

Central Services
Joan Araujo, Director

Engineering Services
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Roads & Transportation
Anitha Balan, Director

Water & Sanitation
Vacant, Director

Watershed Protection
Vacant, Director

June 4, 2024

Board of Ventura County Waterworks District No. 16
800 South Victoria Avenue
Ventura, CA 93009

Subject: Conduct a Public Hearing Regarding Proposed Increases to Ventura County Waterworks District No. 16's [Piru] Sewer Service Charges and Sewer Standby Charges for Fiscal Year (FY) 2024-25; Adopt a Resolution to Approve the Proposed Increased Sewer Service Charges and Sewer Standby Charges and the Continued Collection of These Charges as Part of the Annual General County Tax Roll for FY 2024-25; Supervisorial District No. 3. (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. 16 [Piru] (District) sewer service charges and sewer standby charges set forth in the report entitled "Waterworks District No. 16 Report Describing Sewer Service Charges and Sewer Standby Charges for Each Parcel for FY 2024-25 (Health and Safety Code Section 5473)" (Report), Exhibit 4 to the attached resolution (Resolution).
2. Upon the conclusion of the hearing, unless written protests from a majority of the affected property owners or tenants are received, adopt the Resolution confirming the Report which would (i) approve the "Ventura County Waterworks District No. 16 Schedule of Sewer Service Charges and Sewer Standby Charges for FY 2024-25" (Exhibit 4B to the Report), (ii) increase the sewer service charge for FY 2024-25 by five percent (5%), (iii) maintain the existing sewer standby charges for FY 2024-25, and (iv) approve the continued collection of the subject sewer service charges and sewer standby charges as part of the annual general County tax roll. This Recommendation No. 2 requires approval by a 4/5th vote of your Board.



Fiscal/Mandates Impact:

Mandatory: No
 Source of Funding: Sewer service charges are paid by the property owners of properties receiving sewer service and the sewer standby charges are paid by the property owners of vacant parcels adjacent to an existing sewer line within Ventura County Waterworks District No. 16.
 Funding Match Required: None
 Impact on Other Departments: Minimal to moderate impact on Auditor-Controller's Office for placing charges on property tax roll.

Summary of Revenues and Total Costs:	<u>FY 2023-24</u>	<u>FY 2024-25</u>
Revenues:	\$ 1,156,537	\$ 1,432,805
Costs:		
Direct Cost	\$ 1,538,597	\$ 1,412,543
Indirect - Agency/Dept.	\$ 97,497	\$ 85,439
Indirect – CAP	<u>\$ 4,806</u>	<u>\$ 4,818</u>
Total Costs	\$ 1,640,900	\$ 1,502,800
Net Costs	\$ 484,363	\$ 69,995
Recovered Indirect Cost	\$ 0	\$ 0

Revenue from sewer service charges, sewer standby charges, and other revenues for FY 2023-24 is shown for comparison purposes only.

Current Fiscal Year (FY) Budget Projection:

Current FY 2023-24 Budget Projection For Ventura County Waterworks District No. 16 Sewer – Unit 4320				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated Savings/(Deficit)
Appropriations	\$1,302,061	\$1,322,657	\$1,216,249	\$106,408
Revenue	\$1,589,690	\$1,589,690	\$1,131,015	(\$458,675)
Net Operating Gain/(Loss)	(\$287,629)	(\$267,033)	\$85,234	(\$352,267)

Revenues (at FY 2023-24 rates) and appropriations are included in the FY 2024-25 Preliminary Budget.



Executive Summary:

Ventura County Waterworks District No. 16 (“District”) provides sewer collection, treatment, and disposal services to District customers in the community of Piru. The District collects its sanitation service revenue as part of the County tax roll as a convenience to property owners and to reduce the cost of collections by avoiding separate billing.

Annually, as part of the budget process, the sewer rate is reviewed to determine if adjustments are needed to accommodate projected expenses. The last sewer rate increase of 5% was approved by your Board on June 6, 2023, Resolution No. 23-079. This year, a rate adjustment is necessary to (i) provide sewer service based on actual cost-of-service, (ii) fairly and equitably distribute these costs to customers, (iii) effectively balance the District’s income with expenditures which include an increase in power and maintenance costs of 5% to operate the District’s infrastructure, (iv) cover debt costs needed to pay off a \$2 million general fund loan related to the 2009 plant construction by Fiscal Year 2028, and (v) meet all applicable legal requirements. The District is dependent upon sewer service charges to finance the operation and maintenance expenses of the Piru Sewer Collection System and Wastewater Treatment Plant. As a result, we recommend a 5% rate increase in the sewer service charge from \$109.55 per month per Equivalent Residential Unit (ERU) to \$115.02 per month per ERU, effective July 1, 2024.

