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President's Message – Why We Must Raise Our Rates
Charles Eley, June 9, 2026

This President's Message is a little longer than usual, but there is a lot of information to share. I have heard from a few of you about the high water bills we all received for May. As explained in early March, the Board has had to raise the rates to cover significant increases in expenses. Without a rate increase, we risk running out of money and being unable to pay our bills. Since January 2025 (the last 18 months), our bank account has declined from about $74,000 to approximately $27,000. In 2025, expenses exceeded revenue by $42,000. During March and April of this year, our losses were another $13,500.

In February, the Board adopted a lean $128,000 budget for 2026 (see attachment) and increased water charges to members by about 20% to pay for the increased expenses. This budget does not include money for water hauling since this is recovered through a supplemental charge. In addition to water hauling, we must raise just under $11,000 each month in revenues to break even. The new rates took effect in May and you are seeing the impact on your June bill. Bodega is a small community and these costs have to be shared among only 37 active members.

As you know, BWC Board members serve as unpaid volunteers. All of us are putting in a lot of time. When there is a leak, Board members are literally in the field with their shovels. Personally, I volunteer at least eight hours a week on BWC business. I have also personally covered a lot of the direct expenses including development and implementation of our website, a portion of our legal fees, our on-line Airtable relational database and more. I'm not complaining and certainly not trying to set a precedent or expectations for future presidents. The point is we have a lean operation with a lot of volunteers and we are still struggling.

It is important to understand that each of you with a BWC service connection are owners of the company. Each of you own 1/37th of the company. It was set up this way in 1981 when Tom Taylor and Dave Heiman made the BWC a mutual benefit corporation. We all depend on the BWC for water. If the company fails, we are all in a lot of trouble. Water is essential to life. Unless we raise enough money through water charges to cover our expenses, failure is a real possibility.

So, what are we doing about it? We don't have any extra money so we have been relying on technical assistance from the State, through their contractor, GHD Engineering out of Santa Rosa. We meet with GHD and staff of the Water Boards each month to consider options.

Our main problem is well #5 (see details below). In 2025, it cost us $43,300 or more than one third of our expense budget. But this does not include the cost of water hauling since it is now a pass-through to members. When water hauling is included, the 2025 cost is $69,300. This is a staggering number, almost $2,000 per member of the BWC.

The obvious path forward is to find a reliable and bountiful new source of water to replace well #5 and one that is not under surface influence, so we can avoid the requirements for special treatment, additional testing, special equipment, and access fees.

Our first attempt was to drill a test well at the Creamery at a site identified by the GHD hydrogeologists as being a possibility. The State through GHD paid for the test well. Prior to drilling, the BWC negotiated a memorandum of understanding with the owners at the Creamery that gave the BWC an option to purchase the well and water rights in the event that the well was productive. The test well was drilled to a depth of 320 feet. While the well would have likely been productive for domestic use, it did not meet the standards for a public water system. These standards require that the first 50 feet be sealed off and water taken only at a depth greater than 50 feet. Below 50 feet, the drillers encountered solid rock, the Franciscan formation. The Creamery well was abandoned and we are now working with the state to evaluate other options, including other sites for deep wells and possible consolidation with neighboring water companies. We will provide you with more detail in the future as these options are evaluated.

Water is life. Until we can find another source to supplement or replace well #5, the critical task before us is to keep the water flowing to the 45+ residences, seven businesses, the post office, fire station and McCaughy Hall. This is our community; it is our mission and responsibility to provide all of us with safe and dependable water. We are trying, but it is a tough job. We invite everyone in the community, including property owners as well as tenants, to join us in this mission. We meet on Zoom the third Monday of each month.

For those of you wanting more detail of our financial challenges, please read below:

- Our expenses for water testing have skyrocketed. In 2024, we paid an average of $537/month. In 2025, it was $1,050/month. So far in 2026, our cost has been $2,162/month. I'm told by Weeks Drilling, our treatment operator, that these increases are due to additional requirements by the Water Boards and possibly US EPA. We doubled our annual budget for water testing in 2026 to $14,500 per year, but in the first four months, we have already been billed $10,800 or 74% of the total for the year. Many of the tests are required because well #5 is surface water.
- Well #5 is much of the problem, and we are trying to reduce our reliance on this troubling source of water. Additional water treatment is needed since this well is under surface influence and this is certainly part of the reason for the high testing costs. But in addition, we must: (1) clean the long pipeline between the well and the treatment plant, (2) refurbish the slow sand filter, (3) pay an access fee to the landowner, (4) suffer shortages during power outages, and (5) perform additional water quality tests. In 2025, I estimate that we spent $24,000 for maintenance and repairs, $13,300 for access, and an additional $6,000 for water testing. The total cost was $43,300 or about $38 per 1,000 gallons produced. Before the rate increase, we were only charging $34 per 1,000 gallons in Tier 1. In spite of these expenditures, production was erratic resulting in the need to haul in potable water from Sebastopol.
- Each time we bring in a truck of water, the cost is $375. They bring in 3,300 gallons so the cost is $114 per 1,000 gallons. Remember, we were only charging $34 per 1,000 gallons. Our water hauling cost for 2025 was $26,000. The previous year (2024), it was only $4,000. So far in 2026, the cost has been almost $7,000 and the bills keep coming in. When we became aware of these high costs last year, we began adding a special assessment to each member's monthly bill to recover these costs, however this policy did not begin until mid-year 2025. About $16,000 of the

