away are 1) customers are not aware of the tiered rates because the tiers are not shown on the monthly bills, 2) tiered rates are not appropriate for commercial and industrial customers because the nature of each customer's water usage is different, and 3) increasing tiered rates cannot be supported by increasing cost of service for higher volumes of water delivered.



For the District, the largest customer group by volume is residential which is made up of single- and multi-family homes and they total of 71 percent of the overall volume billed. Industrial follows at 19 percent, then, the elementary school and finally the small amount of commercial within the District. The revenue contribution closely follows the volume contribution. Water volumes metered are illustrated in the following pie chart.



Water Unbilled Volumes

Unbilled water for Biola is relatively high at 20 percent as measured over the calendar year 2023. The measurement is based on the total of billed gallons compared to produced gallons from the two wells. The billed amount was adjusted downward for April and May because the total billed during those months was inflated due to usage recorded during one of the months that was read but not generated, attributed to an IT issue. (Based on the higher billing that occurred, the unbilled value for the year showed lower at 15 percent.)

Month 2023	Billed Gallons	Produced Gallons			Unbilled	
		Well #3	Well #4	Total Produced		
1	3,177,982	2,350,500	1,692,000	4,042,500	864,518	21%
2	3,239,178	1,515,000	2,661,667	4,176,667	937,489	22%
3	3,604,400	349,000	4,155,500	4,504,500	900,100	20%
4	4,388,292	1,682,000	3,557,400	5,239,400	851,108	16%
5	4,388,292	3,799,000	3,361,400	7,160,400	2,772,108	39%
6	5,341,849	4,502,200	3,420,600	7,922,800	2,580,951	33%
7	6,875,946	6,016,300	3,680,900	9,697,200	2,821,254	29%
8	7,110,830	5,386,500	3,341,700	8,728,200	1,617,370	19%
9	7,500,530	4,660,000	3,053,050	7,713,050	212,520	3%
10	6,115,240	3,780,000	2,993,750	6,773,750	658,510	10%
11	5,028,040	2,507,250	2,639,750	5,147,000	118,960	2%
12	3,430,988	1,142,750	3,092,250	4,235,000	804,012	19%
Total	60,201,567	37,690,500	37,649,967	75,340,467	15,138,900	20%

With actual unbilled water at 20 percent, the District can benefit from improving metering. A first step would be to include volumes for the District itself, such as the wastewater plant and the District community center. As a reference point, a ten percent increase in billed volumes under the new rates would be equal to:

$$0.10 \times 75,340 \text{ TG} \times \$3.56 / \text{TG} = \$26,820 \text{ per year}$$

This amount of revenue gained is equivalent to the revenue from 40 average households, which would be a substantial improvement for Biola.

Water Revenue, Expense, and Fund Balance

Attachment 1 shows historical and projected water revenues, expenses and annual fund balances. The water enterprise has a relatively small annual debt payment of \$8,850 associated with a Department of Water Resources loan that will end in FY25/26, within the five-year planning period. The water enterprise had negative cash flow during FY22/23 (unaudited) and projected negative cash for this fiscal year (FY23/24), increased by repairs during the fiscal year reaching \$140,000 by March 2024. This is approximately \$100,000 more for repairs than previous years. For this year, FY23/24, the projected negative cash flow is approximately \$128,000. Based on the unaudited numbers and projection, the available cash fund balance for water will be approximately \$135,000 at the end of this fiscal year. This is a concern because available cash in the sewer enterprise is projected to be approximately negative \$152,000 at the end of the fiscal year, and the District’s cash is generally pooled. The District’s available cash is presently in the \$300,000 range and will soon be exhausted if action is not taken to increase revenue or decrease expenses.

The following table shows the projects during FY23/24 that have caused excessive expense for maintenance and repair.

<u>Project</u>	<u>Cost (rounded)</u>
Replace hydrant at the fire station	\$26,000
Leak repair on West Shaw	21,000
Pothole project	38,000
Other repairs, mostly leaks	<u>55,000</u>
Total Through March 31 st	\$140,000

Prior to FY23/24, the last-four-year average for maintenance and repair has averaged \$31,000 per year; however, the projected amount over the five-year planning period for expenses is higher at \$70,000 per year. This is because as the system ages, higher expenses are anticipated.

Other expenses are increased by an inflationary factor of between three and five percent over the five-year planning period. A cost component is included for unpaid customer bills shown as a negative revenue line item. It is equal to seven percent of revenue that is based on a review of the current extent to which customers are not paying their utility bills. A review of a recent aging report shows that approximately 28 customers are not paying utility bills. The same seven percent amount for unpaid customer bills is used in the sewer model.

The revenue and expense table shows the need for revenue to increase 50 percent in the first year, followed by four percent increases in years two through five. These increases are to fully cover expenses and create a slight positive cash flow, increasing revenue over expenses from approximately \$26,000 in the first year, to \$52,000 in the fifth year. The result will be to rebuild the fund balance to a projected amount of \$334,000 by the fifth year. To the extent unpaid bills can be reduced or unbilled water can be reduced, the overall net increase in fund balance will escalate.

The target revenue from rates in the first planning year based on the 50 percent increase is \$306,000. The rate model is set to accomplish this total through the combination of revised and increased fixed and volumetric rates.

