



BOARD OF DIRECTORS
Connie S. Griffin
Leslie Brister
Steven C. Farrell
Robert Kinzel
Kenneth L. Stone

GENERAL MANAGER
Alan E. Clanin

To: Board of Directors
From: Alan E. Clanin, General Manager
Date: October 18, 2019
Subject: Proposed Rate Study and Increase

Crestline-Lake Arrowhead Water Agency has proposed an increase of water rates for all Water Purveyors effective January 01, 2020. The District will incur an additional cost of \$4,855 per month beginning in February. The rate increase after the first five years is \$181,000 annually or 46.5% over what is currently paid for imported water.

Effective January 01, 2017 Crestline Village Water District adopted an \$8.00 per month increase to the Monthly Minimum Charge. This was a \$96 per year increase for each active water service intended to generate the necessary revenues to eliminate the Net Operating Loss before Depreciation.

In order to cover the rising expenses of imported water, maintenance and future capital improvement obligations, the District must consider a rate adjustment.

During the process of preparing a proposal for a water rate increase, we will review several areas. These areas include an analysis of water consumption use patterns of the water users and a review of the Operating Income/(Losses) of the District.

The District should review its water rates annually and establish a long-term plan to build the necessary reserves for required capital improvements.

Recommendation:

An Ad Hoc Committee be appointed by the President of the Board of Directors to consider a Water Rate Increase.

Providing our community with a reliable water system that delivers high quality water for its health and safety needs.