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Superior Court of California  
County of Santa Cruz  
1/2/2024 6:58 PM  
Clerk of the Court by Deputy,  
Helena Hanson

6 Court Receiver



8 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
9 COUNTY OF SANTA CRUZ

11 CALIFORNIA STATE WATER  
RESOURCES CONTROL BOARD,  
12 DIVISION OF DRINKING WATER,  
13  
14 Petitioner,  
15 v.  
16 BIG BASIN WATER COMPANY, INC. et alia,  
17  
18 Respondents.

Case Number: 23CV01615

**COURT RECEIVER'S PROPOSED 2024  
ANNUAL BUDGET**

Filed concurrently with:  
1. Proposed Order.  
2. Proof of Service.

Judge: Hon. Timothy Volkmann  
Dept.: 5

SERVIAM BY WRIGHT LLP  
COURT RECEIVERS

**COURT RECEIVER’S PROPOSED 2024 ANNUAL BUDGET**

**I. INTRODUCTION**

The Superior Court of the State of California for the County of Santa Cruz (the “Court”) appointed Silver & Wright LLP (“Court Receiver”) as the Court’s Receiver for the Big Basin Water Company (“BBWC”) drinking water system on September 29, 2023. The Court signed the Order Granting State Water Resources Control Board’s Request for Appointment of Receiver for The Big Basin Water Company (“Appointment Order”) on October 5, 2023, and the Court entered the Appointment Order on October 6, 2023. Effective January 1, 2024, Court Receiver changed its name to “Serviam by Wright LLP.”

Pursuant to the Appointment Order, “On or Before January 1 of each calendar year, the Receiver shall submit a proposed annual budget to the Court for Approval, with notice to the Division and the owners.” Court Receiver accordingly submits this proposed annual budget for the year of 2024 (“Proposed Budget”) to the Court for approval.

**II. STATUS**

As Court Receiver previously indicated in its December 15, 2023 Case Update #1, BBWC remains insolvent and Court Receiver urgently requires public funding for operations, critical repairs to infrastructure, emergency and recurring costs, compliance upgrades and repairs, and up-front consolidation costs. Day-by-day, Court Receiver continues to triage with its operator Cypress Water Services (“Cypress”) to keep water flowing to BBWC’s customers.

As of December 20, 2023, Cypress’s outstanding invoices total \$134,715.61. Additionally, as of January 2, 2023, Court Receiver’s costs and fees total \$180,939.72, including 486.8 hours of billed work at the rates set by the Court in the Appointment Order. These existing liabilities are in addition to those otherwise specified in Court Receiver’s Case Update #1.

It is difficult if not impossible for Court Receiver to construct a durable financial plan accounting for BBWC’s future given Court Receiver’s inability, to date, to secure funding to even minimally satisfy BBWC’s past-incurred liabilities. Accordingly, this Proposed Budget is but a rough and generalized estimate representing Court Receiver’s best efforts to quantify BBWC’s expected costs to continue

1 operating, comply with the law, and engage seriously in consolidation discussions with local public  
2 utilities over the next twelve months. In the absence of a prompt and adequate infusion of capital, BBWC  
3 will be unable to satisfy its present liabilities, let alone satisfy those projected future liabilities described  
4 herein.

5 **III. PROPOSED BUDGET**

6 **Base-level Operational Requirements: \$1,386,000**

- 7 • \$18,000/Month—Cypress daily system operations and maintenance staffing base rate.
- 8 • \$8,000/Month—Water supply emergency response operations staffing including but not limited  
9 to leak detection, failure repairs, and other operational emergencies.
- 10 • \$12,000/Month—Water supply emergency maintenance parts & equipment.
- 11 • \$30,000/Month—Emergency water hauling and/or purchasing.
- 12 • \$3,000/Month—Invoicing, billing, and customer service.
- 13 • \$2,000/Month—Accounting, forensics, and financial planning.
- 14 • \$25,000/Month—Management & administration including Court Receiver’s costs and fees.
- 15 • \$10,000/Month—Utility, subscription, and license expenses.
- 16 • \$7,500/Month—Back-up power generator rentals.

17 **Compliance & Development - \$325,000**

- 18 • \$80,000/One-time Cost—Investigation & rehabilitation of primary and secondary wells.
- 19 • \$110,000/One-time Cost—Pump Station & water storage infrastructure repairs and  
20 improvements.
- 21 • \$100,000/One-time Cost—Water meter repair and replacement.
- 22 • \$20,000/One-time Cost—Customer billing and support system upgrades.
- 23 • \$15,000/Year—Permitting and regulatory compliance fees.

24 **Preliminary Consolidation Support Services - \$540,000**

- 25 • \$40,000/One-time Cost—Real Property title analysis, transaction work, and negotiation for  
26 potential asset liquidation.

- \$500,000/One-time Cost—Water system fee study engineers report, comprehensive system infrastructure upgrade technical analysis, and other necessary costs and expenses to initiate and pursue a preliminary consolidation effort with a neighboring public utility.

**IV. CONCLUSION**

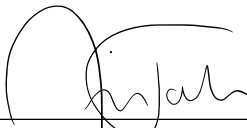
Court Receiver respectfully requests that the Court approve its Proposed Budget. Court Receiver additionally requests that the Court authorize Court Receiver to depart from the Proposed Budget as Court Receiver may deem necessary to satisfy its duties to the Court without seeking further approval of the Court to amend the Proposed Budget. Court Receiver additionally requests that the Court clarify that its approval of the Proposed Budget in no way binds Court Receiver to act or refrain from acting in any certain manner. Court Receiver additionally requests that the Court take notice of Court Receiver’s urgent concern that significant public funding is immediately necessary to satisfy BBWC’s past and projected future liabilities described herein.

Court Receiver remains hopeful that it will be able to secure adequate funding on behalf of BBWC as it continues to vigorously engage State and local agencies and organizations. However, Court Receiver cautions that BBWC cannot continue to operate indefinitely in a state of insolvency should adequate funding remain unavailable. Court Receiver will continue to provide updates as directed in the Appointment Order and solicit the Court’s further instructions and approvals as necessary.

Dated: January 2, 2023

SERVIAM BY WRIGHT LLP

By:

  
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CURTIS R. WRIGHT  
NICOLAS L. JABER  
for SERVIAM BY WRIGHT LLP  
*Court Receiver*