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Telephone: (909) 338-1727

NOTICE OF PUBLIC HEARING FOR PROPOSED WATER RATE INCREASE

Article XIII D of the California Constitution requires the Crestline Village Water District (CVWD) to send notification of a proposed rate increase at least forty-five (45) days prior to a public hearing, to all owners and tenants of real property within CVWD's service area who would be directly liable to pay for water service for the property at which adoption of the proposed increase will be considered. In accordance with those requirements, please be advised that CVWD is proposing an increase in its water service charges. This Notice identifies the amount of the proposed rate increase; the basis upon which the proposed increase was calculated; the reason for the proposed rate increase; the date, time, and location of a public hearing on the proposed rate increases; and the manner in which all persons opposed to the proposed rate increases may object and/or file a written protest thereto. Consequently, please be advised that this document shall serve as a formal notification to you that the CVWD's Board of Directors will hold a Public Hearing on the proposed rate increases described herein on January 19, 2027 at 3:00 p.m. in the CVWD Board Room located at 777 Cottonwood Drive, Crestline, CA 92325.

SUMMARY OF FINDINGS

Crestline Village Water District (CVWD) produces, treats and delivers potable (drinking) water to the properties within its service area. Despite our best efforts to keep costs down, CVWD's operational expenses are tied to factors beyond our control.

Since its last rate study, CVWD has experienced higher than anticipated increases in costs, creating projected operating deficits based on the proposed fiscal year 2026-27 budget and anticipated cost increases for the foreseeable future. Based on unaudited financial data for fiscal year 2025-26, CVWD had an operating deficit of approximately $600,000. Without implementing a rate increase, this deficit and projected future deficits will require CVWD to use its reserves to maintain its operations until reserves are depleted. These reserves are set aside for future emergencies and droughts and for funding capital improvement projects. The depletion of these reserves would prevent CVWD from funding vital infrastructure maintenance and improvement projects and would be in a position where it would not react to emergencies or droughts.

The proposed rates outlined in this notice are designed to collect the revenues needed to cover our basic operating expenses and costs related to CVWD's capital improvement projects anticipated during the period of the rate study.

CVWD's proposed water rate increase is consistent with the rate study prepared for the Board of Directors. The study took into account fixed costs versus variable costs, projected increases to costs, and future capital improvement projects. Based upon all of the factors, elements and calculations considered in that study, a rate increase in the amount set forth herein was recommended. Copies of the rate study may be viewed on CVWD's website www.crestlinevillagewaterca.gov or at the administrative office. As a public agency CVWD receives no profit from its water rates and is obligated to charge its customers no more than the actual cost incurred for furnishing the services that CVWD provides.

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

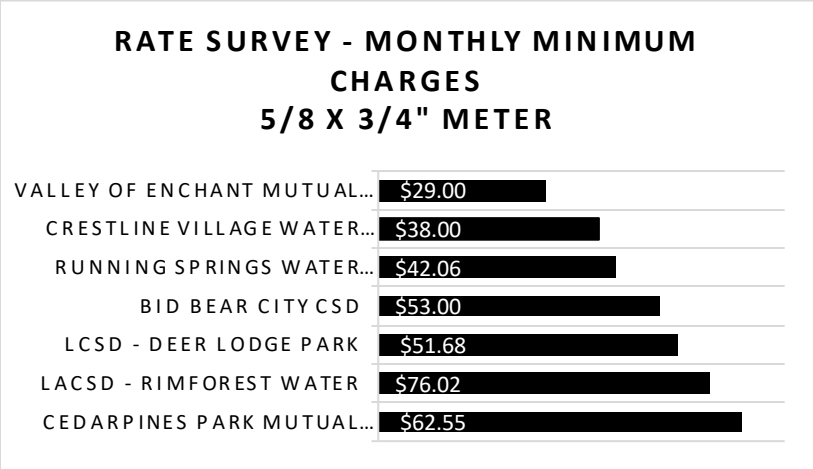
**Monthly Minimum (Readiness-to-Serve) Charge After Five-Year Period*

Meter Size	Current Monthly Minimum (Readiness-to-Serve) Charge	Effective February 1, 2027	Effective January 1, 2028	Effective January 1, 2029	Effective January 1, 2030	Effective January 1, 2031	% of Total Water Services
5/8 x 3/4"	$35.50	$40.83	$44.50	$48.50	$52.87	$57.63	95.86%
3/4"	$36.50	$41.98	$45.75	$49.87	$54.36	$59.25	1.27%
1"	$39.75	$45.71	$49.83	$54.31	$59.20	$64.53	0.62%
1" Residential Fire Service	$41.50	$47.73	$52.02	$56.70	$61.81	$67.37	1.57%
2"	$46.50	$53.48	$58.29	$63.53	$69.25	$75.48	0.52%
3"	$52.50	$60.38	$65.81	$71.73	$78.19	$85.22	0.14%
4"	$73.50	$84.53	$92.13	$100.42	$109.46	$119.31	0.02%

The District proposes to adopt a five-year adjustment to the Monthly Minimum (Readiness-to-Serve) Charge for all meter sizes. The first increase will become effective February 1, 2027. The remaining increases will become effective January 1, 2028, January 1, 2029, January 1, 2030, and January 1, 2031, as reflected in the proposed rate schedule.

The Basic Allocation Rate will increase to $5.87 per hundred cubic foot (CF) of water for the 0-1300 CF in the first year, followed by annual adjustments to $6.40, $6.98, $7.61, and $8.29 per hundred Cf over the remaining four years. Consequently, the Excess Consumption Rate becomes $8.80 per hundred CF of water for the 1301 CF or greater in the first year, followed by annual adjustments to $9.59, $10.45, $11.39, and $12.42 per hundred CF over the remaining four years.

The proposed adjustments are intended to support the District's ongoing operational, maintenance, and infrastructure needs while ensuring the continued delivery of reliable water service to its customers.



HOW TO PARTICIPATE

If **you have any questions or comments about the proposed rates or wish to protest you may:**

Write - Written protests may be mailed to Crestline Village Water District, Attention: Secretary of the Board, P.O. Box 3347, Crestline, CA 92325-3347; or hand delivered to the administrative office at 777 Cottonwood Drive, Crestline, CA 92325. Written protests must include date, your name, service address, and signature. Emailed or Faxed protests will not be accepted.

Attend the Public Hearing - Written protests may also be submitted at the Public Hearing on January 19, 2027 at 3:00 p.m. in the Crestline Village Water District Board Room, 777 Cottonwood Drive, Crestline, CA 92325. Written protests must be received before the conclusion of the Public Hearing. You may address the Board; however, oral comments do not qualify as a formal protest unless accompanied by a written protest.

Information available to you - Copies of the rate study and further details concerning the reasons for the proposed rate increases and the basis upon which they were calculated are available for review at the CVWD office at 777 Cottonwood Drive, Crestline, CA 92325, or on our website at www.crestlinevillagewaterca.gov.

Public Hearing Process - At the time of the Public Hearing, the Board of Directors will hear and consider any protests and objections. After the Public Hearing, if a majority of the property owners and tenants of real property directly liable for paying the water fees for the affected parcels file written protests in opposition to the proposed rate increases, the increases will not be imposed. However, if a majority protest is not received, CVWD's Board of Directors may increase its water rates in the manner described in the Notice. If adopted, the proposed rates would become effective February 1, 2027.