

Central Services
Joan Araujo, Director

Engineering Services
Anastasia Seims, Director

Roads & Transportation
Anitha Balan, Director

Water & Sanitation
Vacant, Director

Watershed Protection
Jeff Palmer, Director

December 10, 2024

Boards of Ventura County Waterworks District No. 1
800 S. Victoria Avenue
Ventura, CA 93009

Subject: Conduct a Public Hearing Regarding Proposed Increases to Ventura County Waterworks District No. 1 Water Rates and Monthly Service Charges; Adopt a Resolution Approving the Proposed Increased Rates and Charges Commencing January 1, 2025, Unless Written Protests from a Majority of the Affected Customers are Received; Ventura County Waterworks District No. 1 (Moorpark); Supervisorial District No. 4.

Recommendations:

1. Conduct a public hearing to hear and consider all oral and written comments, objections, and protests (if any) to the proposed increases to water rates and monthly service charges for Ventura County Waterworks District No. 1 [Moorpark] (District).
2. Upon the conclusion of the hearing, adopt the attached resolution approving the proposed increased District rates and charges commencing January 1, 2025 (Exhibit 4), unless written protests from a majority of the affected customers are received.

Fiscal/Mandates Impact:

Mandatory:	No
Source of Funding:	District Water Customers
Funding Match Required:	None
Impact on Other Departments:	None



	<u>FY 2024-25</u>	<u>FY 2025-26</u>
Summary of Revenues and Total Costs:		
Revenues:	\$ 836,981	\$ 2,074,320
Costs:		
Direct Costs	\$ 0	\$ 0
Indirect – Agency/Dept.	\$ 0	\$ 0
Indirect – CAP	\$ 0	\$ 0
Total Costs	\$ 0	\$ 0
Net County Cost, Including Indirects	\$ (836,981)	\$ (2,074,320)
Recovered Indirect Cost	\$ 0	\$ 0

Revenue represents the incremental increase between proposed and current rates. Fiscal Year 2024-25 revenue reflects a six-month rate increase (January 2025 through June 2025). FY25-26 revenue reflects a rate increase for twelve (12) months (July 2025 through June 2026). Approval will reduce the budget cost for FY25.

Current Fiscal Year (FY) Budget Projection:

FY 2024-25 Budget Projection for Ventura County Waterworks District No. 1 – Unit 4300				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated Savings/(Deficit)
Appropriations	\$25,170,801	\$25,330,172	\$25,330,172	\$0
Revenue	\$22,741,000	\$22,741,000	\$22,741,000	\$0
Net Operating Gain/(Loss)	(\$2,429,801)	(\$2,589,172)	(\$2,589,172)	\$0

Executive Summary:

On April 26, 2022, your Board adopted Resolution No. 22-056, approving Ventura County Waterworks District No. 1's (District) pass-through of Calleguas Municipal Water District (CMWD) water rates to District customers for five years per Government Code section 53756. On June 19, 2024, CMWD's Board of Directors approved a combined wholesale potable water rate increase of 9.5%, effective January 1, 2025. To offset the increases in water supply, power, and labor costs, the District proposes a 9.5% increase to all volumetric commodity (water) rates and all fixed monthly service charges, as approved by the District's Citizens' Advisory Committee (CAC) as shown in Exhibit 4.

Background:

The District was formed on November 22, 1921. The District provides water to the City of Moorpark (City) and contiguous areas to the north and west of the City limits. The District distributes imported water from the State Water Project, delivered through the



Metropolitan Water District of Southern California (Metropolitan) and CMWD, as well as groundwater pumped from its local wells.

As of June 2024, the District's water supply portfolio consisted of approximately 72% imported surface water, 17% local groundwater, and 11% recycled water. As part of the Las Posas Groundwater Basin adjudication, your Board approved the Phase 1 Settlement Agreement in 2019, which allows the District to continue pumping its groundwater allocation near its historical groundwater extractions. For more information on the District, see Exhibits 1, Vicinity Map; 2, Location Map; and 3, Information Sheet.

