VENTURA COUNTY
Public Works Agency

Waterworks District No. 1 (Moorpark)

Sanitation District Rate Study Report

June 2026

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June 2026

Ms. Jean Fontayne
Staff Services Manager
Ventura County Public Works
6767 Spring Road, PO Box 250
Moorpark, CA 93020

Subject: 2026 Waterworks District No. 1 Sewer Rate Study

Dear Ms. Fontayne,

Raftelis is pleased to provide this 2026 Rate Study Report for the Waterworks District No. 1 (WWD1 Sewer) served by Ventura County Public Works (Ventura County). The overall purpose of the study was to review District 1 independently and propose a five-year schedule of wastewater rates for Fiscal Year (FY) 2026-27 through FY 2030-31 that are fair, financially sufficient, and cost justified.

The major goals of the study were to:

» Develop a financial plan for the District's Wastewater Enterprise to ensure financial sufficiency, meet operating costs, and fund long-term capital needs
» Develop proposed rates reflecting the cost to provide services to customers
» Document the rate study and present it to Ventura County

This report details results and recommendations related to the development of the proposed financial plan and proposed rate calculations. It has been a pleasure working with you and we thank you and the other Ventura County staff for the support provided to Raftelis during this study.

Sincerely,

Kevin Kostiuk
Project Manager

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List of Abbreviations

AF: Acre-feet
CIP: Capital Improvement Plan
COS: Cost of Service
CPI: Consumer Price Index
DSCR: Debt Service Coverage Ratio
ERU: Equivalent Residential Unit
FY: Fiscal Year
GPD: Gallons per Day
HCF: One Hundred Cubic Feet
ISF: Internal Service Fund
MGD: One Million Gallons per Day
MOP 27: Water Environment Federation Manual of Practice No. 27, *Financing & Charges for Wastewater Systems*
MWRF: Moorpark Water Reclamation Facility
NPDES: National Pollutant Discharge Elimination System
O&M: Operations and Maintenance
PWA: Public Works Agency
SCADA: Supervisory Control and Data Acquisition
SRF Loan: Clean Water State Revolving Fund Loan
STEP: Septic Tank Effluent Pump
Study Period: The rate planning period of this study, which extends through fiscal year 2030-31
WEF: Water Environment Federation
WWD1: Waterworks District No. 1 Sewer (Moorpark)
WWTP: Wastewater Treatment Plant

1. Executive Summary

1.1. Study Overview

Public wastewater utilities in California routinely perform a financial analysis and rate review to ensure that customers are charged appropriately for service commensurate with the cost to provide service. The Ventura County Public Works Agency (PWA or simply 'Agency') last conducted a rate study for Waterworks District Number 1 (WWD1 or simply " the District") in 2025, which established proposed rates for the current fiscal year (FY) 2025-26[1]. The Agency engaged Raftelis in 2026 to conduct this new Rate Study to establish a schedule of sewer service charges for the District. The proposed rate adoption period for WWD1 is planned to start on September 1, 2026 for FY 2026-27 and is proposed to start on July 1 in subsequent years. The planning horizon for this study runs through FY 2030-31. The results of the study are documented within this report. Proposed rates cannot be implemented until formally adopted after a public hearing. California law—specifically, Proposition 218—requires that affected parcel owners be mailed a public hearing notice detailing proposed rate changes no fewer than 45 days before the public hearing. Affected parcel owners have the right to protest the rate proposal which is subject to a majority protest of 50% plus one. Absent a majority protest the governing body can formally adopt the rate proposal.

The major objectives of this study are to:

- Develop a financial plan for the District's enterprise fund to ensure financial sufficiency, meet operating costs, fund long-term capital needs, meet current and future borrowing obligations, and ensure minimum levels of cash reserves
- Develop a corresponding schedule of proposed rates based on the existing rate structure and the results of the financial plan
- Document the cost-justified rate proposal in a study report to support the rate adoption process
- Support Agency staff throughout the public process

1.2. Rate Study Process

This study was conducted using industry-standard principles outlined in the Water Environment Federation's (WEF) *Manual of Practice No. 27, Financing and Charges for Wastewater Systems* (MOP 27). This industry manual is utilized as framework guidance and modified as appropriate to align with agency specific characteristics and the substantive requirements of Proposition 218. The overall process outlined below applies to the development of sewer (sometimes referred to as "wastewater") rates for the District. A detailed description of the methodology is provided in Section 3.

1. **Financial Plan:** Develop cash flow projections for the District's wastewater enterprise to determine the amount of revenue required from wastewater rates over the study period to fully recover costs.
2. **Rate Design**: Develop cost-justified rates that generate sufficient revenues based on the results of the financial plan.
3. **Administrative Record Preparation:** Develop this Study Report to document the results of the rate study, including all methodologies, assumptions, and calculations used to determine proposed rates.
4. **Rate Adoption:** Proposed rates may be adopted only after the Agency holds a public hearing in accordance with Proposition 218 requirements, absent a majority protest of affected parcels.

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[1] The fiscal year begins on July 1 of the first year and ends on June 30 of the second year. For example, FY 2025-26 is July 1, 2025 through June 30, 2026.

1.3. Proposed Wastewater Financial Plan Findings

Raftelis conducted a status quo cash flow analysis for WWD1 Sewer. The goal was to evaluate whether existing sewer service charges adequately fund the District's projected expenses over the five-year financial forecast period. Annual projections of rate and non-rate revenues, operations and maintenance (O&M) expenses, debt service payments, and capital expenditures through FY 2030-31 were developed with current year adopted budgets, preliminary FY 2026-27 operating budgets, long-term capital planning, an analysis of contributions from other sources (e.g., grants, loans, and reimbursements), and informed estimates on cost escalation. In the process of conducting this analysis, key financial drivers were identified; these drivers are identified and discussed below.

1.3.1. FINANCIAL DRIVERS

Key factors influencing the need for proposed revenue adjustments[2] in the District include:

» **Inflationary pressure:** The District's operating environment is not immune to the effects of inflation. The price of utilities, chemicals, specialized services and equipment, construction, and other expenses have increased at a historic pace over the last several years.

» **Planned capital expenditures:** The District has major capital projects in process and planned in the future, including a solar project which generates future power savings. The planned capital expenditures total $20.4 million in inflation adjusted dollars over the forecast period and are planned to be funded with a combination of cash and financing. To facilitate the cash necessary to execute projects while moderating rate impacts, the District has an internal Trust Fund loan to bridge cash needs. In addition, WWD1's existing debt service used to fund operations or capital investments totals approximately $5.8 million during the forecast period. The various past, present, and future cash-flow loans and borrowing for construction projects are considered in the financial plans.

» **Treatment related costs:** District 1 provides collection and treatment services. The District is therefore responsible for managing, funding, and planning for infrastructure maintenance and improvements on all collection and treatment related systems. The maintenance and upgrade expenses for this facility are ongoing and are factored into the District's financial plan.

» **No change to existing revenues or new connection growth:** Based on the community served, and in order to err on the side of conservatism, no new connections or changes to the ERUs within the District's service area, are assumed.

» **Financial Position and Planning:** The Agency runs the district as an individual fund. Therefore, the District's plan is evaluated as its own financial plan. The starting financial position, including cash reserves, is a primary indicator for the District.

Raftelis developed a financial plan for the District to evaluate revenue sufficiency over the study period and determine the level of rate adjustment needed to maintain financial sustainability. The financial plans incorporate the District's projected operating and maintenance (O&M) costs, capital improvement plan (CIP), existing reserve balances, and debt obligations. The proposed revenue adjustments for the District for the rate period of FY 2026-27 through FY 2030-31 are summarized in Table 1-1.

