

Apple Valley Foothill County Water District

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May 23, 2023

Subject: Water Rate Evaluation:

The water district applied for and was accepted for a low interest loan to help pay for the large costs of updating our aging water system which was established in the 1950's. The loan helped pay for two 155,000-gallon water storage tanks, rehabilitation of our original 75,000 water storage tank, booster pump and motor back-up, an updated and larger bladder tank to help maintain water pressure during unexpected shutdown, and upgraded electrical panel. In 2019, as you may remember we had a catastrophic pump failure on well #1, which cost over \$50,000 to repair. Well #1 is our original water well and is at its expected useful life. As a result, the District will need to drill a new water well (**Well #3**) to meet our current and future needs is in the works! Apple Valley Foothill is doing its best to meet the financial obligations without water rate increases, but further failure of components to the water system and ever-increasing state regulations and operating expenses may require a water tier restructure and increase in the district rates and fees.

Our last water rate study took place in 2018 and implemented in 2020. AVFCWD has requested through The Division of Financial Assistance (DFA) for a update water rate study.

Regards,

Daniel B. Smith
General Manager
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