Rate Justification and Future Year Projections:

The District's water rates are comprised of commodity rates and service charges. Commodity rates, which are based on consumption and measured in hundred cubic feet (HCF), generally finance variable operations and maintenance (O&M) costs; while service charges, which are based on meter size, finance a portion of the fixed O&M costs, such as meter reading and billing.

The District's water rate structure is based on an analysis of the District's cost and revenue projections over five years. Every year, the District evaluates the need for rate adjustments based on a variety of factors, which this year include the following:

- Calleguas Municipal Water District's rate increase of 9.5%
- Estimated increase in the cost of power up to 4%
- Estimated increase in the cost of labor of 5%
- Estimated increase in the cost of materials up to 3%
- Stockton Reservoir #2 replacement
- Re-Drill Well 97
- Peach Hill & Tierra Rejada reservoir re-coating
- Princeton Widening Project

Specifically, the District's analysis focused on CMWD's approved calendar year 2025 rate increase of 9.5%, along with inflationary increases for labor, electricity, and materials. The District's analysis shows a positive cash balance through FY 2026-27. If the proposed increases are not approved, the District's reserves will decrease due to operating losses and planned capital improvement project expenditures, resulting in a negative cash balance in FY 2025-26.

Based on its analysis, the District proposes a uniform 9.5% increase to all volumetric commodity (water) rates and fixed monthly service charges, effective beginning on the next regularly scheduled meter reading and billing cycle on or after January 1, 2025.



While this rate increase maintains a positive cash balance, the District's expected expenditures will slightly exceed the expected revenue. Accordingly, even with today's proposed rate increase, the District anticipates its cash reserves will decline over the next 5 years. Staff expects to conduct a more detailed financial analysis to determine the need for future increases to fixed and commodity rates that will generate revenue above expenditures and increase cash reserves to be consistent with the fund balance targets established by your Board.

Public Participation:

On September 12, 2024, the District's Citizen's Advisory Committee (CAC), appointed by your Board, met to review the District's proposed rate increases and ultimately concurred with the 9.5% rate increases for calendar year 2025 proposed by the District. Separately, on November 20, 2024, the proposed rate increases were presented to the Moorpark City Council.

Proposition 218 Compliance:

Water rates and service charges are subject to the majority protest provisions of Proposition 218. In compliance with legal notice requirements, the District mailed a public notice of these proposed increases to all of its affected customers (e.g., parcel owners and directly billed tenants) at least 45 days before today's hearing, providing them with the date, time, and location of this public hearing, the amounts of the proposed water rate and service charge increase, as well as information concerning their right to protest the proposed increases.

Effective January 1, 2022, legal challenges to new, increased, or extended fees or charges must be brought within 120 days of either the effective date of the fee or charge or the date of the ordinance, resolution, or motion adopting or approving the fee or charge, whichever is later.

As of the date of this letter, the District has received 5 protest letters in response to the proposed increases which are included as Exhibit 5. If any additional protest letters are received by the Clerk of the Board after this date, they will be provided to your Board during the hearing.

Strategic Plan:

This item contributes to the Board of Supervisors (Board's) 2024-2027 strategic priority to provide:

- I. Fiscal responsibility and economic vitality through



1. Maintaining a transparent and balanced budget, while funding essential services and implementing cost-saving measures.
- III. Reliable infrastructure and sustainability through
3. Investing in sustainable infrastructure, renewable energy, and preservation of our natural resources.

This item has been reviewed by the County Executive Office, the Auditor-Controller's Office, and County Counsel.

If you have any questions regarding this item, please call the undersigned at (805) 654-2073.

Sincerely,



David Fleisch, P.E.
Assistant Director

Attachment:

Resolution

- Exhibit 1 - Ventura County Waterworks District No.1, Vicinity Map
- Exhibit 2 - Ventura County Waterworks District No.1, Location Map
- Exhibit 3 - Ventura County Waterworks District No.1, Information Sheet
- Exhibit 4 - Proposed Water Rates and Monthly Service Charges January 1, 2025
- Exhibit 5 - Protest Letters