cost occurred before the special assessment policy was implemented. Water hauling costs are prorated to each member in proportion to water consumption for the month.

- Water consumption by BWC members is extremely low. In 2024, monthly average consumption for all members was 112,000 gallons. In 2025, it was even lower at 104,000 gallons per month. I estimate that 13% of BWC water consumption is for community businesses, the fire station, the post office and McCaughy Hall. The remaining 87% serves about 45 dwelling units; the average monthly consumption is about 2,000 gallons per month per dwelling unit or 67 gallons per day, considerably lower than the statewide average. However, reduced consumption does not translate to lower costs.
- Virtually all of our expenses are fixed and do not vary with the amount of water consumed or sold. Compliance requirements are similar to larger water companies like Sebastopol or even Santa Rosa. See the President's Message (attached), titled "We are a Public Water System", which makes the point that the BWC is on the wrong end of the economies-of-scale curve.
- Water consumption is low because more than half of our members have rainwater collection systems. A few members have seasonal storage and use virtually no BWC water. Other members use rainwater solely for irrigation. Yet, a backflow preventer meeting state standards is required for all rainwater systems even if they are isolated from our public water system. The BWC pays to have these systems inspected each year and members bear the cost of maintaining the systems.

2026 Budget

Contingency	**5,000**
Dues and Subscriptions	**3,312**
AirTable	240
California Rural Water Association	300
CalMutual	350
Quickbooks	200
SiteGround	30
XiO	2,192
Insurance	**3,800**
Miscellaneous	**1,200**
Occupancy	**15,860**
Albini - Leased Access	13,260
McPhail Propane	100
PG&E	2,500
Operations	**68,200**
Water Testing (Alpha Analytics)	14,500
Distribution Operator	16,800
Testing of Backflow Preventers	2,100
Office Manager	14,400
Treatment Operator	20,400
Professional Services	**4,500**
Website	500
Legal	2,500
Accountant (CPA)	1,500
Repairs and Maintenance	**24,000**
Taxes and Licenses	**2,234**
CDTFA	800
State Water Boards	1,230
Weights and Measures	205
Grand Total	**128,106**

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Published

President's Message – We are a Public Water System
Charles Eley, April 1, 2026

California defines a public water system as one that has 15 or more service connections. We have 37. Being a public water system means that we are regulated by the State Water Boards and this triggers all sorts of requirements. The cost of complying with these requirements is part of the cost of doing business. Most of the requirements for our little water company are fundamentally the same as those for Sebastopol with 3,000 service connections or Santa Rosa with 53,000 service connections.

Here are just some of the requirements?

- We must hire a *treatment operator* certified by the State to manage our wells and treatment plant. This is Tyler Judson at Weeks Drilling in Sebastopol.
- We must hire a *distribution operator*, also certified by the State, to manage our storage tanks, distribution lines and meters. This is Reuel Miller.
- We must periodically take samples of our water at five different locations and send the samples to a certified testing laboratory to test for contaminants or pollutants. Alpha Analytics does these tests for us.
- A backflow preventor must be installed at each service connection that has rainwater collection or other alternative water sources, which is more than half of us. Furthermore, these devices have to be inspected each year by a professional to make sure they are working properly.
- Recently, we had to make a visual inspection of all our 36 service connections to document that there are no lead pipes. There aren't.

In addition to the above, we must produce a lot of paperwork. We generate a consumer confidence report each year, which is published on our website. Every month we must file a SAFER report, which documents our system's operation for the month and calls attention to any problems. We must also maintain an emergency notification plan, a water shortage contingency plan, a drought report when we have to haul water, and various other plans and documents.

The purpose of these requirements is to assure that our water supply is dependable and safe but they come at a cost. Most are fixed costs that are more or less the same for a company with 3,000 service connections like Sebastopol or just 37 connections like us.[1] Having to divide these costs among just a few members is a primary reason our water bills are as high as they are. We are clearly at the wrong end of the *economies-of-scale* curve. Our small volunteer Board is doing all it can to save costs, but our options are limited.

[1] Shortly after incorporation, in 1982, the Sonoma County Public Health Service placed a moratorium on new service connections because of inadequate water supply. The moratorium is still in effect. It is now being enforced by the California Water Boards.