

Central Services
Joan Araujo, Director

Engineering Services
James O'Tousa, Director

Roads & Transportation
Anitha Balan, Director

Water & Sanitation
Vacant, Director

Watershed Protection
Vacant, Director

June 4, 2024

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

Subject: Conduct Public Hearing Regarding Proposed Increases to Ventura County Waterworks District No. 1's Sewer Rates and Water Monthly Meter Service Charges for Fiscal Year (FY) 2024-25;' Adopt a Resolution to Approve the Proposed Increased Sewer and Water Monthly Meter Service Charges and the Continued Collection of Existing Water Standby Charges as Part of the County Tax Roll for FY 2024-25; Waterworks District No. 1 (Moorpark); Supervisorial District No. 4. (Recommendation No. 2 Requires 4/5ths Vote)

Recommendations:

1. Conduct a public hearing to hear and consider all oral and written comments, objections, and protests, if any, to the proposed Fiscal Year (FY) 2024-25 Ventura County Waterworks District No. 1 [Moorpark] (District) sewer rate and reclaimed water monthly meter service charges to the attached resolution (Resolution).
2. Upon the conclusion of the hearing, unless written protests from a majority of affected property owners or tenants are received, adopt the Resolution which would, (i) increase the sewer rate and reclaimed water monthly meter service charge for FY 2024-25, (ii) maintain the existing water standby charge for FY 2024-25, and (iii) approve the continued collection of the existing water standby charge as part of the annual general County tax roll. (Exhibits 4 & 5). This Recommendation No. 2 requires approval by a 4/5th vote of your Board.

Fiscal/Mandates Impact:

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



Summary of Revenues and Total Costs:	<u>FY 2023-24</u>	<u>FY 2024-25</u>
Revenues:	\$ 223,391	\$ 240,035
Costs:		
Direct Costs	\$ 0	\$ 0
Indirect – Agency/Dept.	\$ 0	\$ 0
Indirect – CAP	\$ 0	\$ 0
Total Costs	\$ 0	\$ 0
Net County Cost, Including Indirects	\$ (223,391)	\$ (240,035)
Recovered Indirect Cost	\$ -	\$ -

Current Fiscal Year (FY) Budget Projection:

Current FY 2023-24 Budget Projection for Ventura County Waterworks District No. 1 – Unit 4305				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated Saving/(Deficit)
Appropriations	\$6,909,286	\$6,970,958	\$7,456,028	(\$485,070)
Revenues	\$12,218,700	\$12,218,700	\$7,740,300	(\$4,478,400)
Net Operating Gain/(Loss)	\$5,309,414	\$5,247,742	\$284,272	(\$4,963,470)

Revenue represents the incremental increase between the proposed rates and the current rates. FY 2024-25 revenue reflects a rate increase for 12 months (July 2024 through June 2025). Approval of the proposed rates will reduce the budgeted net cost for FY 2024-25.

Executive Summary:

Annually, as part of the budget process, Ventura County Waterworks District No. 1’s (District) sewer rates are reviewed to determine if adjustments are needed to accommodate projected expenses. This year, staff recommends an increase to the District sewer rate from \$29.00 per month per Equivalent Residential Unit (ERU) to \$30.50 per month per ERU and increases to the reclaimed water monthly meter charges as shown in Exhibit 4.

Water standby charges per section 55501.5 of the Water Code and section 54984 et seq. of the Government Code authorize and set the procedure for a county waterworks district to establish a water standby charge in areas where water service is available, whether such service is used or not. This District's water standby charge was adopted and has



remained the same since FY 1996-97. Annually we ask the Board to approve District standby charges to be collected as part of the annual general county tax bill.

Background:

The District provides reclaimed water and sanitation services to the City of Moorpark (City) and the contiguous areas to the north and west of the City limits. The Moorpark Wastewater Reclamation Facility (MWRf) and Tertiary Treatment Facility is located west of the City along Highway 118. For more information regarding this District see the attached Vicinity Map, Location Map, and Information Sheet (Exhibits 1, 2, and 3).