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[2] The term revenue adjustment is used to describe the overall change to rate revenues required.

Table 1-1: Proposed Revenue Adjustments

WWD1 Sewer	Proposed Adjustment FY 2026-27	Proposed Adjustment FY 2027-28	Proposed Adjustment FY 2028-29	Proposed Adjustment FY 2029-30	Proposed Adjustment FY 2030-31
Rate Revenue Adjustment	**30%**	**23%**	**23%**	**20%**	**10%**

A detailed discussion of WWD1 financial plan, including revenue requirements, reserve targets, and CIP funding strategy, is provided in Section 5 of this report.

1.4. Proposed Wastewater Rates

Based on the financial plan findings summarized in Section 1.3, Raftelis developed a proposed five-year schedule of wastewater rates for District 1 for FY 2026-27 through FY 2030-31. Proposed rates are designed to generate sufficient revenue to fund each District's projected O&M costs, CIP needs, and reserve requirements over the study period.

Proposed rates for District 1 are summarized in the tables below. A detailed discussion of the District's rate development is provided in Section 5 of this report. Note that proposed rates become effective only upon formal adoption by the Agency following a Proposition 218 public hearing.

Table 1-2: Proposed Monthly Sanitation Service Charges

WWD1 - Sewer	Current	Proposed	Proposed	Proposed	Proposed	Proposed
	FY 2026	FY 2027[3]	FY 2028	FY 2029	FY 2030	FY 2031
Monthly Service Charge($/ERU)	$32.25	**$41.93**	**$51.58**	**$63.45**	**$76.14**	**$83.76**
Reclaimed Water Fixed Charges						
3/4"	$16.99	**$22.09**	**$27.18**	**$33.43**	**$40.11**	**$44.13**
1"	$22.92	**$29.80**	**$36.66**	**$45.09**	**$54.11**	**$59.53**
1.5"	$37.69	**$49.00**	**$60.27**	**$74.15**	**$88.98**	**$97.89**
2"	$55.42	**$72.05**	**$88.63**	**$109.04**	**$130.84**	**$143.94**
3"	$111.55	**$145.02**	**$178.38**	**$219.47**	**$263.36**	**$289.72**
4"	$194.28	**$252.57**	**$310.67**	**$382.23**	**$458.68**	**$504.59**
6"	$392.28	**$509.97**	**$627.27**	**$771.79**	**$926.15**	**$1,018.83**
Reclaimed Water Use Rate						
Reclaimed Water Use Rate ($/HCF)	$2.28	**$2.96**	**$3.65**	**$4.49**	**$5.38**	**$5.92**
Reclaimed Water Use Rate ($/AF)	$993.24	**$1,289.46**	**$1,590.05**	**$1,954.00**	**$2,344.81**	**$2,579.47**

NOTE: Due to rounding there may be minor differences across calculations. For instance, the monthly charge x 12 may not equal the annual/ bi-annual charges.

[3] Proposed implementation September 2026

2. Introduction

2.1. Agency Overview

Ventura County Public Works Agency (Agency) provides a broad range of infrastructure and environmental services to residents and businesses throughout Ventura County, California. Among these services, the Agency oversees the operation and maintenance of seven (7) wastewater collection systems and three (3) treatment systems - located across the County. The Agency is responsible for ensuring that these systems are managed in a financially sustainable manner and that wastewater services are delivered reliably and in compliance with all applicable state and federal regulations, including National Pollutant Discharge Elimination System (NPDES) Permit requirements.

The Agency's wastewater operations are funded through sewer service charges assessed to customers within each District. Each District operates as a separate enterprise, with revenues and expenditures tracked independently to ensure that rates charged to customers within each District reflect the cost of providing service to that District. This report evaluates WWD1 Sewer's financial position and develops a proposed schedule of cost-justified rates to ensure continued financial sufficiency through FY 2030-31.

2.2. District Overview

Waterworks District No. 1 (the District or District 1) serves approximately 9,900 accounts (13,000 ERUs; some properties have multiple ERUs) with sanitation services and reclaimed water services to agricultural users. Since 1965, the District has provided wastewater collection, treatment, and disposal services to customers within the City of Moorpark and the surrounding areas of Eastern Ventura County. While the District is authorized to provide wastewater service throughout its service area, it provides this service within only a portion of its jurisdictional area (i.e., generally, within the City of Moorpark). The District's wastewater system includes approximately 107 miles of sewer lines (ranging from 6-inch to 33-inch pipeline), four lift stations, and a treatment facility known as the Moorpark Water Reclamation Facility (MWRF). The current rated design capacity of the facility is 5.0 MGD (millions gallons per day) with the current average influent flow of 2.0 MGD. The MWRF (located at 9550 E. Los Angeles Avenue, west of the City of Moorpark) was constructed in 1965 and originally called the Moorpark Wastewater Treatment Plant with a secondary treatment capacity. It was last expanded in 2009, upgrading its treatment capability to tertiary treatment and reclaimed water treatment. It was also during this time that the name was changed from Moorpark Wastewater Treatment Plant to Moorpark Water Reclamation Facility.

2.3. Study Overview and Objectives

The Agency engaged Raftelis in 2026 to conduct a wastewater rate study for this sanitation district. The primary purpose of the study is to ensure that WWD1's sewer service charges are sufficient to fund the cost of providing wastewater service over the five-year study period from FY 2026-27 through FY 2030-31. Proposed rates are designed to be fair, financially sufficient, and consistent with the requirements of Proposition 218.

This study focused on the development of a financial plan for District 1. The financial plan evaluates the District's projected revenues, O&M expenditures, CIP funding needs, reserve requirements, and debt obligations to determine the level of rate adjustment (if any) necessary to maintain financial sufficiency over the study period. This study does not include evaluations of cost allocations (i.e., a cost-of-service analysis), nor does it evaluate or propose structural changes to rates. The District's existing cost of service (COS) and existing rate structures are relied upon, with cost-justified rates determined through the financial planning process.

Study Objectives

The major objectives of this study are to:

- Evaluate WWD1's current financial position, including existing reserve balances, outstanding debt obligations, and projected revenue sufficiency under current rates.
- Develop a five-year financial plan for the District that projects the total costs of providing service, including O&M costs, CIP needs, debt servicing, and reserve requirements through FY 2030-31.
- Develop a proposed five-year schedule of sewer service charges for FY 2026-27 through FY 2030-31 that provides full cost recovery.
- Prepare this Study Report to document all methodologies, assumptions, and findings, and to support the Agency's Proposition 218 noticing and rate adoption process.

2.4. Key Changes Since Last Rate Adjustment

The District has adjusted sewer service charges regularly and incrementally. Over time, several changes in operating conditions, capital needs, and regulatory requirements have influenced the District's revenue requirements and informed the rate adjustments proposed in this study.

- **Inflationary pressure:** The District's operating environment is not immune to the effects of inflation. The price of utilities, chemicals, specialized services and equipment, construction, and other expenses have increased at a historic pace over the last several years.
- **Planned capital expenditures:** The District has major capital projects in process and planned in the future, including a solar project which generates future power savings. The planned capital expenditures total $20.4 million in inflation- adjusted dollars over the forecast period and are planned to be funded with a combination of cash and financing. To facilitate the cash necessary to execute projects while moderating rate impacts, the District has an internal Trust Fund loan to bridge cash needs. In addition, WWD1's existing debt service used to fund operations or capital investments totals approximately $5.8 million during the forecast period. The various past, present, and future cash-flow loans and borrowing for construction projects are considered in the financial plans.
- **Treatment-related costs:** District 1 provides collection and treatment services. The District is therefore responsible for managing, funding, and planning for infrastructure maintenance and improvements on all collection and treatment- related systems. The maintenance and upgrade expenses for this facility are ongoing and are factored into the District's financial plan.
- **Financial Position and Planning:** The Agency runs the district as an individual fund. Therefore, the District's plan is evaluated as its own financial plan. The starting financial position, including cash reserves, is a primary indicator for the District.