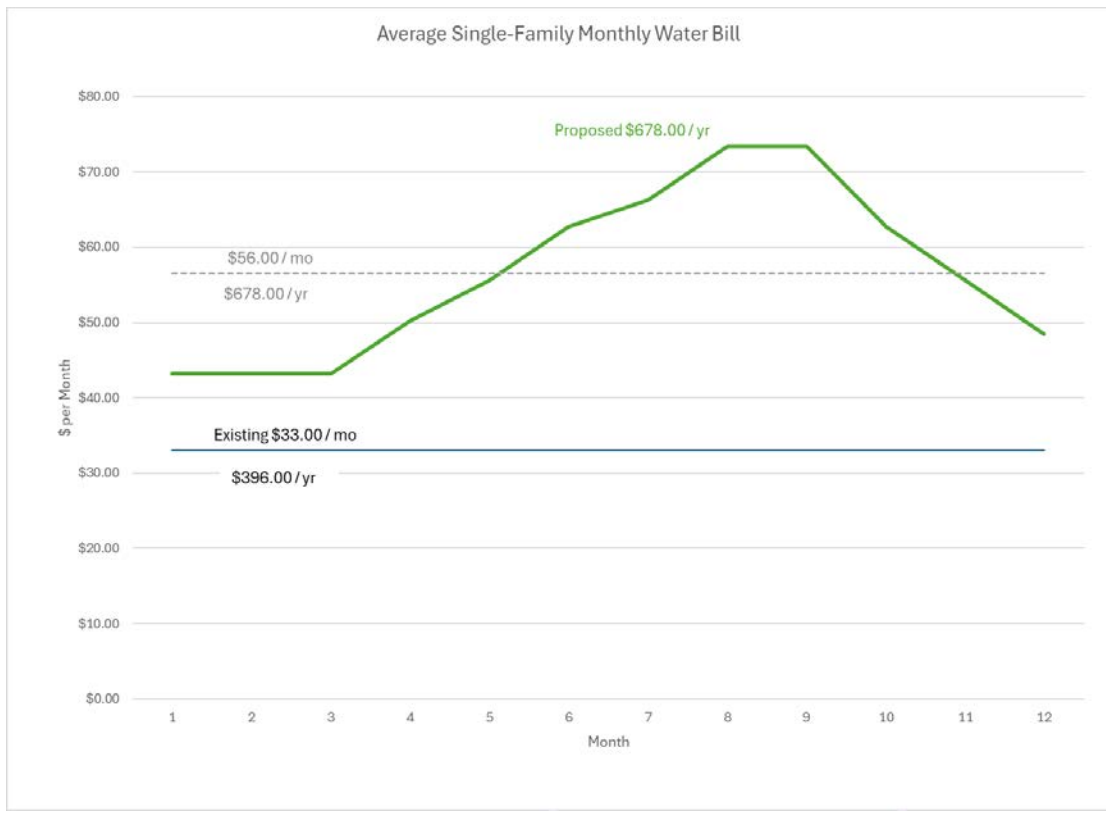
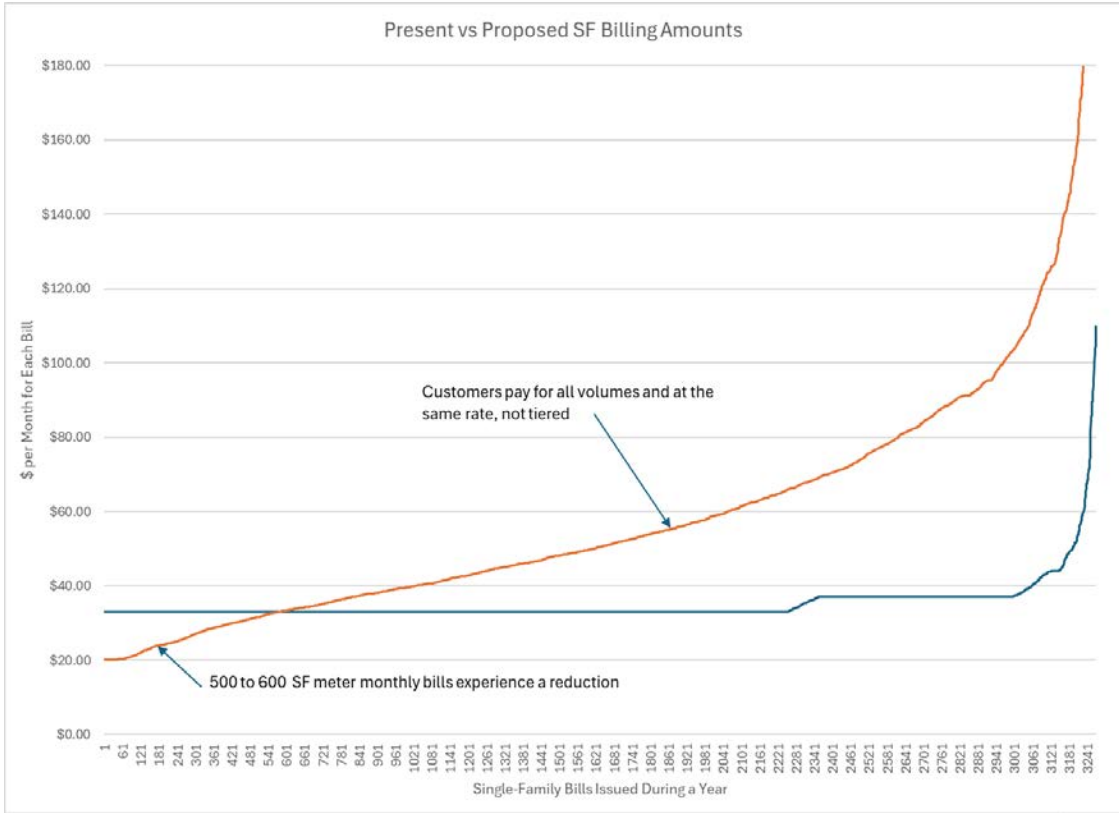
Water Rate Setting

The proposed water rates accomplish the following.

- The 20,000 gallons currently included in the base cost for all customers is eliminated.
- All metered volumes are billed to accurately reflect the cost of service to customers.
- One uniform volume rate is proposed in place of tiered rates.
- The base rate for three-quarter inch and one-inch meters is reduced to compensate for the first 20,000 gallons being billed.
- The four-dollar spread between three-quarter inch meters and one-inch meters is maintained to benefit the older, mostly smaller, homes that still have the smaller meters.
- The fixed monthly charges for meters above one inch in size are adjusted to match the size multipliers from the American Water Works Association, Manual M1.

The graph at the top of the next page shows the impact of the proposed rate changes on single-family customers within the District. The blue line, which is mostly horizontal, illustrates that almost all single-family customers pay only the fixed rate (as stated earlier), either \$33 or \$37 per month. In the proposed rates, even though the volume rate applies to all volumes, and the volume rate is increased, this shows that 500 to 600 billing cycles per year will see decreased monthly amounts because they are using low volumes of water (less than 3,600 gallons per month). The graph also shows that as customers' volumes increase, they will pay proportionally more for water, consistent with the actual cost to deliver the water. In summary, customers will pay proportionally for all water delivered.

