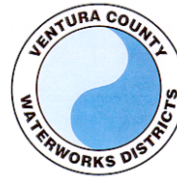


# VENTURA COUNTY WATERWORKS DISTRICTS



COUNTY OF VENTURA  
PUBLIC WORKS AGENCY  
**JEFF PRATT**  
Agency Director

Representing: Ventura County Waterworks District Nos. 1, 16, 17, 19, and 38

Water & Sanitation Department

**Michaela Brown**  
Director

December 4, 2018

**Eric Keller**  
Operations and  
Maintenance

Board of Ventura County Waterworks District No. 38  
800 S. Victoria Avenue  
Ventura, CA 93009

**Susan Pan**  
Planning, Design  
Construction, and  
Development

**Jean Fontayne**  
Customer Service,  
Billing, and  
Administration

**Subject: Receive and File an Update on Water Rates for Calendar Year 2019 for Ventura County Waterworks District No. 38 (Lake Sherwood); Supervisorial District No. 2.**

## **Recommendation:**

Receive and file an update on water rates for Ventura County Waterworks District No. 38 (District) for calendar year 2019.

## **Fiscal/Mandates Impact:**

Currently, no fiscal impact. Based on a budget review by the District's Citizens' Advisory Committee (CAC) appointed by your Board, water rate increases are not recommended for calendar year 2019. Should water rate increases be necessary for calendar year 2020, staff will make that recommendation to your Board next year in December 2019.

## **Background:**

The District provides potable water to the community of Lake Sherwood and serves a population of 1,527. The District's entire water supply is imported water from the State Water Project, delivered through the Metropolitan Water District of Southern California (Metropolitan) and Calleguas Municipal Water District (Calleguas).

On March 14, 2017, your Board approved a cost-of-service-based restructuring of the District's water rates and service charges, based on a detailed analysis of projected revenues and costs over the following five years. As part of this item, your Board also approved increased water rates and service charges.

Water rates are comprised of commodity rates and service charges. Commodity rates, based on consumption in Hundred Cubic Feet (HCF), generally finance variable



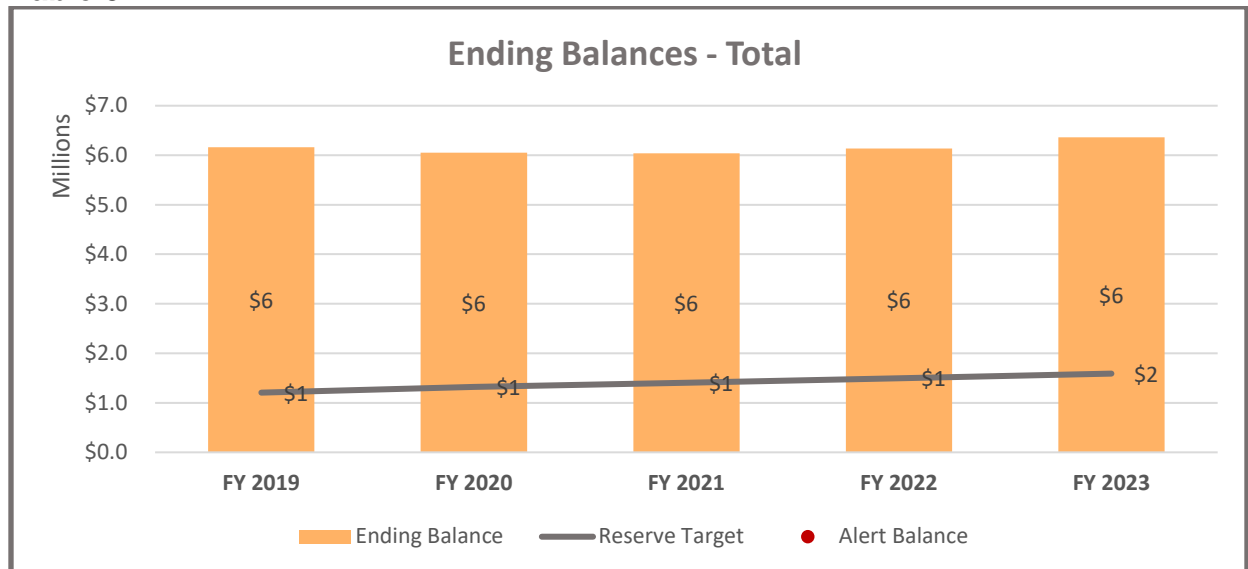
operations and maintenance (O&M) costs; while service charges, based on meter size, finance fixed O&M costs, such as meter reading and billing.

**Net Result of Operations:**

On July 18, 2018, the District's CAC met to review the fiscal year (FY) 2019 budget and agreed that water rate increases are not recommended for calendar year 2019. The FY 2019 O&M expenditures are projected to be \$3,319,396. With estimated revenues, projected to be \$3,513,320.00, 100% of expenditures will be financed by water sales.

The graph in Table 3 reflects the five-year cash balance position with no rate increase in FY 2019, and a projected 7% rate increase in the subsequent four years.

**Table 3:**



**Conclusion:**

Based on a review of the District's FY 2019 budget, staff concluded that a rate adjustment is not necessary to ensure adequate revenues to meet the District's operational and capital expenses as well as maintain an appropriate reserve balance for the financial stability of the District.

Next year, on or before August 2019, staff will again present the budget to the CAC. After consideration of the District's operational and capital expenses, should a rate increase recommendation be necessary, staff will mail the required 45-day notice to all District customers. Staff would then present its recommendations to your Board in December 2019. Should your Board approve a proposed increase, it would become effective in January 2020.

Board of Ventura County Waterworks District No. 38  
December 4, 2018  
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This item has been reviewed by County Counsel, the Auditor-Controller's Office, and the County Executive Office.

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

A handwritten signature in black ink, appearing to read "M Brown", with a stylized, flowing script.

Michaela Brown  
Director, Water and Sanitation Department