

February 28, 2023

Board of Ventura County Waterworks District No. 17  
800 S. Victoria Avenue  
Ventura, CA 93009

**Subject: Conduct a Public Hearing Regarding Proposed Increases to Water Rates and Monthly Service Charges; Approval of the Proposed Increases in the Rates and Charges Unless Written Protests from a Majority of the Affected Customers are Received; Adoption of a Resolution Increasing Rates and Charges Commencing March 1, 2023 and Continuing the Existing Water Standby Charge for Fiscal Year 2023-24 for the Ventura County Waterworks District No. 17 (Bell Canyon); Supervisorial District No. 4.**

**Recommendations:**

1. Conduct a public hearing to hear and consider all oral and written comments, objections, and protests, if any, to the proposed increases in water rates and monthly service charges, effective beginning on the next regularly scheduled meter reading and billing cycle on or after March 1, 2023, as shown in Exhibit 4.
2. Upon the conclusion of the hearing, adopt the Resolution unless written protests from a majority of the affected customers are received, approving the increases in the District's water rates and monthly service charges and continuing to collect the existing water standby charge for fiscal year 2023-24 as part of the annual general county tax bill as shown in Exhibit 5.

**Fiscal/Mandates Impact:**

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

Summary of Revenues and Total Costs:	<u>FY 2022-23</u>	<u>FY 2023-24</u>
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Revenues:	\$ 38,412*	\$ 115,236*
Costs:		
Direct Costs	\$ 0	\$ 0
Indirect – Agency/Dept.	\$ 0	\$ 0
Indirect – CAP	\$ 0	\$ 0
Total Costs	\$ 0	\$ 0
Net County Cost, Including Indirects	\$ (38,412)	\$ (115,236)
Recovered Indirect Cost	\$ 0	\$ 0

Water standby charges in the amount of \$5,930 will be collected for FY 2022-23.

Current Fiscal Year (FY) Budget Projection:

<b>FY 2022-23 Budget Projection for Ventura County Waterworks District No. 17 – Unit 4330</b>				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated Savings/(Deficit)
Appropriations	\$4,320,257	\$4,584,991	\$4,584,991	\$0
Revenue	\$3,429,820	\$3,429,820	\$3,429,820	\$0
Net Cost	\$ 890,437	\$1,155,171	\$1,155,171	\$0

\*Revenue represents the incremental increase between the proposed rates and the current rates. Fiscal Year 2022-23 revenue reflects a rate increase for four months (March 2023 through June 2023). Fiscal Year 2023-24 revenue reflects a rate increase for 12 months (July 2023 through June 2024). Approval of the proposed rates will reduce the budgeted net cost for FY 2022-23. Net cost totals include capital outlay and transfers-out.

### **Executive Summary:**

The Ventura County Waterworks District No. 17 (District) provides potable water to the Bell Canyon community, Boeing North American, Inc., and Las Virgenes Municipal Water District customers in the Santa Susana Knolls. The District's entire water supply is imported water from the State Water Project, delivered through the Metropolitan Water District of Southern California, Calleguas Municipal Water District (CMWD), and the City of Simi Valley. For more information regarding this District see Exhibit 1, 2, and 3.

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 a portion of the fixed O&M costs, such as meter reading and billing.



In addition to operations, maintenance, and capital expenditures, the reserve fund balance target is critical in determining the full cost of service. Reserve funds are an important tool in assuring the financial sustainability of a utility by addressing cash-flow needs and the lag between expenses incurred and revenue received, as well as setting aside funding for future capital repair and replacement projects.

On January 11, 2022, in Resolution Number 22-001, the Board approved a uniform 4.5% increase to all volumetric commodity (water) rates and fixed monthly service charges, determined by meter size effective February 23, 2022.

Section 55501.5 of the Water Code and section 54984 et seq. of the Government Code authorize a county waterworks district to establish a water standby charge in areas where water service is available, whether such service is used or not. This charge has remained the same since FY 1996-97. Annually we ask the Board to approve that standby charges be collected as part of the annual general county tax bill.

#### **Background:**

Annually, as part of the budget process, the rates are reviewed to determine if adjustments are needed to accommodate projected expenses. This year, a rate adjustment is necessary to provide service based on actual cost-of-service, fairly and equitably distribute these costs to customers, and effectively balance the District's income with expenditures.