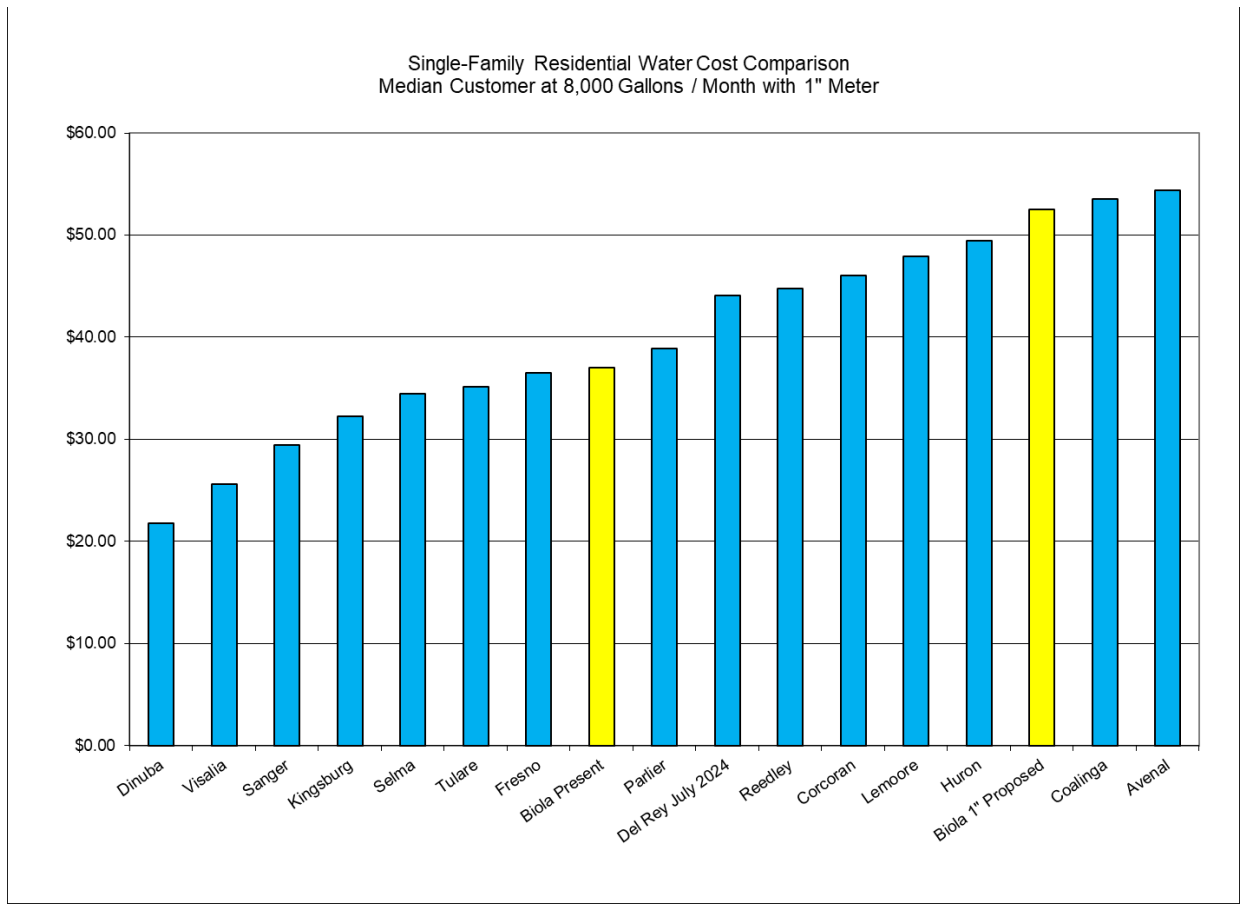
Another perspective to view the proposed rates is to see the impact of the suggested rates on an average single-family customer using 123,000 gallons per year or 10,250 gallons per month, based on the profile shown above. Currently, an average customer pays just the base charge each month. To look specifically at an average single-family customer with a three-quarter inch meter, the new annual cost for water will increase from \$396 per year to \$678 per year, or 71 percent. However, customers that use less water than the system average will have lower percentage increases. For example, a customer that uses 8,500 gallons per month will experience a 52 percent increase, closer to the overall revenue increase needed. The graph at the bottom of the next page shows the change from flat monthly charge to volume billing.



The specific proposed rates were developed by first establishing the new fixed monthly rates and the revenue to be generated from the new fixed monthly rates, then determining the volume rate needed to achieve the overall revenue requirement in the first planning year. In the process of establishing the count and size of meters in the field, because of visits to some of the larger meters, it was discovered that a few of the meters in use were bigger than presently being billed. These corrections have already been made to the billing system and the result will improve overall water revenue. The model is used to determine fixed rates, total fixed revenue, and then the volume rate, is shown in Attachment 2. The new proposed water rate table is shown below.

Biola CSD Water Rates and Charges							
	Current Rates	Proposed Rates					
		7/1/2024		7/1/2025	7/1/2026	7/1/2027	7/1/2028
		Percent Change	New Rate	4%	4%	4%	4%
Fixed Charge (\$/Mo)							
3/4" meter size	\$33.00	-39%	\$20.00	\$20.80	\$21.63	\$22.50	\$23.40
1"	\$37.00	-35%	\$24.00	\$24.96	\$25.96	\$27.00	\$28.08
1.5"	\$44.00	9%	\$48.00	\$49.92	\$51.92	\$54.00	\$56.16
2"	\$73.00	5%	\$77.00	\$80.08	\$83.28	\$86.61	\$90.07
3"	\$163.00	-12%	\$144.00	\$149.76	\$155.75	\$161.98	\$168.46
4"	\$290.00	-17%	\$240.00	\$249.60	\$259.58	\$269.96	\$280.76
6"	\$664.00	-28%	\$480.00	\$499.20	\$519.17	\$539.94	\$561.54
Volume Charge (\$/TG)							
0 to 20 TG	\$0.00	new	\$3.56	\$3.70	\$3.85	\$4.00	\$4.16
20.0 to 27.5 TG	\$1.00	256%	\$3.56	\$3.70	\$3.85	\$4.00	\$4.16
27.5 to 35 TG	\$1.40	154%	\$3.56	\$3.70	\$3.85	\$4.00	\$4.16
Above 35 TG	\$2.26	58%	\$3.56	\$3.70	\$3.85	\$4.00	\$4.16

The cost comparison below shows single-family water costs for a home using 8,000 gallons per month. Biola moves from the middle area to the higher-right on the chart. Biola's higher costs are caused by it having a small number of customers, but still having necessary overhead costs associated with a larger water system. This is also true for the sewer system.