Annually, as part of the budget process, WWD 1 rates are reviewed to determine if adjustments are needed to accommodate projected expenses. This year, rate adjustments are necessary to provide service based on the actual cost-of-service, fairly and equitably distribute these costs to customers, and effectively balance the District's income with expenditures including:

- Minimal growth in the number of sewer customers
- Estimated 5% increase in the cost of power for calendar year 2024
- Estimated 3% increase in the cost of labor for fiscal year 2024
- Estimated 3% increase in the cost of treatment for fiscal year 2024

Staff conducted a cost of service (COS) analysis to evaluate its current allocation of reclaimed water production and distribution costs and sewage collection and treatment costs. Staff concluded that the current rates no longer fully recover operating costs and if not changed, will deplete cash reserves. Accordingly, the District is proposing rate adjustments to recover all costs associated with treatment, supply, maintenance, and delivery.

Proposed Sewer Rate and Reclaimed Water Monthly Meter Service Charges:

Staff conducted a cost of service (COS) analysis to evaluate its current allocation of (1) sewage collection and treatment costs and (2) reclaimed water production and distribution costs. Staff concluded that the current rates no longer fully recover operating costs and if not changed, will deplete the District's cash reserves. Accordingly, the District recommends the monthly sewer rate be increased by 5%, which amounts to \$1.50 per ERU, and the reclaimed water monthly meter service charge - meters be increased by 6%, see Exhibit 4.

Future Year Projections and Proposed Reserves:

Without the proposed sewer rate increase, the District's cash reserves will remain below target reserve levels in FY 2027. With the proposed rate increase, cash balances will



remain above targeted levels required to provide safe operation and maintenance of the sewer system and to finance capital improvement projects.

Background on Water Standby Charges:

Section 55501.5 of the Water Code and section 54984 et seq. of the Government Code authorizes a county waterworks district to establish a water standby charge in areas where water service is available, whether such service is used or not. In FY 1996-97, the District imposed a water standby charge of \$46.82 per acre (or per parcel less than one acre), up to a maximum charge based on five (5) acres. This charge has remained the same since that time.

Because an increase in this charge would require voter approval under Proposition 218, we recommend that your Board keep the standby charge unchanged for FY 2024-25. There are seven (7) parcels of varying acreage in the District subject to the water standby charge; this would generate approximately \$1,498 in revenue, as shown in Exhibit 5. Because District staff has provided your Board with a description of each parcel for which a charge would be billed, together with the amount of the charge applicable to each parcel, as shown in Exhibit 5, these charges may be collected as part of the annual general county tax bill.

Public Participation:

On May 9, 2024, the District's Citizens' Advisory Committee (CAC), appointed by your Board, met to review the District staff's proposed increases and unanimously concurred with the recommended rates and charges. Separately, the proposed rates were shared with the Moorpark City Manager.

As discussed above, the proposed rates are necessary to establish fair and equitable rates and charges that would allow the District to (1) meet its operational and capital expenses, as well as maintain appropriate reserves to ensure its financial stability, and (2) proportionally allocate the costs of providing service following Proposition 218.

Sewer rates and service charges are subject to the majority protest provisions of Proposition 218. This section requires affected property owners to be given no less than 45 day notice of a hearing to adopt new or increased charges. In compliance with this notice requirement, the District mailed a public notice of the proposed increases to all its affected customers (e.g., parcel owners and directly billed tenants) on April 12, 2024, 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.



Per Section 53759 of the Government Code, 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 final passage, adoption, or approval of the ordinance, resolution, or motion approving the fee or charge, whichever is later.

As of the date of this letter, the District has received two (2) written protests in response to the proposed increases which are included as Exhibit 6. 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 the County Counsel.

If you have any questions regarding this item, please call me at (805) 654-2075.

Sincerely,



David Fleisch, P.E.
Assistant Director

Attachments:

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 July 1, 2024



Exhibit 5 - Schedule of Water Standby Charges for Fiscal Year 2024-25
Exhibit 6 - Protest Letters
PowerPoint Presentation

