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June 6, 2023

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

Subject: Conduct a Public Hearing Regarding Proposed Sewer Service Charges and Sewer Standby Charges for Fiscal Year (FY) 2023-24; Approval of a 5 Percent Increase in the Sewer Service Charges Unless Written Protests from a Majority of the Affected Property Owners or Tenants are Received; Adoption of a Resolution Approving 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 2023-24 for Ventura County Waterworks District No. 16 (Piru); 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 sewer service charges and sewer standby charges set forth in the Ventura County "Waterworks District No. 16 Report Describing Sewer Service Charges and Sewer Standby Charges for Each Parcel for FY 2023-24 (Health and Safety Code Section 5473)" (Report), Exhibit 3 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 2023-24" (Exhibit 3B to the Report), (ii) increase the sewer service charge for fiscal year (FY) 2023-24 by 5 percent, (iii) maintain the existing sewer standby charges for FY 2023-24, 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 (requires 4/5ths vote pursuant to Health and Safety Code section 5471(d)).



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 2022-23</u>	<u>FY 2023-24</u>
Revenues:	\$ 1,095,686	\$ 1,156,537
Costs:		
Direct Cost	\$ 1,255,418	\$ 1,538,597
Indirect - Agency/Dept.	\$ 85,652	\$ 97,497
Indirect – CAP	\$ 4,830	\$ 4,806
Total Costs	\$ 1,345,900	\$ 1,640,900
Net Costs	\$ 250,214	\$ 484,363
Recovered Indirect Cost	\$ 0	\$ 0

Revenue includes \$1,121,276 from sewer service charges, \$6,461 from sewer standby charges and \$28,800 from other revenues. FY 2022-23 information is shown for comparison purposes only.

Current Fiscal Year (FY) Budget Projection:

Current FY 2022-23 Budget Projection For Ventura County Waterworks District No. 16 Sewer – Unit 4320				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated Savings/(Deficit)
Appropriations	\$5,432,669	\$10,329,558	\$6,167,689	\$ 4,161,869
Revenue	\$4,953,618	\$4,953,618	\$5,691,668	\$ 738,050
Net Cost	\$ 479,051	\$5,375,940	\$ 476,021	\$ 4,899,919

Net Cost totals includes transfer-ins and transfers out, capital outlays and principal loan payments. Revenues (at FY 2022-23 rates) and appropriations are included in the FY 2023-24 Preliminary Budget.



Executive Summary:

Ventura County Waterworks District No. 16 ("District") provides sewer and wastewater 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 3% was approved by your Board on June 7, 2022, Resolution No. 22-104. 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 4% to operate the District's infrastructure, (iv) cover debt costs starting in Fiscal Year 2025 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 \$104.33 per month per Residential Unit Equivalent (RUE) to \$109.55 per month per RUE, effective July 1, 2023.

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 and wastewater 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.

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 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 will begin in FY 2025, with final payment 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 2023-24 vary between individual parcels, depending upon the number of RUEs on each parcel. If this proposed rate increase is approved, District staff estimates total revenue of \$1,156,537: \$1,121,276 from the sewer service charges, \$6,461 from sewer standby charges and \$28,800 from other revenue. Staff anticipates the District will need revenue of \$1,640,900 in FY 2023-24 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 the table below.

<i>Current Rates FY 2022-23</i>	<i>Proposed Rates FY 2023-24</i>
\$104.33 per month	\$109.55 per month
\$1,251.96 per year	\$1,314.54 per year

Sewer service charges are subject to the majority protest provisions of Proposition 218 set forth in California Constitution article XIII D, section 6. On or before April 7, 2023, in compliance with the legal notice requirements, the District mailed public notice of its proposed FY 2023-24 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 in accordance with Health and Safety Code section 5473 et seq. Your Board must adopt the Report, after hearing and considering any protests or objection to the Report, in order 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 authorize 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 2023-24.



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 2023-24 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 May 30, 2023, no protest letters had been received. If any protest letters are received after that date, they will be provided to your Board.

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.



Joseph C. Pope, P.E.
Director
Water and Sanitation

Attachments:

Resolution

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

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

Exhibit 3 to Resolution – Waterworks District No. 16 Report Describing Sewer Charges and Sewer Standby Charges for Each Parcel for FY 2023-24 (Health and Safety Code Section 5473)

Exhibit 3A – Ventura County Waterworks District No. 16 Summary of Sewer Service Charges and Sewer Standby Charges for FY 2023-24

Exhibit 3B – Ventura County Waterworks District No. 16 Schedule of Sewer Service Charges and Sewer Standby Charges for FY 2023-24

Exhibit 4 – Ventura County Waterworks District No. 16 Information Sheet



PowerPoint Presentation