3. Rate Setting Methodology

3.1. Wastewater Rate-Setting Methodology

Raftelis conducted this rate study in accordance with industry-standard principles established by the Water Environment Federation's (WEF) Manual of Practice No. 27, Financing and Charges for Wastewater Systems (MOP 27), adjusted as appropriate to align with the requirements of Proposition 218 and the specific circumstances of each District. The study encompassed two primary analytical components: (1) financial plan development and (2) rate design.

3.1.1. FINANCIAL PLAN DEVELOPMENT

The financial plan is the foundation of the rate study. It establishes the total amount of revenue that the District must collect from sewer service charges each year to maintain financial sufficiency over the study period. Raftelis developed a five-year financial plan for the District covering FY 2026-27 through FY 2030-31. The District's financial plan incorporated the following components:

1. **Revenue Projections.** Raftelis projected the District's rate and non-rate revenues over the study period, including connection fees, miscellaneous revenues, and interest earnings on reserve fund balances. Projected non-rate revenues are credited against the District's total expenditure requirements to determine the net revenue required from sewer service charges.

2. **O&M Expenditure Projections.** Raftelis reviewed the District's historical and budgeted O&M expenditures and developed projections for the study period based on known cost drivers, anticipated changes in service levels, and appropriate inflationary estimates. O&M cost categories typically include personnel, chemicals, utilities, engineering services, contracted services, and general and administrative costs.

3. **Capital Improvement Plan.** Raftelis reviewed the District's CIP and incorporated projected capital expenditures into the financial plan. CIP projects were evaluated with Agency staff to determine planned funding through a combination of existing reserves, annual rate revenues, and where applicable, internal and/or external debt financing.

4. **Debt Service.** Existing debt obligations, including any outstanding external loans, internal General Fund or Trust Fund loans, or other long-term financing, were incorporated into the District's financial plan as a fixed annual expenditure. Where new debt financing is planned to fund CIP projects, projected debt service payments were incorporated accordingly.

5. **Reserve Requirements.** Raftelis evaluated the District's existing reserve fund balances against target reserve levels. Where existing balances were below target levels, the financial plan incorporated reserve replenishment contributions funded through rate revenues.

3.1.2. RATE DESIGN

Using the revenue requirements established in the District's financial plan, Raftelis developed a proposed five-year schedule of sewer service charges for FY 2026-27 through FY 2030-31. The District's existing rate structure is utilized with rates increased *across-the-board* by the percentage adjustments determined in the financial plan. Rates were reviewed to ensure that proposed rates generate sufficient revenue to fully recover current and future costs of providing service, but no more than necessary.

3.1.3. RATE STUDY PREPARATION AND RATE ADOPTION

The final step is to develop the written document memorializing the rate study in conjunction with the rate adoption process. This report serves as a key part of the administrative record for the rate adoption. The report documents the study results and presents the methodologies, rationale, justifications, and calculations used to determine the proposed rates. A thorough and methodological administrative record serves two important functions: maintaining defensibility in a stringent legal environment and communicating the rationale for revenue adjustments and proposed rates to customers and key stakeholders.

3.2. Proposition 218

3.2.1. BACKGROUND

Proposition 218, the "Right to Vote on Taxes Act," was approved by California voters in November 1996 and is codified in Articles XIII C and XIII D of the California Constitution. Proposition 218 establishes substantive and procedural requirements governing the imposition and increase of property-related fees and charges, including sewer service charges. All proposed rate adjustments developed in this study are subject to the requirements of Proposition 218.

3.2.2. SUBSTANTIVE REQUIREMENTS

Article XIII D, Section 6 of the California Constitution establishes five substantive requirements applicable to property-related fees and charges. Specifically:

- Revenues derived from the fee or charge may not exceed the funds required to provide the property-related service
- Revenues derived from the fee or charge must not be used for any purpose other than that for which the fee or charge was imposed
- The amount of the fee or charge imposed on any parcel must not exceed the proportional cost of the service attributable to that parcel
- The fee or charge may not be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question
- The fee or charge may not be imposed for general governmental services, including police, fire, ambulance, or library services, where the service is available to the public at large in substantially the same manner as it is to property owners

Sewer service charges calculated in this study are proposed at a level no greater than necessary to fund the cost of providing wastewater service, and all revenues generated by proposed rates will be used exclusively to fund the District's specific expenditures.

3.2.3. PROCEDURAL REQUIREMENTS

In addition to the substantive requirements described above, Proposition 218 establishes specific procedural requirements that must be satisfied before proposed sewer service charges may be adopted. These requirements include the following:

- Mailed Notice. The Agency must mail a written notice of the proposed rate adjustment to the record owner of each parcel subject to the proposed fee or charge. The notice must include the amount of the proposed fee or charge, the basis upon which the fee or charge was calculated, the reason for the proposed fee or charge, and the date, time, and location of the public hearing at which the proposed fee or charge will be considered.

- 45-Day Notice Period. The mailed notice must be postmarked to parcel owners no fewer than 45 days prior to the date of the public hearing.
- Public Hearing. The Agency must conduct a public hearing to consider the proposed fee or charge and any written protests submitted by affected parcel owners.
- Majority Protest. If written protests against the proposed fee or charge are submitted by a majority of the parcels subject to the proposed charge, the Agency is prohibited from imposing the proposed fee or charge. Only one protest per parcel can be counted.

4. Financial Projections

Inflationary estimates are used to escalate projected non-rate revenues and operations and maintenance (O&M) expenses beyond FY 2026-27 for WWD1 Sewer. Inflationary assumptions are shown in Table 4-1. For O&M expenses, the general inflation rate is consistent with long-term changes in the Consumer Price Index (CPI). Salary and benefit inflationary increases were provided by Agency staff, as wastewater utility personnel cost increases are typically agency-specific. Similarly, chemical cost increases are based on Agency staff estimates. All other O&M expense inflationary assumptions were developed by Raftelis based on recent experience and professional judgment. The capital inflation factor is used to adjust uninflated capital project cost estimates provided to Raftelis by Ventura County staff. The capital escalator tracks long-term changes in regional construction cost indices.

Table 4-1: Wastewater Enterprise Inflationary Assumptions

Inflationary Categories	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Non-Rate Revenues					
Miscellaneous	3.0%	3.0%	3.0%	3.0%	3.0%
Annual Interest Rate	3.0%	2.5%	2.5%	2.5%	2.5%
Expenses					
General	3.0%	3.0%	3.0%	3.0%	3.0%
Personnel	7.5%	7.5%	7.5%	7.5%	7.5%
Benefits	5.0%	5.0%	5.0%	5.0%	5.0%
Utilities	5.0%	5.0%	5.0%	5.0%	5.0%
Chemicals	6.0%	6.0%	6.0%	6.0%	6.0%
Professional Services	5.0%	5.0%	5.0%	5.0%	5.0%
Capital	4.0%	4.0%	4.0%	4.0%	4.0%

Agency-specific financial policies are considered during the financial planning process. Financial policies typically define key financial metrics that an agency strives to meet or exceed. The District has an informal reserve policy, which Raftelis utilized within the financial plan.

Cash Reserves: Prudent fiscal management requires that the District maintain reserve balances to provide sufficient working capital, maintain necessary cash on hand to efficiently award construction contracts, and provide funding during emergencies. The District's informal policy consists of two components, each with its own target balance:

- Operating reserve target is equal to 90 days or approximately 25% of annual O&M expenses.
- Rate stabilization reserve target equal to 10% of annual rate revenues.