#### **Proposed Rates:**

Every year, the District evaluates the need for rate adjustments based on a variety of factors which this calendar 2023 and fiscal 2023-24 year include:

- Calleguas Municipal Water District's rate increase of 4.5%
- Estimated increase in the cost of materials up to 3%
- Estimated increase in the cost of electricity up to 4%
- Estimated increase in the labor costs of 3.5%
- New 1.5-million-gallon reservoir and Saddlebow pipeline project financed by 0% interest State Revolving Fund Loan with 30% principal forgiveness

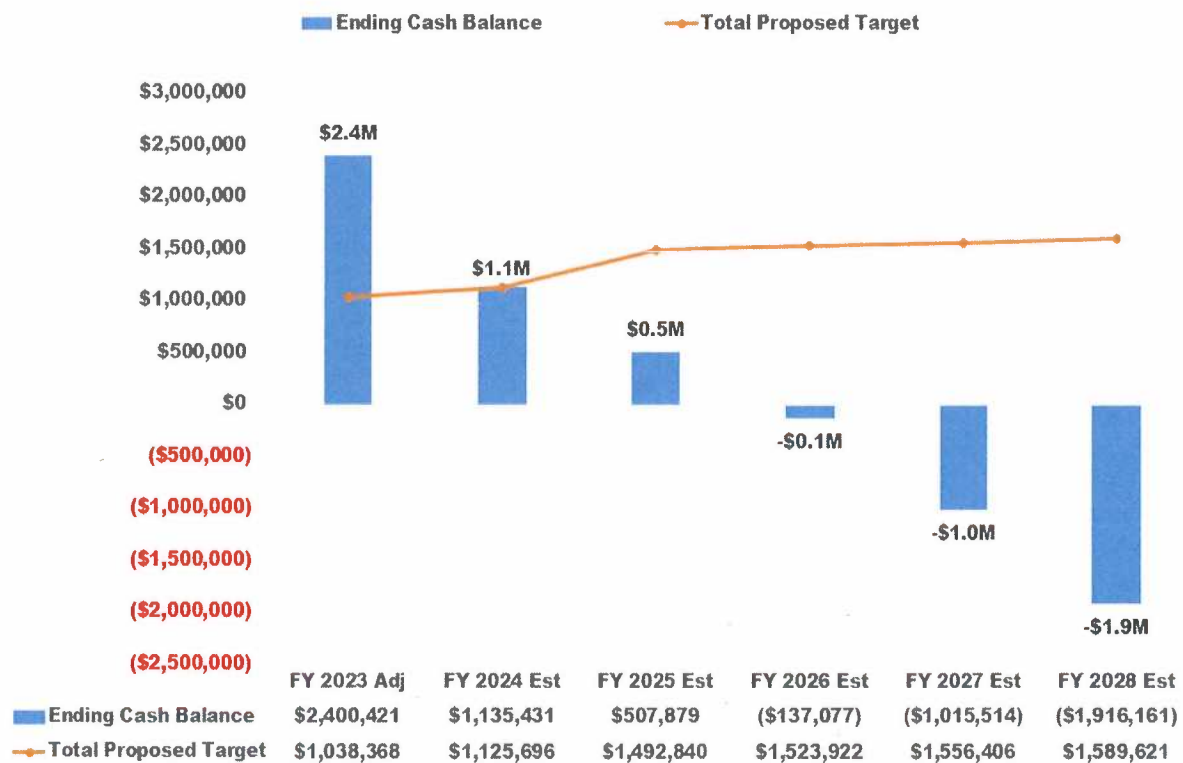
The proposed rate structure is based on an analysis of cost and revenue projections over a six-year period. To offset the increases in water supply, power, and labor costs, the District staff proposes a uniform 5% increase to all volumetric commodity (water) rates and to all fixed monthly service charges, determined by meter size effective beginning on the next regularly scheduled meter reading and billing cycle on or after March 1, 2023.



### Future Year Projections and Proposed Reserves:

If the proposed increases and similar future year increases are not approved, the District's reserves will decrease due to operating losses and planned capital improvement project expenditures, resulting in a negative cash balance by FY 2026 (see Table 1 below).

