

Central Services  
**Joan Araujo**, Director

Engineering Services  
**Christopher Cooper**, Director

Roads & Transportation  
**Christopher Kurgan**, Director

Water & Sanitation  
**Joseph Pope**, Director

Watershed Protection  
**Glenn Shephard**, Director

July 26, 2022

Board of Supervisors  
County of Ventura  
County Service Area No. 34  
800 South Victoria Avenue  
Ventura, CA 93009

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

**Subject: Adoption of Resolution Approving \$1,000,000 Cash Flow Loan from County Service Area No. 34 (El Rio) to Ventura County Waterworks District No. 16 (Piru); Approval of receipt of Cash Flow Loan by the Board of Waterworks District No. 16 with Repayment with Interest to be Made no Later than One Year from the Time of Loan Issuance; and Authorization for the Auditor-Controller to Process the Necessary Accounting Transactions; Supervisorial District No. 3. (RECOMMENDATION NO. 3 REQUIRES 4/5THS VOTE).**

**Recommendation:**

1. As the Board of Supervisors for the County of Ventura, adopt a Resolution approving \$1,000,000 cash flow loan from County Service Area No. 34 to Ventura County Waterworks District No. 16, with a lump-sum repayment with interest within one year of the loan being made.
2. As the Board of Waterworks District No. 16, approve receipt of \$1,000,000 cash flow loan from County Service Area No. 34, with a lump-sum repayment with interest within one year of the loan being made.
3. Authorize the Auditor-Controller to process the accounting transactions necessary to increase appropriations as follows and revenue (4/5ths vote required):



**County Service Area No. 34 - Fund S570:**

INCREASE DIV 4150	Revenue From Use Of Money and Property	\$	6,100
INCREASE	Committed Public Protection	\$	6,100

**Ventura County Waterworks District No. 16 - Fund E110:**

INCREASE DIV 4320	Other Charges	\$	6,100
DECREASE	Unrestricted Net Position	\$	6,100

**Fiscal/Mandates Impact:**

Mandatory: No  
Source of Funding: Committed Public Protection  
Funding Match Required: None  
Impact on Other Departments: None

**County Service Area 34:**

Summary of Revenues and Costs:	<u>FY 2022-23</u>	<u>FY 2023-24</u>
Revenue:	\$ 6,100	\$ 0
Costs:		
Direct	\$ 0	\$ 0
Indirect - Agency/Dept.	\$ 0	\$ 0
Indirect - County CAP	\$ 0	\$ 0
Total Costs	\$ 0	\$ 0
Net Costs	\$ (6,100)	\$ 0
Recovered Indirect Costs	\$ 0	\$ 0

Current Fiscal Year (FY) Budget Projection:

<b>Current FY 2022-23 Budget Projection for County Service Area No. 34 - Unit 4150 and 4155</b>				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated Savings/(Deficit)
Appropriations	\$1,948,649	\$1,948,649	\$1,948,649	\$0
Revenue	\$1,434,100	\$1,434,100	\$1,434,100	\$0
Net Cost	\$ 514,549	\$ 514,549	\$ 514,549	\$0



**Ventura County Waterworks District No. 16**

Summary of Revenues and Total Costs:	<u>FY 2022-23</u>	<u>FY 2023-24</u>
Revenues:	\$ 0	\$ 0
Costs:		
Direct Costs	\$ 6,100	\$ 0
Indirect - Agency/Dept.	\$ 0	\$ 0
Indirect – CAP	\$ 0	\$ 0
Total Costs	\$ 6,100	\$ 0
Net Costs	\$ 6,100	\$ 0
Recovered Indirect Cost	\$ 0	\$ 0

Current Fiscal Year (FY) Budget Projection:

<b>Current FY 2022-23 Budget Projection For Ventura County Waterworks District No. 16 Sewer – Unit 4320</b>				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated Savings/(Deficit)
Appropriations	\$5,432,669	\$5,432,669	\$5,432,669	\$0
Revenue	\$4,953,618	\$4,953,618	\$4,953,618	\$0
Net Cost	\$ 479,051	\$ 479,051	\$ 479,051	\$0

Net Cost totals includes transfer-ins and transfers out, capital outlays and principal loan payments. Revenues at FY 2021-22 rates are included in the FY 2022-23 Adopted Budget. Summary of Revenues and Total Costs revenue include sewer service charges at FY 2022-23 rates approved by the Board on June 7, 2022.

**Discussion:**

The Board of Waterworks District No. 16 (District) approved the award of a construction contract on November 16, 2021 to upgrade the Piru Wastewater Treatment Plant (PWTP) in order to comply with the Los Angeles Regional Water Quality Control Board permit requirement. The PWTP project is funded by a Proposition 84 grant from the State of California and the County of Ventura's allocation from the American Rescue Plan Act (ARPA).

The PWTP project is approximately 38% complete with a total of approximately \$1.9 million of contractor progress payments processed as of June 30, 2022. The Proposition 84 grant agreement requires that the District's staff submit contractor invoices to the state for reimbursement. It takes approximately three to four months to receive reimbursement from the state. As of June 30, 2022 for fiscal year 2021-22, the state has reimbursed the District approximately \$14,500. There is \$1.063 million in pending reimbursements from the state, less 10% retention held by the state until the project is closed, which the District





expects to receive by September 2022. Pursuant to the Prompt Payment Act of Government Code section 8800(a), the District is required to pay the PWTP contractor within 30 days of submission of its invoice for completed work. In order to comply with the prompt payment statute, the District made approximately \$1.0 million in progress payments to the contractor from its cash balance.

The District's sewer service fees are collected twice per year as part of the county tax rolls. As a result of the timing of the receipt of the sewer service fees and the lengthy reimbursement process from the state for its grant funding, the District is currently operating with a negative cash balance.

In order to bridge the gap between the timing of the District's pending revenue receipts from the state grant and the District's receipt of the sewer service charges from the tax rolls, and in order to fund continued operations and maintenance of the District's infrastructure, a \$1,000,000 cash flow loan is needed.

County Service Area No. 34 (CSA 34) ended Fiscal Year 2021-22 with a cash balance of \$2.35 million. Due to the healthy cash balance, staff recommends your Board authorize a \$1,000,000 cash flow loan from CSA 34 to the District. Staff recommends that your Board also require the District to repay the loan no later than one year from the date of issuance, with interest at a rate commensurate with the rate of return earned by the Ventura County Treasury Pool.

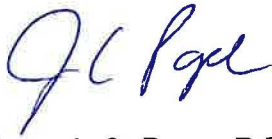
Pursuant to Government Code section 23010(a), the Board of Supervisors, acting as the governing authority for CSA 34 may lend any of its available funds to any county waterworks district. The District may borrow funds not to exceed 85% of its anticipated revenue for the fiscal year in which they are borrowed, pursuant to Government Code section 23010.2(c)(1). The requested \$1,000,000 loan represents 20% of the District's budgeted revenue for the current fiscal year.

Upon completion of the PWTP upgrade project with full reimbursement from the state and County's allocation of ARPA funding, receipt of all sewer service charges, and repayment of the \$1,000,000 cash flow loan, the District is projected to end Fiscal Year 2022-23 with an estimated cash balance of \$580,000. This projection takes into account all pre-existing debt obligations of the District and the projected operations and maintenance costs for the current fiscal year.

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 – County Service Area No. 34 Vicinity Map

Exhibit 2 – County Service Area No. 34 Location Map

Exhibit 3 - Ventura County Waterworks District No. 16 Vicinity Map

Exhibit 4 - Ventura County Waterworks District No. 16 Location Map