Debt Coverage: Many types of external borrowing require minimum debt service coverage ratios (DSCR) requirements. Minimum coverage is generally 1.25, which means the District's net revenues from operations (i.e., gross revenues less operating expenses) must amount to at least 1.25 times the annual debt service. Annual debt service includes principal and interest payments on all outside debt. Even in instances when a District does not have existing debt or coverage requirements, this exercise provides forward-looking estimates on debt capacity for potential future borrowing. 1.25 is used in this study's modeling, but the type of borrowing and any coverage requirements will be determined at the time by Agency staff and the County's Municipal Advisor. Table 4-2 shows reserve and debt coverage targets modeled in this study for all districts/service areas.

Table 4-2: District Reserve and Debt Coverage Targets

Description	Target
Operating Reserve	90 days of O&M Expense
Rate Stabilization Reserve	10% of Rate Revenues
Debt Service Coverage Ratio (Minimum)	125%

Table 4-3 contains estimated debt terms should the District wish to seek external borrowing for capital projects. These values are for broad planning purposes only and are distinct from any internal borrowing terms.

Table 4-3: Estimated Debt Terms

Description	Value
Interest	4.5%
Term (years)	30
Issuance Cost	2.0%

5. Financial Plan

5.1. Key Inputs and Assumptions

5.1.1. CURRENT SERVICE CHARGES

The current rates for WWD1 are shown in Table 5-1. Each sewer connection pays a monthly service charge based on their number of ERUs. In addition, WWD1 has reclaimed water rates made up of two components: a monthly fixed charge based on meter size and a variable volumetric water use rate.

Table 5-1: Current WWD1 Sewer and Reclaimed Water Rates

Description	FY 2025-26
Monthly Sewer Service Charge (per ERU)	$32.25
Reclaimed Water Meter Charge	
3/4"	$16.99
1"	$22.92
1.5"	$37.69
2"	$55.42
3"	$111.55
4"	$194.28
6"	$392.28
Reclaimed Water Use Rate (per HCF)	$2.28
Reclaimed Water Use Rate (per AF)	*$993.24*

5.1.2. FINANCIAL ASSUMPTIONS

Inflationary assumptions in Table 4-1 are used to escalate projected non-rate revenues and O&M expenses beyond FY 2026-27. Descriptions of the inflationary assumptions are in Section 4. Reserve policies and debt coverage assumptions utilized for the rate analysis are shown in Table 4-2 and are discussed in more detail in subsequent sub-sections. Debt terms used for planning purposes are presented in Table 4-3.

5.1.3. PROJECTED BILLING UNITS OF SERVICE

Table 5-2 contains the current and projected count of sewer ERUs, reclaimed water meter size counts, and reclaimed water use for WWD1 Sewer. Sewer service ERUs, reclaimed meter counts, and reclaimed water use projections are necessary to estimate District rate revenues over the forecast period. Ventura County PWA staff provided Raftelis with the FY 2025-26 count of ERUs, reclaimed meter counts, and reclaimed water use. No growth for ERUs, reclaimed meters, nor reclaimed water use is projected in future years.

Table 5-2: Sewer and Reclaimed Water Billing Units

Description	Actual FY 2025-26	Projected FY 2026-27	Projected FY 2027-28	Projected FY 2028-29	Projected FY 2029-30	Projected FY 2030-31
Wastewater ERUs						
Residential - Single Family	9,405	9,405	9,405	9,405	9,405	9,405
Residential - Multi-Family	1,813	1,813	1,813	1,813	1,813	1,813
Commercial	1,245	1,245	1,245	1,245	1,245	1,245
Industrial	289	289	289	289	289	289
Institutional	303	303	303	303	303	303
Total	**13,056**	**13,056**	**13,056**	**13,056**	**13,056**	**13,056**
Reclaimed Meters						
3/4"	0	0	0	0	0	0
1"	3	3	3	3	3	3
1.5"	5	5	5	5	5	5
2"	8	8	8	8	8	8
3"	6	6	6	6	6	6
4"	0	0	0	0	0	0
6"	3	3	3	3	3	3
Total	**25**	**25**	**25**	**25**	**25**	**25**
Reclaimed Water Use (HCF)	**374,642**	**374,642**	**374,642**	**374,642**	**374,642**	**374,642**

5.2. Financial Plan

This Section details the development of a multi-year financial plan for the District. The following subsections include estimates and projections of annual revenues, O&M expenses, debt service payments, capital expenditures, and reserve funding through FY 2030-31. The overall purpose of the financial plan is to determine annual rate revenues required to achieve sufficient cash flow, maintain adequate reserves, and meet debt coverage requirements.

5.2.1. Operations and Maintenance Expenses

Table 5-3 shows a summary of all WWD1 Sewer O&M expenses over the forecast period. O&M expenditures include the cost of operating and maintaining the wastewater collection system and the costs of wastewater treatment and disposal at the MWRF. O&M expenses also include the costs of Ventura County PWA personnel, engineering and technical services, and administrative costs of the wastewater system. Ventura County PWA provided budgets for the District for FY 2025-26 and preliminary budgets for FY 2026-27. Inflationary estimates from Table 4-1 are generally applied to future years in the forecast period to determine projected O&M through FY 2030-31. Ventura County PWA provided estimates on specific cost centers where FY 2026-27 values were not representative of baseline or normal conditions. These include costs related to equipment maintenance contracts, water and sewer system power (savings from solar project completion), engineering and technical surveys costs, maintenance supplies and parts, and buildings and improvements maintenance costs. It is projected that O&M expenses will decrease by approximately 1.5% in FY 2026-27 and increase approximately 6% to 7% per year in the remaining years of the forecast period. This includes increases to all O&M between 3% and 7.5% per year.