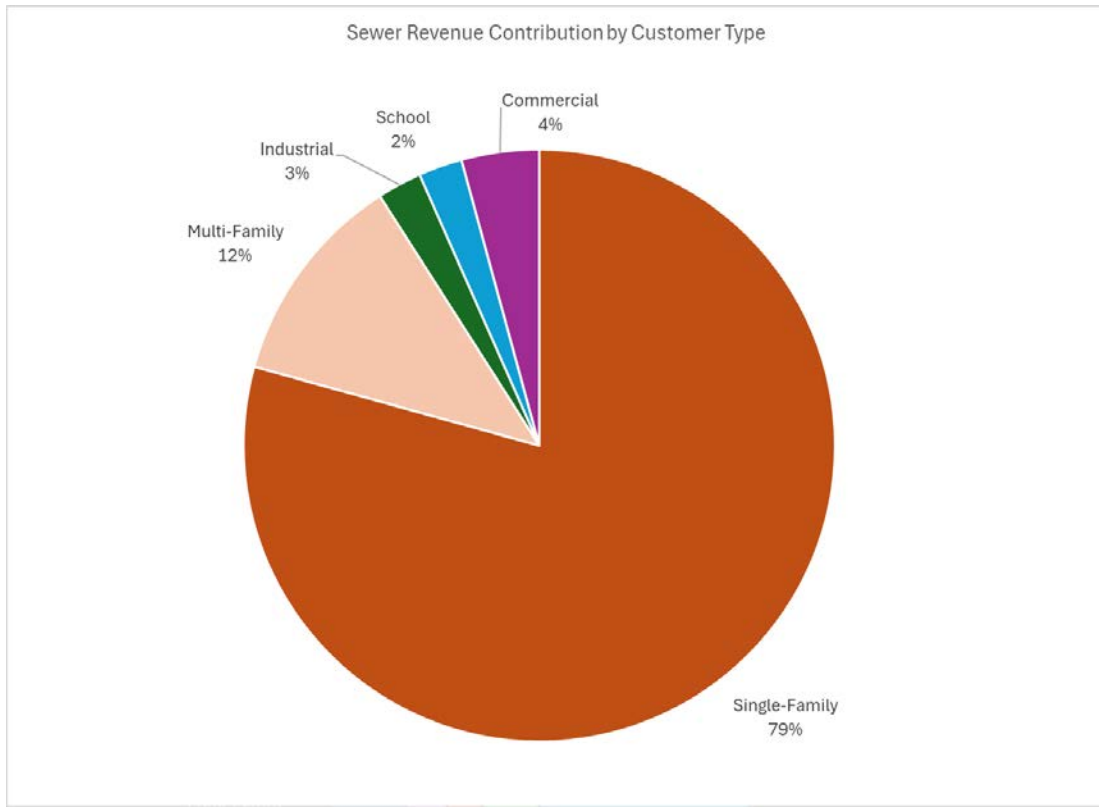
Sewer Enterprise

Existing Sewer Rates

Biola’s existing sewer rates from 2014 are based on a “Base Service Unit,” (BSU) which is the demand and cost to the wastewater system of one average single-family residential dwelling unit. The BSU amount set then, and still in place, is \$43.90. This is the rate single-family homes pay. The same BSU amount was applied to multi-family units on the basis that the number of occupants in a multi-family unit is Biola is likely to be the same as the number of occupants in a single-family home. The premise for setting sewer rates in this way is that the largest customer group on the system is single- and multi-family homes; therefore, it is reasonable to orient demand on the system around this basis. This means that all other customers become a BSU multiplier of single- and multi-family homes, some of which were calculated manually. However, the exception in the 2014 resolution is rates for the following customers were set manually, as in this study.

- Actagro Plant Nutrients, Inc.
- Polycell Packaging, Inc.
- Salwasser, Inc. (Out of business)
- Elementary school
- Biola Village Apartments
- Fresno Housing Apartments

The pie chart below shows sewer revenue by customer type. Whereas industrial customers use 19 percent of billed water, they presently contribute only three percent of sewer revenue. Some, but not all, of this discrepancy is because the largest industrial water user is exporting water out with liquid product, and therefore it is not going into the wastewater collection system. Even so, the discrepancy between the industrials and other customers is reduced in this study.



Water Revenue, Expense, and Fund Balance

Attachment 3 shows historical and projected sewer revenues, expenses, and fund balances. The sewer enterprise had negative cash flow and a negative cash balance beginning FY22/23 (unaudited). The sewer enterprise has no long-term debt; however, increasing costs have depleted available cash in the fund. The primary driver of increasing costs is maintenance and repairs, as with the water enterprise. Over the past four years, the average maintenance and repairs cost has been \$28,000 per year. The projected amount over the five-year planning period is \$50,000 per year to account for the aging system needing greater repairs. The factor for unpaid bills is seven percent of revenue for sewer, the same percentage it is for water. The inflation factors are the same as water, ranging from three percent to five percent.

As a result of the planning inputs, the table shows a needed 60 percent increase for FY24/25 over FY23/24, followed by four percent increases over the next four years. The result over the five years is positive cash flow each year between \$18,000 and \$31,000. At the end of the five-year period, the fund balance recovers from negative \$152,000 to negative \$29,000. (By the sixth year the fund balance would become positive.) Like water, to the extent 1) unpaid utility bills can be

improved, or 2) operating expenses are less, especially maintenance and repair, the fund balance will recover more quickly.

The target revenue from rates in the first planning year as a function of wastewater treated is \$7.419 (\$7.42) per thousand gallons influent into the plant. This is based on the revenue requirement of \$294,000 divided by 39,626 thousand gallons influent as shown at the bottom of Attachment 3. The value of \$7.42 is the basis for sewer rate setting. The data for wastewater metered into the plant are from January through December 2023. The data has been normalized from the meter readings provided to represent flow within each calendar month.

Wastewater Plant Influent Gallons Normalized to Month	
Jan-23	2,387,057
Feb-23	2,420,070
Mar-23	3,174,937
Apr-23	3,049,738
May-23	3,071,311
Jun-23	3,920,361
Jul-23	3,819,181
Aug-23	3,914,070
Sep-23	2,943,996
Oct-23	3,149,900
Nov-23	3,784,481
Dec-23	3,991,305
Total	39,626,408

Sewer Rate Setting

The Sewer Billing Model is shown in Attachment 4. The concept of Base Service Unit (BSU) is retained, but rate setting is more focused on allocation of the wastewater plant’s utilization to all customers in an equitable manner. In this study, one BSU is converted directly to gallons per month and cost per thousand gallons:

$$1 \text{ BSU} = 7,500 \text{ gallons influent per month} = \$7.42 \text{ per thousand gallons}$$

This sets the rate for a single-family home and the rate for one unit in a multi-family dwelling as:
 $\$7.42 \text{ per thousand gallons} \times 7.5 \text{ thousand gallons per month} = \$55.64 \text{ per month per unit}$

