

**Representing:**

Camarillo Airport  
County Service Area No. 29 (North Coast)  
County Service Area No. 30 (Nyeland Acres)  
County Service Area No. 34 (El Rio)  
Juvenile Justice Center  
Lake Sherwood Community Services District  
Todd Road Jail

Water & Sanitation Department

**R. Reddy Pakala**  
Director

**Anne Dana**  
Administration

**Satya Karra**  
Operations

**Cefe Munoz**  
Engineering

December 15, 2009

Board of Directors  
Lake Sherwood Community Services District  
800 S. Victoria Avenue  
Ventura, CA 93009

**Subject: Public Hearing and Approval of Water Rate Adjustments and Revisions to Rules and Regulations, Lake Sherwood Community Services District, Supervisorial District No. 2**

**Recommendations:**

1. Hear and consider all oral and written presentations on the proposed adjustments to water rates for Lake Sherwood Community Services District (District).
2. Approve the attached Resolution amending Part 2, Section A, Rule 2-A-4a, Commodity Rates, of the Rules and Regulations governing the District as set forth in Exhibit 1 to the Resolution, increasing the water commodity rates commencing with the January 2010 billing.

**Fiscal/Mandates Impact:**

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



Summary of Revenue and Total Costs:	<u>FY 2009-10</u>	<u>FY 2010-11</u>
Revenue (net increase)	99,502	199,004
Costs:		
Direct	-0-	-0-
Indirect-Agency/Dept.	-0-	-0-
Indirect-CAP	-0-	-0-
Total Costs	-0-	-0-
Net District Costs	<99,502>	<199,004>
Recovered Indirect Costs	-0-	-0-

Current FY Budget Projection:

Current FY 2009-10 Budget Projection for Lake Sherwood Community Services District				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated (Savings/Deficit)
Appropriations	3,040,737	3,052,403	3,052,403	-
Revenue	2,048,800	2,048,800	2,048,800	-
Net Cost	991,937	1,003,603	1,003,603	-

Revenue represents incremental increase between the new rate and the old rate. FY10 revenue reflects a rate increase for 6 months (January 2010 through June 2010). FY11 revenue reflects a rate increase for 12 months (July 2010 through June 2011). Approval of the rate increase will reduce the budgeted net cost for FY10.

**Discussion:**

The District provides potable water service to the community of Lake Sherwood. The District's entire water supply is imported from the State Water Project through Metropolitan Water District of Southern California (Metropolitan), and Calleguas Municipal Water District (Calleguas). Water from the State Water Project originates in Northern California. In FY 2009, approximately 1,490 acre-feet (AF) of water was supplied to District customers.

Water rates are comprised of commodity rates and service charges. Commodity rates, based on consumption in hundred cubic feet (HCF), generally finance variable operations and maintenance (O&M) costs; service charges, based on meter size, finance fixed O&M costs, such as meter reading and billing. The last commodity rate increase for the District was 12.0% and was approved on December 16, 2008. The District's current Tier I commodity rate is \$1.967/HCF (\$856.83 per AF).

Effective January 1, 2010, Calleguas will impose a 22% rate increase on its water purveyors, including the District. This increase includes passing through the 21% water rate increase adopted by Metropolitan in April 2009 as well as Calleguas water system

improvement costs. In addition, Southern California Edison (SCE) rates are increasing by 3.0% for operation of the pumps used to pump water within the District.

The District's rates have been reviewed to determine the impact of the Calleguas and SCE rate increases. Based on the analysis, an increase in water rates is needed to cover the costs of service to provide a reliable and high quality water supply to District customers.

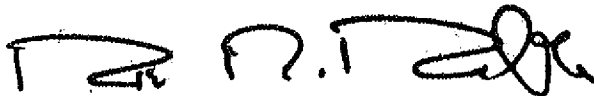
We, therefore, are recommending a 13.0% across-the-board commodity rate increase to offset the increase in costs to the District. Implementation of the proposed water rate adjustments will require that Part 2, Section A, Rule 2-A-4a, of the Rules and Regulations governing the District be revised as set forth in Exhibit 1 to the attached Resolution.

Water rates are subject to the provisions of Proposition 218. To comply with the legal notice requirements, a 45-day notice of the proposed water rate increase was mailed to each property owner and customer within the District, on October 29, 2009.

Upon approval by your Board, the proposed water rates will be implemented commencing with the January 2010 billing.

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

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

A handwritten signature in black ink, appearing to read 'R. R. Pakala', with a stylized flourish at the end.

R. R. PAKALA  
Director, Water and Sanitation Department

Attachment - Resolution  
Exhibit 1 – Water Commodity Rates  
Exhibit 2 – Protest Letters