Table 5-3: O&M Expenses

O&M Expenses	FY 2025-26 Budget	FY 2026-27 Budget	FY 2027-28 Projected	FY 2028-29 Projected	FY 2029-30 Projected	FY 2030-31 Projected
Services and Supplies (20)						
Voice Data ISF	$6,830	$7,035	$7,246	$7,463	$7,687	$7,918
General Insurance Allocation ISF	$39,100	$42,033	$45,185	$48,574	$52,217	$56,133
Equipment Maintenance	$15,600	$16,380	$17,199	$18,059	$18,962	$19,910
Equipment Maintenance Contracts	$931,800	$990,720	$1,113,018	$1,168,668	$1,227,102	$1,288,457
Maintenance Supplies and Parts	$1,010,000	$875,000	$927,500	$983,150	$1,042,139	$1,104,667
Buildings and Improvements Maintenance	$425,000	$300,000	$309,000	$318,270	$327,818	$337,653
Facilities and Materials Sq Ft Allocation ISF	$106,056	$114,010	$122,561	$131,753	$141,635	$152,257
Other Maintenance ISF	$5,000	$5,375	$5,778	$6,211	$6,677	$7,178
Memberships and Dues	$1,000	$1,030	$1,061	$1,093	$1,126	$1,159
Cost Allocation Plan Charges	$41,387	$44,491	$47,828	$51,415	$55,271	$59,416
Miscellaneous Expense	$127,000	$130,810	$134,734	$138,776	$142,940	$147,228
Mail Center ISF	$13,425	$13,828	$14,243	$14,670	$15,110	$15,563
Purchasing Charges ISF	$14,138	$14,562	$14,999	$15,449	$15,912	$16,390
Graphics Charges ISF	$20,000	$20,600	$21,218	$21,855	$22,510	$23,185
Stores ISF	$4,000	$4,120	$4,244	$4,371	$4,502	$4,637
Engineering and Technical Surveys	$292,000	$70,316	$73,831	$77,523	$81,399	$85,469
Lab Services - Non-Medical	$134,000	$140,700	$147,735	$155,122	$162,878	$171,022
Collection and Billing Services	$18,000	$18,540	$19,096	$19,669	$20,259	$20,867
Software Maintenance Agreements	$11,000	$11,550	$12,128	$12,734	$13,371	$14,039
Other Professional and Specialized Services Non ISF	$185,000	$194,250	$203,963	$214,161	$224,869	$236,112
Management and Admin Survey ISF	$342,251	$352,519	$363,094	$373,987	$385,207	$396,763
Public Works ISF Charges	$3,594,165	$3,863,727	$4,153,507	$4,465,020	$4,799,896	$5,159,889
Rent and Leases Equipment Noncounty Owned	$40,000	$41,200	$42,436	$43,709	$45,020	$46,371
Computer Equipment <5000	$25,000	$25,750	$26,523	$27,318	$28,138	$28,982
Furniture and Fixtures <5000	$5,000	$5,150	$5,305	$5,464	$5,628	$5,796
Minor Equipment	$20,300	$20,909	$21,536	$22,182	$22,848	$23,533
Gas And Diesel Fuel ISF	$862	$905	$950	$998	$1,048	$1,100
Transportation Charges ISF	$3,416	$3,518	$3,624	$3,733	$3,845	$3,960
Transportation Work Order	$10,000	$10,300	$10,609	$10,927	$11,255	$11,593
Water and Sewer System Power	$638,800	$670,740	$704,277	$739,491	$776,465	$815,289
Water and Sewer System Power (SAVINGS)	$0	-$60,526	-$63,234	-$66,062	-$69,015	-$72,098
Capital Assets (40)						
Equipment	$0	$16,325	$16,978	$17,657	$18,363	$19,098
Computer Software	$10,000	$2,000	$2,080	$2,163	$2,250	$2,340
Other Financing Uses (50)						
Transfers Out to Other Funds	$125,450	$124,087	$127,810	$131,644	$135,593	$139,661
Total O&M Expenses	**$8,260,580**	**$8,138,903**	**$8,707,045**	**$9,238,327**	**$9,804,252**	**$10,407,181**

5.2.2. Capital Improvement Plan

Ventura County PWA staff provided a five-year CIP for WWD1. The CIP prioritized each individual project as either low, medium, or high priority. To moderate otherwise higher increases, and based on the direction of PWA staff, only high priority projects are included in this financial plan and rate study. The CIP provided is escalated by the capital inflationary factor from Table 4-1 with the inflation-adjusted CIP shown in Table 5-4.

Table 5-4: Capital Improvement Program

Capital Improvement Program	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
MWRF Tertiary to Effluent Pond Gravity Line		$97,344			
MWRF Generator Replacement		$162,240	$1,068,621		
Moorpark Water Supply Reliability Program (UV Disinfection / PS No. 1 Upgrade)	$2,975,128				
Arroyo Simi Sewer Crossing Replacement	$2,080,000				
Arroyo Sewer Rehabilitation	$1,040,000	$2,509,440	$2,740,308	$2,992,416	$3,267,719
Sewer Master Plan and Facilities Assessment	$1,144,000				
MWRF Headworks Screen and Conveyor Replacement		$324,480			
Total CIP	**$7,239,128**	**$3,093,504**	**$3,808,929**	**$2,992,416**	**$3,267,719**

5.2.3. Existing Debt Service

WWD1 Sewer has two existing debt obligations with debt service in the study's forecast period. This existing debt contains an external California Energy Commission (CEC) Loan and an internal Ventura County Trust Fund Loan. Table 5-5 provides the District's total obligations.

Table 5-5: Existing Debt Service

Existing Debt Service	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
CEC Loan	**$66,118**	**$66,118**	**$66,118**	**$66,118**	**$66,118**
Trust Fund Loan - UV / Solar Expansion Project					
Principal	$0	$0	$1,440,000	$1,440,000	$1,440,000
Interest	$264,760	$270,740	$270,000	$216,000	$162,000
Annual Debt Service	**$264,760**	**$270,740**	**$1,710,000**	**$1,656,000**	**$1,602,000**
Total Existing Debt Service	**$330,878**	**$336,858**	**$1,776,118**	**$1,722,118**	**$1,668,118**

5.2.4. Financial Reserve Targets

Agency-specific financial targets must be considered during the financial planning process. Financial targets define key metrics that an agency strives to achieve or exceed. Section 4 contains the District's current financial reserve targets pertaining to debt coverage and reserves. The target debt coverage ratio is 1.25, which means net revenues from operations must amount to at least 1.25 times annual debt service. Net revenues equal gross revenues less O&M expenses. Annual debt service includes annual principal and interest payments on all debt.

5.2.5. Cash Reserve Target

Prudent fiscal management recommends that the District maintain reserve balances to provide sufficient working capital, maintain necessary cash on hand to efficiently award construction contracts, and provide funding during emergencies. The current reserve target consists of two components, each with their own target balance: the first is an operating reserve of 90 days to provide working capital for cash flow purposes; the second is a rate stabilization reserve of 10% of rate revenues to act as a contingency for unexpected expenses and/or volatility in rate revenues. Table 5-6 reiterates the reserve targets and translates the targets into FY 2026-27 dollars (before any proposed rate increases). The total reserve target is approximately $2.5 million.

Table 5-6: Cash Reserve Target

Description	Target	FY 2026-27
Operating Reserve	90 days of O&M Expense	$2,006,853
Rate Stabilization Reserve	10% of Rate Revenues	$505,251
Total Cash Reserve Target		**$2,512,104**

5.2.6. Status Quo Financial Plan

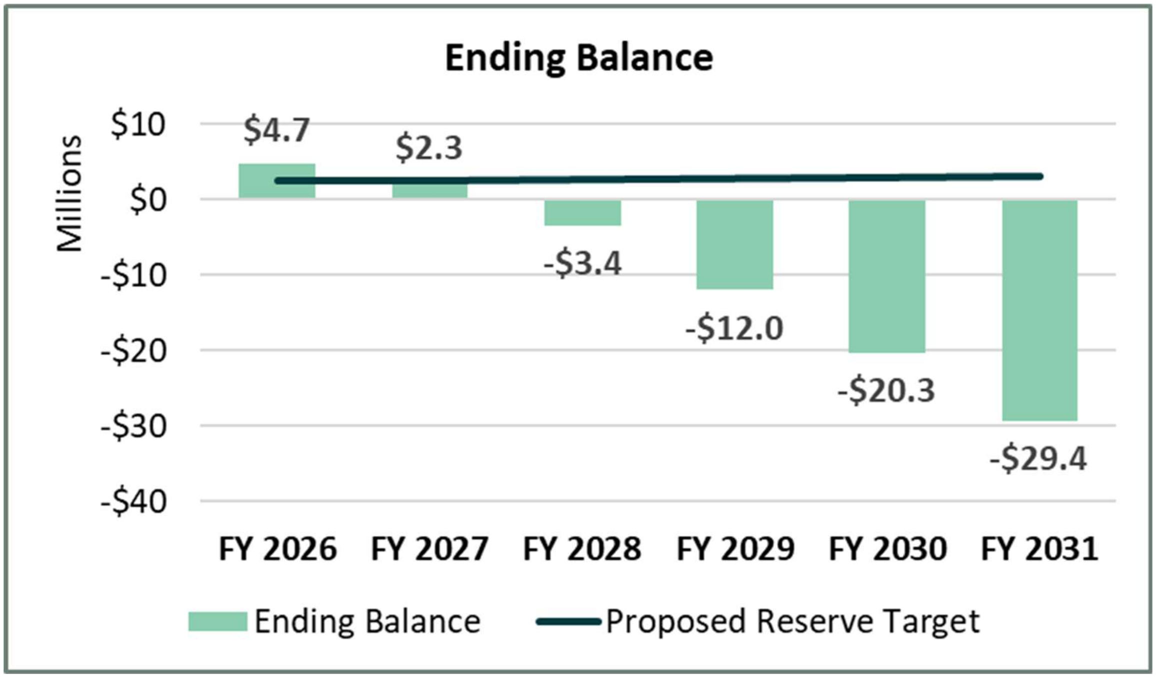
Raftelis conducted a status quo cash flow analysis to evaluate whether existing sewer service charges and reclaimed water revenues adequately fund projected expenses over the forecast period. Annual projections of rate and non-rate revenues, O&M expenses, debt service payments, and capital expenditures through FY 2030-31 were developed with adopted budgets, long-term capital planning, cash flow loans, and informed estimates on cost escalation. Table 5-7 shows the projected financial plan and source/use of funds without revenue increases, and Figure 5-1 shows the projected reserve ending balances without rate increases. Raftelis projects that with no rate increases over the study period, cash reserves will be drawn down below zero by FY 2027-28. The results demonstrate a need for revenue adjustments[4] (i.e., sewer rate revenue increases relative to the status quo).