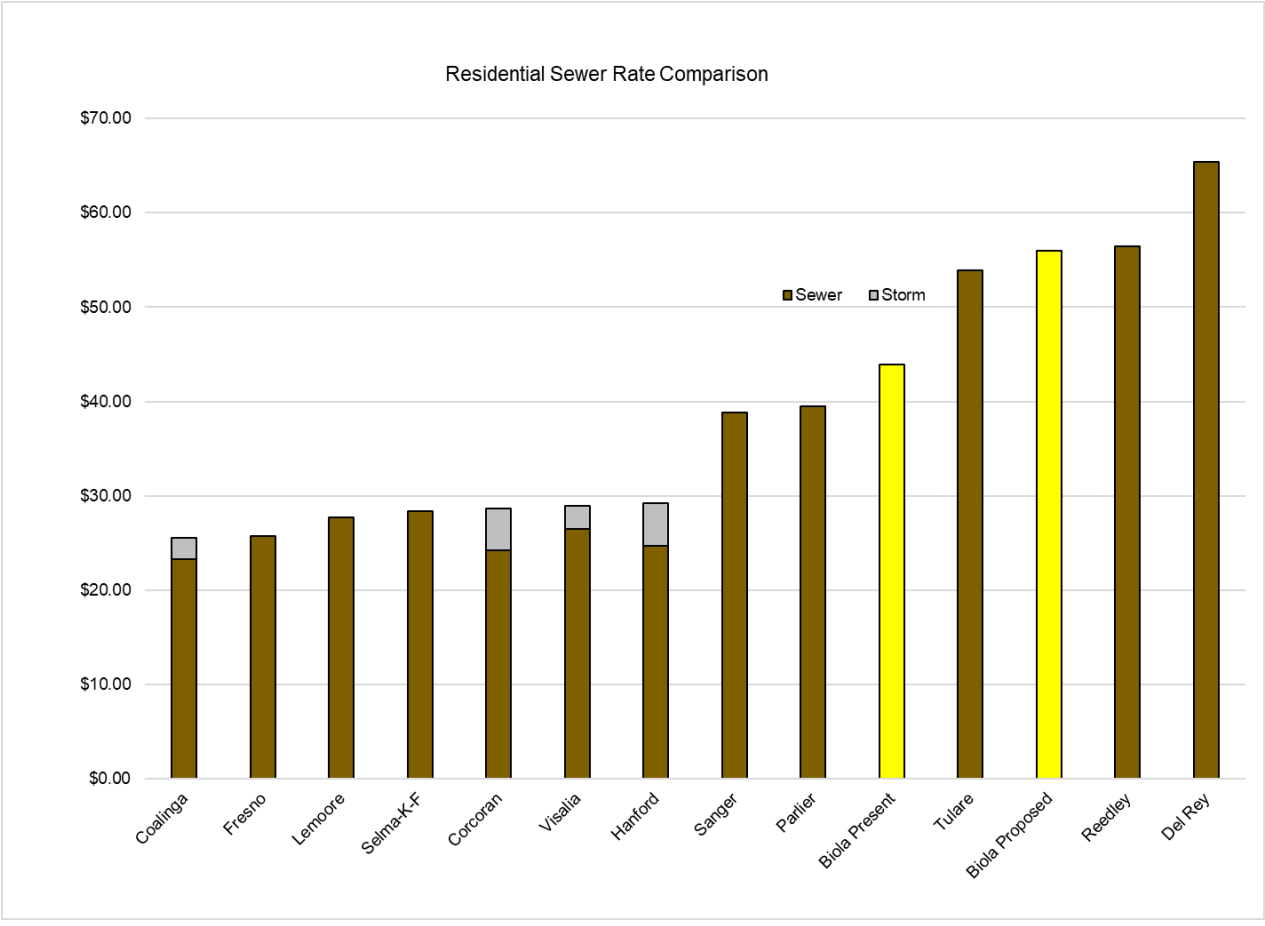
One concern regarding the 7,500 gallons as the BSU volume is that it is relatively high for a single-family home. For example, from the water section of this study, the average single-family volume of water billed during January, February, and March is 6,500 gallons per month. In reality, it would be impossible for single-family customers to discharge more water into the wastewater system (7,500 gallons per month) than the volume being delivered into homes (6,500 gallons per month). However, if the volume of one BSU is decreased, even more cost is shifted unreasonably

to non-residential customers, mainly industrial. The intent of the study is to assign cost of service in the most equitable manner; therefore, 7,500 gallons is used as a compromise. In order to confirm the allocation of volumes between residential/small commercial and the large industrial customer, the wastewater discharge from the industrial plant would need to be measured over a period of weeks. As a side note, the wastewater plant data indicates infiltration of rainwater into the collection system is not a problem in Biola, and the wastewater plant operator reports that the wastewater meter into the plant is calibrated annually.

Beyond residential customers, the Sewer Billing Model in Attachment 4 and Sewer Rates and Charges below also show the application of rates to commercial customers, the elementary school, and the calculation for industrial customers. The calculated billing amounts for the industrials are based on water delivered into each plant, minus an estimate of water exported as product for the largest customer. The rate structure allows for a premium to be charged to industrial customers in the event discharge causes the system average to increase; however, that is not the case presently for any customer. Industrial customers may also request a review of their rate calculation, which would likely mean attempting to meter discharge volumes. The Sewer Billing Model shows the proposed calculated rates for the three industrial customers. The combination of charges to all customers balances the model.

Biola CSD Sewer Rates and Charges							
Customer Group	Current Rates	Proposed Rates					
		7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028	
		Percent Change	Rate	4%	4%	4%	4%
Single-Family	\$43.90	27%	\$55.64	\$57.87	\$60.18	\$62.59	\$65.09
Duplex or two dwelling units on one account	\$87.80	27%	\$111.29	\$115.74	\$120.37	\$125.18	\$130.19
Multi-Family (per dwelling unit)	\$43.90	27%	\$55.64	\$57.87	\$60.18	\$62.59	\$65.09
Commercial Facilities							
Small Commercial with no food service	\$43.90	27%	\$55.64	\$57.87	\$60.18	\$62.59	\$65.09
Small Market	\$43.90	154%	\$111.29	\$115.74	\$120.37	\$125.18	\$130.19
Church	\$87.80	27%	\$111.29	\$115.74	\$120.37	\$125.18	\$130.19
Fire Station	\$87.80	90%	\$166.93	\$173.61	\$180.55	\$187.77	\$195.28
Restaurant with seating	\$87.80	90%	\$166.93	\$173.61	\$180.55	\$187.77	\$195.28
Public Works Facility	\$87.80	90%	\$166.93	\$173.61	\$180.55	\$187.77	\$195.28
Elementary School	\$373.07	49%	\$556.45	\$578.70	\$601.85	\$625.92	\$650.96
Industrial Rate (\$ / Thousand Gallons)	Varied	Varied	\$7.42	\$7.72	\$8.03	\$8.35	\$8.68
Industrial monthly charges shall be based on the calculated volume of discharge from each industrial customer, multiplied by the cost per thousand gallons shown above to process the discharge. In the event industrial discharge is more concentrated in Biochemical Oxygen Demand (BOD) or Total Suspended Solids (TSS), causing the system concentration averages to increase, monthly charges may be increased in proportion to the concentrations.							
Note: The basis for establishing equitable sewer rates is the cost to collect and treat wastewater applied to a customer in proportion to a customer's volumes discharged. At the request of a customer, or if necessary because a rate does not exist, an equitable rate may be calculated by the District Engineer. Calculations shall be available for customer review and all calculated rates other than Industrial Rates must be approved by the Biola CSD Board.							