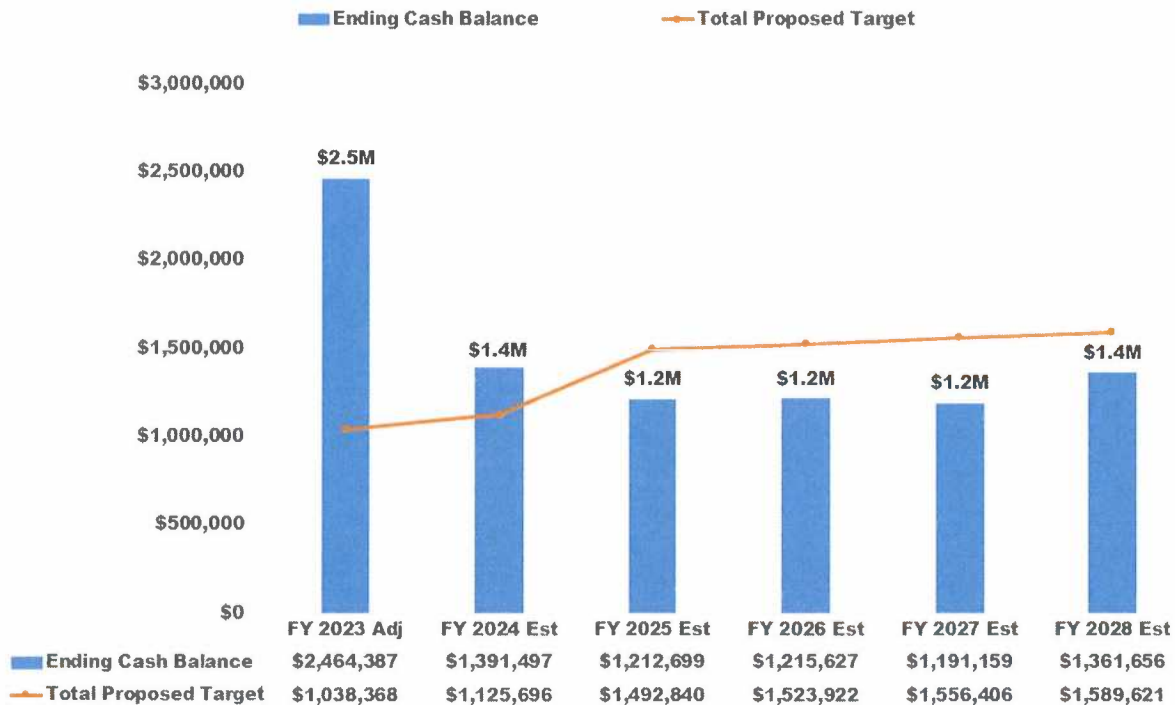
**Table 1:**



The graph in Table 2 below illustrates the financial impact of approving the recommended rate increases and assumes a constant annual 4.5% pass-through increase from Calleguas in subsequent calendar years. This will allow the District to maintain cash reserves at or near target levels through the six-year rate analysis period.



**Table 2:**



### **Discussion of Water Standby Charges:**

Section 55501.5 of the Water Code and section 54984 et seq. of the Government Code authorize a county waterworks district to establish a water standby charge in areas where water service is available, whether such service is used or not. In FY 1996-97, Ventura County Waterworks District (WWD) No. 17 imposed a water standby charge of \$46.82 per acre (or per parcel less than one acre), up to a maximum charge based on five (5) acres. This charge has remained the same since that time.

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. There are 57 parcels in WWD No. 17 subject to the water standby charge for FY 2023-24; this will generate approximately \$5,834 in revenue, as shown on Exhibit 5. A description of each parcel for which a charge is to be billed, together with the amount of the charge applicable to each parcel, is as also shown in Exhibit 5. These charges will be collected as part of the annual general county tax bill.





**Public Participation:**

On November 15, 2022, the District's Citizens' Advisory Committee (CAC), appointed by your Board, met to review staff's proposed increases, and unanimously concurred with the recommended rate and monthly service charge increases.

The recommended increases are necessary to establish fair and equitable rates and charges that will allow the District to (1) meet its operational and capital expenses, as well as maintain appropriate reserves to ensure its financial stability, and (2) proportionally allocate the costs of providing service in accordance with Proposition 218.

Water rates and service charges are subject to the majority protest provisions of Proposition 218. In compliance with legal notice requirements, on or before December 30, 2022, the District mailed a public notice of these proposed increases to all of its affected customers (e.g., parcel owners and directly billed tenants), providing them with the date, time, and location of this public hearing, the amounts of the proposed water rate and service charge increases, as well as information concerning their right to protest the proposed increases.

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

As of the date of this letter, the District has received one written protest in response to the proposed increases which are included as Exhibit 6. If any additional protest letters are received by the Clerk of the Board after this date, they will be provided to your Board during the hearing.

This item 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 me at (805) 654-2075.



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



Attachments:

Resolution

Exhibit 1 - Ventura County Waterworks District No.17 Vicinity Map

Exhibit 2 - Ventura County Waterworks District No.17 Location Map

Exhibit 3 - Ventura County Waterworks District No.17 Information Sheet

Exhibit 4 - Proposed Water Rates and Monthly Service Charges March 1, 2023

Exhibit 5 - Schedule of Water Standby Charges for Fiscal Year 2023-24

Exhibit 6 - Protest Letters

PowerPoint Presentation