[4] The term revenue adjustment is used to describe the overall change to rate revenues required.

Table 5-7: Status Quo Financial Plan Pro Forma - Without Revenue Increases

Line	Description	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
1	**Revenues**					
2	Sewer/Reclaimed Service Charges	$5,937,253	$5,937,253	$5,937,253	$5,937,253	$5,937,253
3	Revenue from Rate Increases	$0	$0	$0	$0	$0
4	Other Charges for Services	$294,992	$294,992	$294,992	$294,992	$294,992
5	Other Revenue	$4,000,000	$240,000	$0	$0	$0
6	Investment Income	$174,856	$34,597	$0	$0	$0
7	**Total Revenue**	**$10,407,101**	**$6,506,842**	**$6,232,245**	**$6,232,245**	**$6,232,245**
8						
9	**O&M Expenses**	$8,138,903	$8,707,045	$9,238,327	$9,804,252	$10,407,181
10						
11	**Debt Service**					
12	Existing Debt Service	$330,878	$336,858	$1,776,118	$1,722,118	$1,668,118
13	Proposed Debt Service	$0	$0	$0	$0	$0
14	**Total Debt Service**	**$330,878**	**$336,858**	**$1,776,118**	**$1,722,118**	**$1,668,118**
15						
16	**Rate-Funded Capital Expense**	$4,378,428	$3,093,504	$3,808,929	$2,992,416	$3,267,719
17						
18	**Net Cashflow**	**($2,441,109)**	**($5,630,564)**	**($8,591,129)**	**($8,286,541)**	**($9,110,773)**
19						
20	**Calculated Debt Coverage**	686%	-653%	-169%	-207%	-250%
21	**Target Debt Coverage**	125%	125%	125%	125%	125%
22						
23	**Beginning Balance**	**$4,694,449**	**$2,253,341**	**($3,377,224)**	**($11,968,353)**	**($20,254,894)**
24						
25	**Source of Funds**					
26	Sewer/Reclaimed Service Charges	$5,937,253	$5,937,253	$5,937,253	$5,937,253	$5,937,253
27	Other Revenues	$4,294,992	$534,992	$294,992	$294,992	$294,992
28	Investment Income	$174,856	$34,597	$0	$0	$0
29	Loan Proceeds	$2,860,700	$0	$0	$0	$0
30	**Total – Source of Funds**	**$13,267,801**	**$6,506,842**	**$6,232,245**	**$6,232,245**	**$6,232,245**
31						
32	**Use of Funds**					
33	O&M Expenses	$8,138,903	$8,707,045	$9,238,327	$9,804,252	$10,407,181
34	Debt Service	$330,878	$336,858	$1,776,118	$1,722,118	$1,668,118
35	Capital Improvement Program	$7,239,128	$3,093,504	$3,808,929	$2,992,416	$3,267,719
36	**Total – USE of Funds**	**$15,708,910**	**$12,137,406**	**$14,823,374**	**$14,518,786**	**$15,343,018**
37						
38	**Ending Balance**	**$2,253,341**	**($3,377,224)**	**($11,968,353)**	**($20,254,894)**	**($29,365,668)**

Figure 5-1: Projected Ending Cash Balance, without Rate Increases



5.2.7. Proposed Financial Plan and Revenue Adjustments

Raftelis worked with Ventura County staff to develop the following proposed revenue adjustments over the five-year rate setting period; and planned magnitude of borrowing in Table 5-8 (see Table 4-3 for proposed debt terms). The proposed revenue adjustments provide financial sufficiency and allow the District to execute capital projects, while moderating ratepayer impacts.

Table 5-8: Proposed Rate Adjustments and Financing

	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
	Proposed	Proposed	Proposed	Proposed	Proposed
Effective Date	Sept. 2026	July 2027	July 2028	July 2029	July 2030
Revenue Adjustment	**30%**	**23%**	**23%**	**20%**	**10%**
Planned Borrowing	**$1,000,000**	**$4,000,000**	**$0**	**$3,500,000**	**$0**

Key factors influencing the need for proposed revenue adjustments include:

- **Inflationary pressure**: The District's operating environment is not immune to the effects of inflation. The price of utilities, chemicals, specialized services and equipment, construction, and other expenses have increased at a historic pace over the last several years. Inflation reduces the purchasing power of existing rates, reduces cash on hand, and reduces borrowing capacity.
- **Wastewater treatment**: The District has its own treatment plant, and it is therefore also responsible for managing, funding, and planning for infrastructure maintenance and improvements for both collection and treatment.
- **Planned capital expenditures**: The planned capital costs total approximately $20.4 million over the forecast period in inflation-adjusted terms, including a solar project to generate future power savings. Executing the projects requires a combination of cash reserves and financing. To facilitate the cash necessary to execute projects while moderating rate impacts, the District has an internal Trust Fund loan to bridge cash needs. Rate increases provide additional cash generation for partial project funding and the ability to service future loans once the projects are completed.

» **Existing debt service**: Debt and internal loan obligation for cash flow and/or capital investments totals approximately $5.8 million during the forecast period, as shown in Table 5-5.

Figure 5-2 summarizes the projected CIP financing plan over the forecast period. The CIP is funded from rate revenue and planned internal and/or external borrowing. CIP costs are shown in inflation-adjusted dollars.

Figure 5-2: Capital Improvement Program Financing Plan

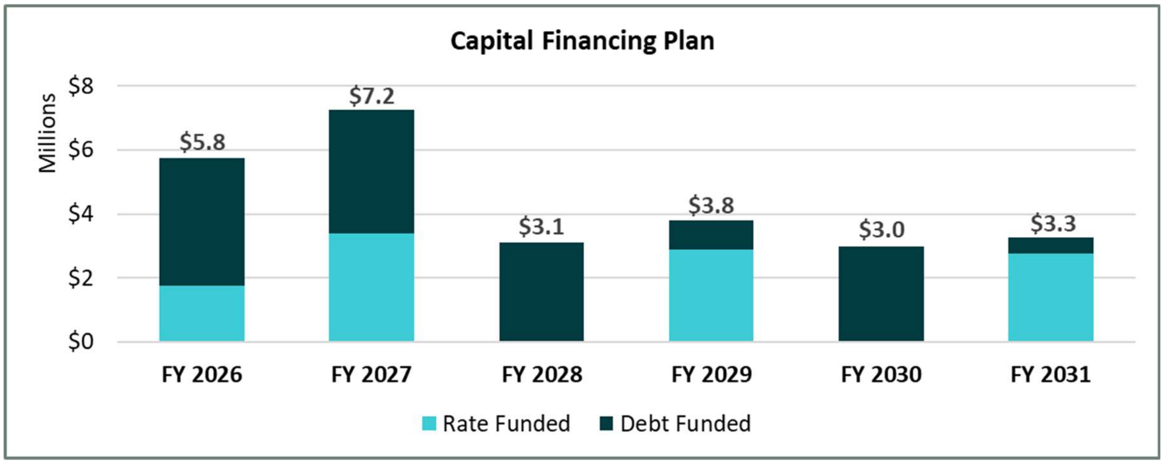


Table 5-9 shows the proposed financial plan cash flow projection over the forecast period. The cash flow assumes the revenue adjustments and borrowing presented in Table 5-8. In FY 2026-27, FY 2028-29, and FY 2030-31, the net cash flow is negative mainly because of increased cash funding of planned CIP. Net cash flow is positive in the other years of the forecast period (i.e., FY 2027-28, FY 2029-30).