Biola's single-family sewer rates are near the top of the comparison scale, as shown below. Similar to the water rates, because Biola is a small community and it does not benefit from economies of scale of larger system. The result is that few customers must carry the burden of fixed overhead costs.



Proposition 218-Compliant Rate Increase Notice

See Attachment 5 for the Proposition 218-compliant rate increase notice mailed out to customers by District staff on April 24, 2024. A spanish version was also included in the mailings.

Conclusion and Combined Utility Rate Increases

After ten years of being held constant, Biola’s water and sewer rates must be increased. Both the water and sewer enterprise funds have had negative cash flow the past two years, and the District’s cash balance, presently in the \$300,000 range, will soon be exhausted without rate increases. The proposed rate increases in this study are set to provide revenue to cover expenses each year, and also to rebuild District cash available over the five-year rate setting period. Beyond the rate increases, District staff can help cash flow by improving water metering and billing to reduce the amount of unbilled water, and can help by taking steps to encourage customers to pay their bills to reduce the amount of unpaid bills each month.

ATTACHMENT 1: Water Revenue, Expense, and Projected Fund Balance

BIOLA WATER ENTERPRISE FUND											
Historical and Projected Revenues and Expenses											
	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	Inflation Factors
	Audited	Audited	Audited	Unaudited	Projected	Projected	Projected	Projected	Projected	Projected	
Revenues:											
Revenue from Rates	224,118	\$204,878	\$216,305	\$204,000	\$204,000	\$306,000	\$318,000	\$331,000	\$344,000	\$358,000	→
Operating Grant	-	-	27,723	-	-	-	-	-	-	-	
Unpaid Bills / Bad Debt based on 7%	-	-	(27,723)	(14,280)	(14,280)	(21,420)	(22,260)	(23,170)	(24,080)	(25,060)	
Total Operating Revenue	\$224,118	\$204,878	\$216,305	\$189,720	\$189,720	\$284,580	\$295,740	\$307,830	\$319,920	\$332,940	
Operation & Maintenance Expenses:											
Personnel	42,122	34,442	37,432	45,367	47,600	50,000	52,500	55,100	57,900	60,800	5.0%
Contract services	30,968	31,600	30,336	31,261	32,200	33,200	34,200	35,200	36,300	37,400	3.0%
License and fees	5,878	7,000	9,650	19,143	19,700	20,300	20,900	21,500	22,100	22,800	3.0%
Sustainable Ground Water Act	-	-	-	4,000	4,000	8,200	8,900	9,700	10,400	11,200	
Maintenance and repairs	15,733	17,316	57,972	34,030	140,000	70,000	70,000	70,000	70,000	70,000	
Professional services	24,178	15,063	25,340	31,637	32,600	33,600	34,600	35,600	36,700	37,800	3.0%
Telephone and communications	3,454	3,326	3,535	5,706	5,900	6,100	6,300	6,500	6,700	6,900	3.0%
Insurance	5,329	7,121	7,764	9,242	9,500	9,800	10,100	10,400	10,700	11,000	3.0%
Office expense	2,442	1,117	936	697	720	740	760	780	800	820	3.0%
Supplies and tools	1,525	-	188	254	260	270	280	290	300	310	3.0%
Utilities	28,014	30,663	21,353	17,964	18,900	19,800	20,800	21,800	22,900	24,000	5.0%
Memberships and publications	697	925	1,672	2,309	2,400	2,500	2,600	2,700	2,800	2,900	3.0%
Total Operating Expenses	\$160,340	\$148,573	\$196,178	\$201,610	\$313,780	\$254,510	\$261,940	\$269,570	\$277,600	\$285,930	
Nonoperating Adjustments											
DWR Loan	(8,850)	(8,850)	(8,850)	(8,850)	(8,850)	(8,850)	(8,850)	-	-	-	
Interest (net)	9,666	2,574	4,756	4,524	5,000	5,000	5,000	5,000	5,000	5,000	
Total	\$816	(\$6,276)	(\$4,094)	(\$4,326)	(\$3,850)	(\$3,850)	(\$3,850)	\$5,000	\$5,000	\$5,000	
Total Gain (Loss)	\$64,594	\$50,029	\$16,033	(\$16,216)	(\$127,910)	\$26,220	\$29,950	\$43,260	\$47,320	\$52,010	
Fund Balance: Cash and Investments	\$755,430	\$688,544	\$718,769	\$262,769	\$134,859	\$161,079	\$191,029	\$234,289	\$281,609	\$333,619	
Notes:											
Excludes depreciation											

ATTACHMENT 2: Water Rate Setting Model

Biola Water Rate Setting Model: Fixed vs Volumetric Rates												
Determination of Fixed Monthly and Volumetric Rates						Changes						
Present Fixed and Volume Revenue			Resultant Volumetric Revenue			Combined Total			% Fixed			
Fixed Monthly	Billed Volumes* (TG)	Current Vol \$	Current Total	Adjusted Fixed Monthly	Volume Rate	Resultant Volumetric Revenue	Combined Total	Combined Percent Increase	per month	per year	per year	Variation
Single-Family	33,747	\$6,674	\$123,842	\$72,240	\$3.56	\$120,139	\$192,379	55.3%	\$4,460.00	\$53,520	\$53,520	
Other	26,454	\$55,192	\$77,620	\$19,584	\$3.56	\$94,177	\$113,761	46.6%	\$1,560.00	\$18,720	\$18,720	
Total	60,201	\$61,866	\$201,462	\$91,824		\$214,316	\$306,140		\$0.00	\$0	\$19,584	0.0%
Fixed Monthly Calculation												
Class	Present Rates	# Accts	\$/mo	per year	per year	Actual Multipliers	AWWA Multipliers 1"	per month rate 1" set at \$20	New Fixed	per month	per year	per year
3/4	\$33.00	223	\$7,359	\$88,308	\$88,308	0.89	1.00	\$16	\$20	\$4,460.00	\$53,520	\$53,520
1	\$37.00	65	\$2,405	\$28,860	\$117,168	1.00	2.00	\$20	\$24	\$1,560.00	\$18,720	\$72,240
1.5	\$44.00	5	\$220	\$2,640	\$2,640	1.19	3.20	\$40	\$48	\$240.00	\$2,880	\$2,880
2	\$73.00	0	\$0	\$0	\$0	1.97	6.00	\$64	\$77	\$0.00	\$0	\$0
3	\$163.00	3	\$489	\$5,868	\$5,868	4.41	10.00	\$120	\$144	\$432.00	\$5,184	\$5,184
4	\$290.00	4	\$1,160	\$13,920	\$13,920	7.84	20.00	\$200	\$240	\$960.00	\$11,520	\$11,520
6	\$664.00	0	\$0	\$0	\$0	17.95		\$400	\$480	\$0.00	\$0	\$19,584
		300	\$11,633	\$139,596	\$139,596					\$7,652.00	\$91,824	\$91,824
* The billed volumes above have been reduced by the amount of the extra month billed, April 2023. The calculation of the adjustment is below.												
		63,894	As totaled from billing data for 2023									
		60,201	Adjusted for extra month of volume billed April 2023									
	As billed	0.94	Adjustment factor									
	35,817	33,747	New SF lower by adjustment factor									
	28,077	26,454	New Other lower by adjustment factor									
		60,201	New, lower, total									