We do not recommend an increase in the existing sewer standby charges. In compliance with legal notice requirements, the Department mailed a public notice of the proposed increase in the sewer service charges to all affected property owners.

Discussion:

The District provides sewer collection, treatment, and disposal services to District customers in the community of Piru. The original Piru Wastewater Treatment Plant, constructed in 1974, was replaced in February 2010. The replacement was required because the Los Angeles Regional Water Quality Control Board issued a Waste Discharge Requirement on January 29, 2004, mandating that the District upgrade and expand its wastewater treatment plant to meet the new effluent levels of treatment. For more information regarding this District see the attached Vicinity Map, Location Map, and Information Sheet (Exhibits 1, 2, and 3).

On August 1, 2017, the County Board of Supervisors approved a \$2.0 million General Fund loan to the District to enable it to meet its operating costs and debt service payments. The approval of this loan was based on the expected increased financial viability of the District through a 10% increase in rates in fiscal years 2018 and 2019 and an expected increased customer base resulting from new housing developments in Piru.



Repayment of the General Fund Loan began in FY 2024, with the final payment to be made in FY 2028. To meet the loan repayment schedule and all operating expenditures, staff projects the need for annual rate increases of 5% per year through FY 2028.

Sewer Service Charges:

Sewer service charges for FY 2024-25 vary between individual parcels, depending upon the number of ERUs on each parcel. If this proposed rate increase is approved, District staff estimates the total revenue of \$1,432,805: \$1,178,697 from the sewer service charges, \$6,508 from sewer standby charges, and \$247,600 from other revenue. Staff anticipates the District will need revenue of \$1,502,800 in FY 2024-25 to meet its operational expenses, debt service requirement, and maintenance of cash reserves. Staff recommends a 5% increase to the sewer service charges as shown in Exhibit 4B.

Sewer service charges are subject to the majority protest provisions of Proposition 218 outlined in California Constitution Article XIII D, section 6. On or before April 7, 2024, in compliance with the legal notice requirements, the District mailed public notice of its proposed FY 2024-25 sewer service charge increases to all affected property owners or customers, providing them with the date, time, and location of this public hearing, as well as information concerning their right to protest the proposed increase.

Section 53759 of the Government Code, effective January 1, 2022, places a 120-day statute of limitations for challenging any new, increased, or extended fee or charge from the effective date or date of the final passage, adoption, or approval of the ordinance, resolution, or motion, whichever is later.

The Report has been filed and notice given per Health and Safety Code section 5473 et seq. Your Board must adopt the Report, after hearing and considering any protests or objections to the Report, for the District to collect the sewer service charges as part of the annual County tax roll for FY 2023-24.

Sewer Standby Charges:

Section 55507 of the Water Code and sections 54984 et seq. of the Government Code authorizes a county waterworks district to establish a sewer standby charge in areas where sewer service is available, whether such service is used or not. The District has levied a sewer standby charge of \$46.82 per parcel since FY 1996-97. 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. Parcels in the District subject to the sewer standby charge and the revenue generated are shown in the Report. The District may collect the standby charges as part of the annual County tax roll for FY 2024-25 if it has provided to your Board in writing a



description of each parcel for which a charge is to be billed, together with the amount of the charge applicable to each parcel.

If your Board approves the proposed increase to the monthly sewer service charge, the new sewer service charge will be included in the District's Schedule of Rates, and the District will make it publicly available by posting it on the Department's website. As of the date of the filed report, no protest letters had been received. If any protest letters are received after that date, they will be provided to your Board.

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 letter 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) 378-3005.



David Fleisch, P.E.
Assistant Director

Attachments:

Resolution

Exhibit 1 - Ventura County Waterworks District No. 16 Vicinity Map

Exhibit 2 - Ventura County Waterworks District No. 16 Location Map

Exhibit 3 – Ventura County Waterworks District No. 16 Information Sheet

Exhibit 4 to Resolution – Waterworks District No. 16 Report Describing Sewer Charges and Sewer Standby Charges for Each Parcel for FY 2024-25 (Health and Safety Code Section 5473)



Exhibit 4A – Ventura County Waterworks District No. 16 Summary of Sewer Service Charges and Sewer Standby Charges for FY 2024-25
Exhibit 4B – Ventura County Waterworks District No. 16 Schedule of Sewer Service Charges and Sewer Standby Charges for FY 2024-25
PowerPoint Presentation