Table 5-9: Proposed Financial Plan Pro Forma - With Revenue Increases

Line	Description	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
1	**Revenues**					
2	Sewer/Reclaimed Service Charges	$5,937,253	$5,937,253	$5,937,253	$5,937,253	$5,937,253
3	Revenue from Rate Increases	$1,484,313	$3,556,414	$5,739,958	$8,075,400	$9,476,665
4	Other Charges for Services	$294,992	$294,992	$294,992	$294,992	$294,992
5	Other Revenue	$4,000,000	$240,000	$0	$0	$0
6	Investment Income	$197,460	$163,201	$197,615	$144,905	$228,461
7	**Total Revenue**	**$11,914,018**	**$10,191,860**	**$12,169,817**	**$14,452,550**	**$15,937,371**
8						
9	**O&M Expenses**	$8,138,903	$8,707,045	$9,238,327	$9,804,252	$10,407,181
10						
11	**Debt Service**					
12	Existing Debt Service	$330,878	$336,858	$1,776,118	$1,722,118	$1,668,118
13	Proposed Debt Service	$62,644	$313,222	$313,222	$532,478	$532,478
14	**Total Debt Service**	**$393,523**	**$650,080**	**$2,089,340**	**$2,254,596**	**$2,200,596**
15						
16	**Rate-Funded Capital Expense**	$3,378,428	$0	$2,902,433	$0	$2,760,136
17						
18	**Net Cashflow**	**$3,164**	**$834,735**	**($2,060,282)**	**$2,393,702**	**$569,459**
19						
20	**Calculated Debt Coverage**	959%	228%	140%	206%	251%
21	**Target Debt Coverage**	125%	125%	125%	125%	125%
22						
23	**Beginning Balance**	**$4,694,449**	**$4,697,613**	**$6,438,844**	**$3,472,065**	**$6,373,351**
24						
25	**Source of Funds**					
26	Sewer/Reclaimed Service Charges (with revenue from rate increases)	$7,421,566	$9,493,667	$11,677,210	$14,012,652	$15,413,918
27	Other Revenues	$4,294,992	$534,992	$294,992	$294,992	$294,992
28	Investment Income	$197,460	$163,201	$197,615	$144,905	$228,461
29	Loan Proceeds	$3,860,700	$4,000,000	$0	$3,500,000	$0
30	**Total – Source of Funds**	**$15,774,718**	**$14,191,860**	**$12,169,817**	**$17,952,550**	**$15,937,371**
31						
32	**Use of Funds**					
33	O&M Expenses	$8,138,903	$8,707,045	$9,238,327	$9,804,252	$10,407,181
34	Debt Service	$393,523	$650,080	$2,089,340	$2,254,596	$2,200,596
35	Capital Improvement Program	$7,239,128	$3,093,504	$3,808,929	$2,992,416	$3,267,719
36	**Total – USE of Funds**	**$15,771,554**	**$12,450,628**	**$15,136,596**	**$15,051,264**	**$15,875,496**
37						
38	**Ending Balance**	**$4,697,613**	**$6,438,844**	**$3,472,065**	**$6,373,351**	**$6,435,227**

Figure 5-3 shows the projected debt coverage ratio in blue, and the target coverage of 125% in the dashed black line. The District exceeds the debt coverage requirement from FY 2026-27 through FY 2030-31. The District is projected to have net revenues more than general minimum coverage requirements in these years.

Figure 5-3: Projected Debt Coverage Ratio

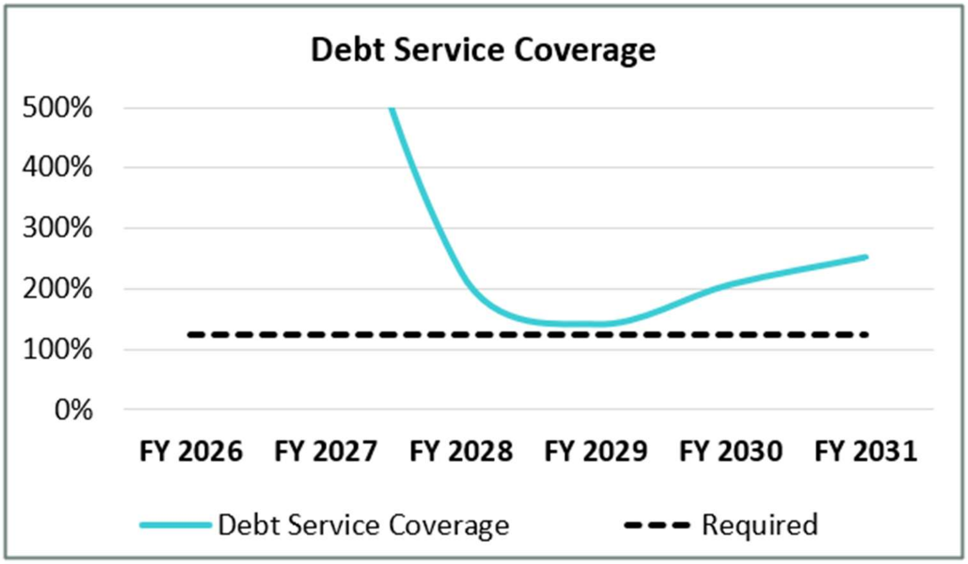


Figure 5-4 shows the projected ending cash reserve balance shown by the green bars. The total cash reserve target is shown in dark green. Projected ending cash reserves assume the proposed rate revenue adjustments and borrowing shown in Table 5-8.