ATTACHMENT 4: Sewer Billing Model

Biola Sewer Billing Model									
Acct#	Customer	BSU Count	TG/Mo	TG/Yr	\$/Yr	\$/Mo	\$/Cust/Mo	Notes	
		<i>e</i>	<i>f = e * d</i>	<i>g = f * 12</i>	<i>h = d * c</i>	<i>i = h / 12</i>	<i>Rate</i>		
	Revenue Requirement		\$294,000	<i>a</i>					
	Thousand Gallons / Year Influent to Plant		39,626	<i>b</i>					
	Revenue required per Thousand Gallons Influent to Plant		\$7.42	<i>c = a/b</i>					
	Thousand Gallons / Month / Base Service Unit (BSU)		7.5	<i>d</i>					
	SINGLE FAMILY TOTAL COUNT	280	2,100	25,200	\$186,966	\$15,581			
0263	BIOLA VILLAGE APARTMENTS	44	330	3,960	\$29,380	\$2,448	\$55.64		
0001	F H A BIOLA APTS 211819	12	90	1,080	\$8,013	\$668			
0045	CENTRAL UNIFIED SCHOOL DIST (200 students)	10	75	900	\$6,677	\$556	\$2.78	per student	
0141	LORENZO JIMENEZ & GREGORIA DOMINGUEZ DE JIMEN	2	15	180	\$1,335	\$111		2 homes	
0114	BIOLA CONGREGATIONAL CHURCH / House	1	8	90	\$668	\$56			
0115	BIOLA CONGREGATIONAL CHURCH / Church	2	15	180	\$1,335	\$111	\$111.29		
0154	US POSTAL SERVICE	1	8	90	\$668	\$56			
0153	CHARLES CARDOSO/POSTAL OFFICE	1	8	90	\$668	\$56			
0064	LEOPOLDO CHAVEZ	3	23	270	\$2,003	\$167		Church + House	
0203	STAKE CLUB	3	23	270	\$2,003	\$167		Club + House	
0235	NORTH CENTRAL FIRE DIST (based on non peaking months)	3	23	270	\$2,003	\$167	\$166.93		
0099	CIPRIANO DE JESUS	2	15	180	\$1,335	\$111		2 homes	
0005	KULWANT DEOL- SHAW MARKET	2	15	180	\$1,335	\$111			
0180	BIOLA FRESH	1	8	90	\$668	\$56			
0179	BIOLA FRESH	1	8	90	\$668	\$56			
0206	BEST MARKET	2	15	180	\$1,335	\$111	\$111.29		
0217	POLYCELL PACKAGING CORP	12	90	1,080	\$8,013	\$668	\$667.74		
0245	NUTRI AG USA LTD (Average monthly)	4	30	360	\$2,671	\$223	\$222.58		
0220	ACTAGRO LLC (BIOLA CA)	54	407	4,886	\$36,254	\$3,021	\$3,021.14		
	Totals	440	3,302	39,626	\$294,000	\$24,500			
		s/b 0	0	0	0	0			
			3,302	39,626	\$294,000	\$294,000			
			0	0	0	0			

ATTACHMENT 5: Proposition 218-Compliant Rate Increase Notice



BIOLA COMMUNITY SERVICES DISTRICT

NOTICE OF PUBLIC HEARING Regarding Proposed Water and Sewer Rate Increases

Notice is hereby given that the Board of Directors of Biola Community Services District ("District") is considering a water rate and sewer rate increase. The public hearing will take place:

Date: Thursday, June 20, 2024
Time: 6:00 pm
Location: Biola Community Center, 4925 N. Seventh Street, Biola, CA

You are receiving this Notice because our records indicate that you are a water customer and/or an owner of property within the District. This Notice describes the proposed increase and explains how you can participate in the rate setting process.

This Notice is being furnished to you by the District pursuant to the California Constitution, Article XIII D (also known as "Proposition 218"), which requires that the District notify property owners of proposed increases to property-related fees, such as fees for water and sewer. This serves as notice that the Board will conduct a public hearing to consider recommended increases in the amounts set forth below and in the attachments to its water and sewer rates. At the hearing, the Board will hear and consider objections and protests to the proposed increases described in this Notice. Following the public hearing, the Board will consider the water rate and sewer rate increase.

Rate Study Report: A Rate Study Report ("Report") by IGService, dated April 24, 2024, describes the details of the water and sewer rate changes and the method used to calculate the rate changes, and the contents were presented to the Board on April 18, 2024. The Report includes the research, reasoning, and analysis behind the proposed adjustments. The Report is incorporated into this Notice by reference and will be addressed at the Public Hearing. The Report is available at the District's office at 4925 N. Seventh Street, Biola, California, and on the District's internet website at: www.biolacsd.org.

Amount of Proposed Modified Rates: The details of existing and proposed rates are included in this Notice. A general explanation and examples of rate changes are shown below.

For all customers, all metered water volumes are proposed to be billed based on volume, whereas presently the first 20,000 gallons per month is included with the fixed monthly cost. Further, the existing tiered rates are proposed to be terminated and replaced by a single volume rate for all volumes metered. The result of these changes is more equitable cost allocation for all customers. After the initial resetting of rates for the first year, all water and sewer rates will increase four percent per year during the second through fifth years to follow projected increasing expenses pursuant to the Study.

Single-Family Homes: For a typical home currently paying \$33.00 per month, the water cost will increase 71 percent to an average of \$56.49 per month in the first year. The sewer rate will increase from \$43.90 per month by 27 percent to \$55.64 per month in the first year.

Commercial and Industrial Water: All water volumes are proposed to bill at the same volume rate. The increase ranges from 256 percent in the first tier, to 154 percent in the second tier, to 58 percent in the third tier, as shown in detail in the attached water rate schedule.

Commercial and Industrial Sewer: Commercial sewer rates are increased in proportion to residential sewer; however, the application of sewer rates has been updated appropriate to the service type, as shown in the attached sewer rate schedule. Industrial sewer rates will be calculated individually based on estimated discharge from individual customers into the District's wastewater system.

Reasons for the Needed Increases: The District last increased water and sewer rates in 2014. The

primary reasons for the needed increases are 1) ongoing inflationary cost increases, 2) increasing cost of repairs from aging infrastructure, and 3) the need to replenish depleted fund balances. Please know that the proposed rates are set only high enough for the District to provide safe and reliable service. Specifically, the proposed rates do not exceed the proportional cost of providing each service. If you are a resident unable to afford your monthly utility bill, please contact the District office for resources such as low-income rate assistance.

Details of the rate changes can be found in the Report.

How to Submit a Protest: Protests may be submitted by the record owner of an affected parcel, or a tenant who is a customer-of-record of the parcel and subject to the proposed rates, but only one protest per parcel will be counted. Written protests must contain a clear statement that it is a protest against the proposed increases, identify which utility (i.e. water and/or sewer) increase is protested, and it must include the name of the owner or customer of record, a description of the parcel or parcels (Assessor's Parcel Number or street address) and an original signature of the owner or customer of record. Written protests regarding the proposed rate changes may be mailed or personally delivered to the District Office at: Biola Community Services District, 4925 N. Seventh Street, Biola, CA 93806. To be valid, a protest must be in writing and received at the District Office no later than 4 P.M. on the date of the hearing or, if presented at the hearing itself, before the close of the public hearing on June 20, 2024. Fax, e-mail, or copies of protests are not acceptable and will not be counted.

Procedure for Hearing and Determining a Majority Protest: Members of the public are welcome to attend the public hearing regarding the proposed rate changes and will have an opportunity to speak and give testimony; however, only written protests as described below count toward a majority protest. The Board will hear and consider all objections and protests, if any, to the proposed increases and other matters described in the Report. The Board may continue the hearing from time to time. At the close of the hearing, if written protests against the proposed increases are presented and not withdrawn by a majority of the record owners (or customers-of-record) of the parcels which would be subject to the increases, the District may not impose the increased rates; instead, rates would continue at their existing levels. If, at the close of the protest hearing, there is no majority protest as described above, the Board may approve the increases, as proposed, to be effective July 1, 2024.

Legal Challenges: If the Board adopts the proposed rates, you are hereby notified, pursuant to Government Code, section 53759, that any judicial action or proceeding to attack, review, set aside, void, validate, or annul the Board's adoption of the proposed rates must be commenced within 120 days of the effective date or of the date of the final passage, adoption, or approval of the resolution adopting the rates.

Additional Information: Please direct questions about the proposed rates to the District Office at 559-843-2657.

Proposed water rates are shown in the table below. The total water service monthly charge includes the Fixed Charge plus the Volumetric Charge multiplied by the quantity of water used.

Biola CSD Water Rates and Charges							
	Current Rates	Proposed Rates					
		7/1/2024		7/1/2025	7/1/2026	7/1/2027	7/1/2028
		Percent Change	New Rate	4%	4%	4%	4%
Fixed Charge (\$/Mo)							
3/4" meter size	\$33.00	-39%	\$20.00	\$20.80	\$21.63	\$22.50	\$23.40
1"	\$37.00	-35%	\$24.00	\$24.96	\$25.96	\$27.00	\$28.08
1.5"	\$44.00	9%	\$48.00	\$49.92	\$51.92	\$54.00	\$56.16
2"	\$73.00	5%	\$77.00	\$80.08	\$83.28	\$86.61	\$90.07
3"	\$163.00	-12%	\$144.00	\$149.76	\$155.75	\$161.98	\$168.46
4"	\$290.00	-17%	\$240.00	\$249.60	\$259.58	\$269.96	\$280.76
6"	\$664.00	-28%	\$480.00	\$499.20	\$519.17	\$539.94	\$561.54
Volume Charge (\$/TG)							
0 to 20 TG	\$0.00	new	\$3.56	\$3.70	\$3.85	\$4.00	\$4.16
20.0 to 27.5 TG	\$1.00	256%	\$3.56	\$3.70	\$3.85	\$4.00	\$4.16
27.5 to 35 TG	\$1.40	154%	\$3.56	\$3.70	\$3.85	\$4.00	\$4.16
Above 35 TG	\$2.26	58%	\$3.56	\$3.70	\$3.85	\$4.00	\$4.16

Proposed sewer rates are shown in the table below. For industrial customers, the monthly billing amount must be manually calculated based on flow and concentration of discharge.

Biola CSD Sewer Rates and Charges							
Customer Group	Current Rates	Proposed Rates					
		7/1/2024		7/1/2025	7/1/2026	7/1/2027	7/1/2028
		Percent Change	Rate	4%	4%	4%	4%
Single-Family	\$13.90	27%	\$55.61	\$57.87	\$60.18	\$62.59	\$65.09
Duplex or two dwelling units on one account	\$87.80	27%	\$111.29	\$115.74	\$120.37	\$125.18	\$130.19
Multi Family (per dwelling unit)	\$43.90	27%	\$55.64	\$57.87	\$60.18	\$62.59	\$65.09
Commercial Facilities:							
Small Commercial with no food service	\$13.90	27%	\$55.61	\$57.87	\$60.18	\$62.59	\$65.09
Small Market	\$43.90	154%	\$111.29	\$115.74	\$120.37	\$125.18	\$130.19
Church	\$87.80	27%	\$111.29	\$115.74	\$120.37	\$125.18	\$130.19
Fire Station	\$87.80	90%	\$166.93	\$173.61	\$180.55	\$187.77	\$195.28
Restaurant with seating	\$87.80	90%	\$166.93	\$173.61	\$180.55	\$187.77	\$195.28
Public Works Facility	\$87.80	90%	\$166.93	\$173.61	\$180.55	\$187.77	\$195.28
Elementary School	\$173.07	49%	\$556.45	\$578.70	\$601.85	\$625.92	\$650.96
Industrial Rate (\$ / Thousand Gallons)	Varied	Varied	\$7.42	\$7.72	\$8.03	\$8.35	\$8.68
Industrial monthly charges shall be based on the calculated volume of discharge from each industrial customer, multiplied by the cost per thousand gallons shown above to process the discharge. In the event industrial discharge is more concentrated in Biochemical Oxygen Demand (BOD) or Total Suspended Solids (TSS), causing the system concentration average to increase, monthly charges may be increased in proportion to the concentrations.							
Note: The basis for establishing equitable sewer rates is the cost to collect and treat wastewater applied to a customer in proportion to a customer's volume discharged. At the request of a customer, or if necessary because a rate does not exist, an equitable rate may be calculated by the District engineer. Calculations shall be available for customer review and all calculated rates other than Industrial Rates must be approved by the Biola CSD Board.							