Figure 5-4: Projected Ending Cash Balance, with Rate Increases

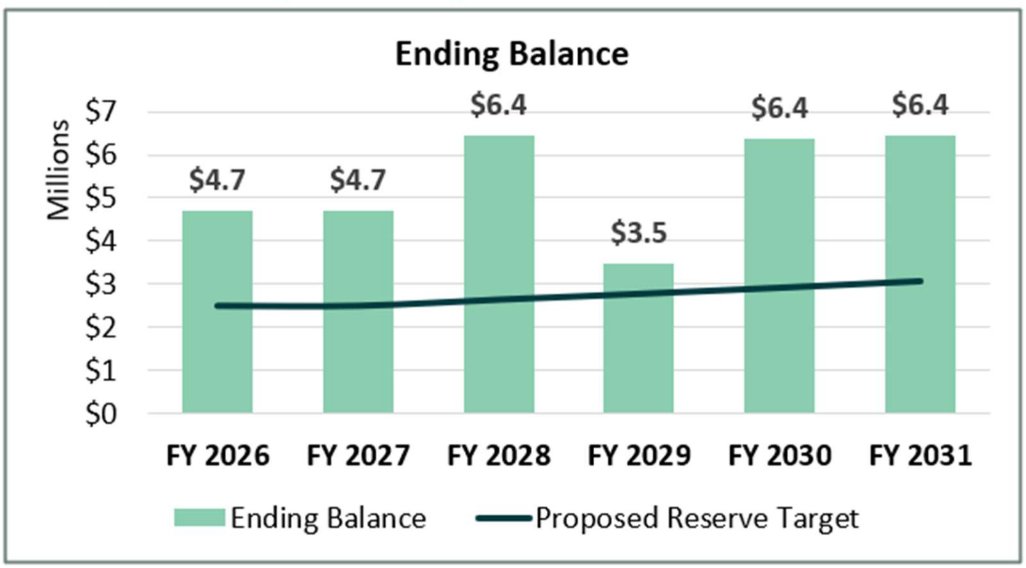
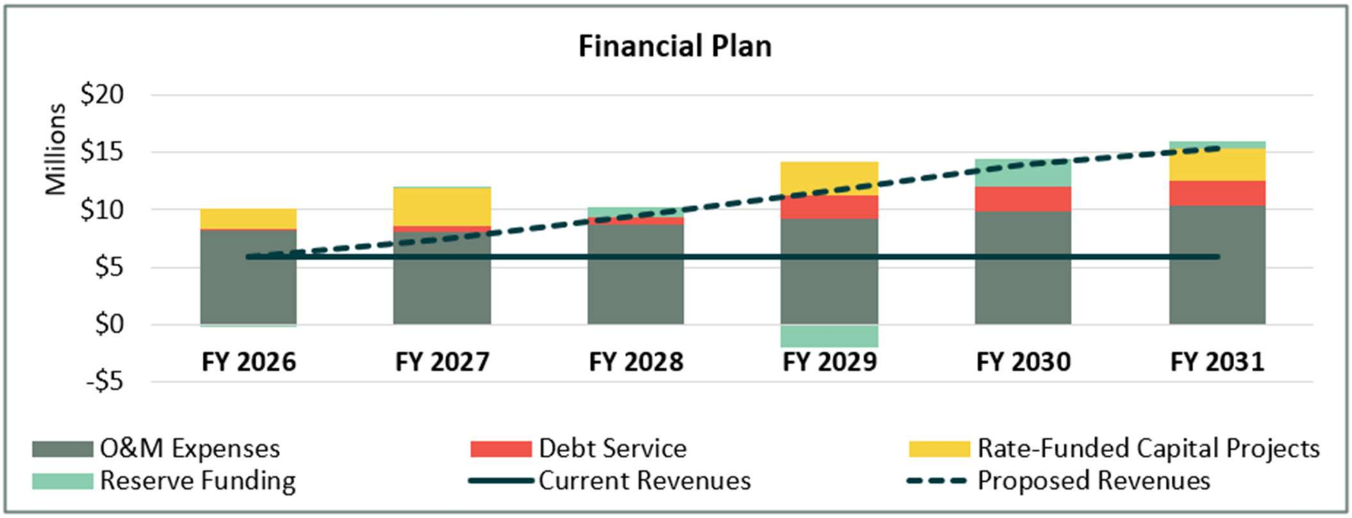


Figure 5-5 graphically illustrates the proposed financial plan, which compares existing (current) and proposed revenues with projected expenses. The stacked bars show expenses including O&M expenses, debt service, rate-funded capital projects, and cash to/from reserves. Total revenues at current and proposed rates are shown by black solid and dashed lines, respectively. Current revenue from existing rates, shown in the black solid line, do not meet future total expenses and demonstrates the need for revenue increases. Reserve funding (i.e., net cash flow) is shown in green. If the green portion of the bar is below the x-axis, it signifies use of cash reserves in that year. If the green portion is above the x-axis, it signifies additions to cash reserves in that year.

Figure 5-5: Proposed Financial Plan



5.3. Proposed Rates and Customer Impacts

This section calculates the proposed rates based on the financial plan results in the previous section. The proposed revenue adjustments are applied *across-the-board* to the existing rates and rate structure with no changes to current cost allocations or modifications to the rate structures. The first year's rates are proposed for implementation in September 2026 (three months into FY 2026-27. Future year increases are proposed for implementation on July 1 of each calendar year, aligning with the start of the fiscal year.

5.3.1. Proposed Five-Year Rate Schedule

Table 5-10 shows the current and proposed rate schedule for WWD1 Sewer. Rates are calculated by applying the revenue adjustments in Table 5-8 to the current rates. All rates are rounded to the nearest penny. PWA proposes a five-year rate adoption.

Table 5-10: Proposed 5-Year Rate Schedule

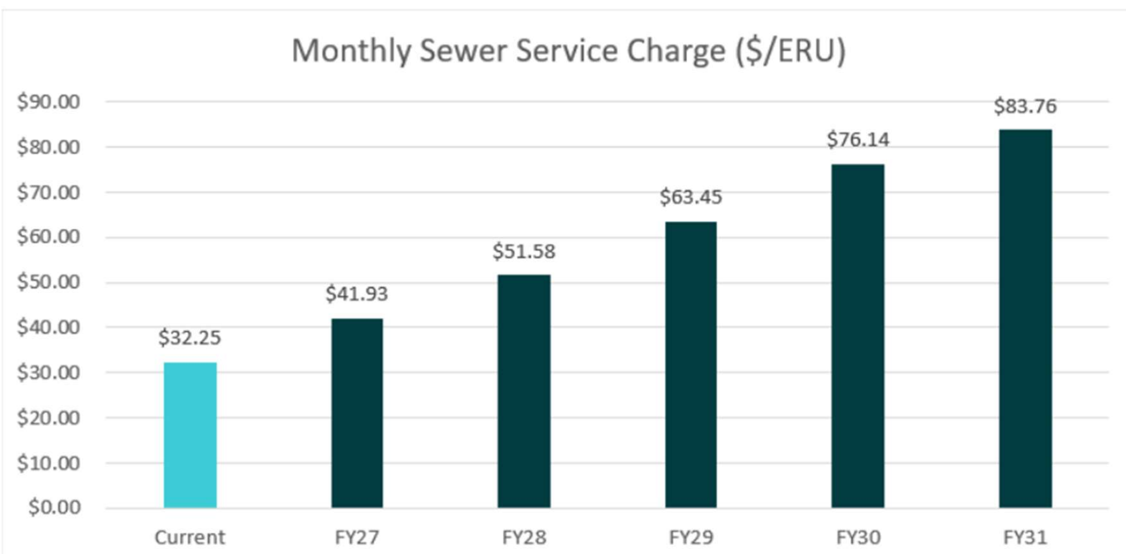
WWD1 - Sewer	Current	Proposed	Proposed	Proposed	Proposed	Proposed
	FY 2026	FY 2027[5]	FY 2028	FY 2029	FY 2030	FY 2031
Monthly Service Charge($/ERU)	$32.25	**$41.93**	**$51.58**	**$63.45**	**$76.14**	**$83.76**
Reclaimed Water Fixed Charges						
3/4"	$16.99	**$22.09**	**$27.18**	**$33.43**	**$40.11**	**$44.13**
1"	$22.92	**$29.80**	**$36.66**	**$45.09**	**$54.11**	**$59.53**
1.5"	$37.69	**$49.00**	**$60.28**	**$74.15**	**$88.98**	**$97.89**
2"	$55.42	**$72.05**	**$88.64**	**$109.04**	**$130.84**	**$143.94**
3"	$111.55	**$145.02**	**$178.38**	**$219.47**	**$263.36**	**$289.72**
4"	$194.28	**$252.57**	**$310.67**	**$382.23**	**$458.68**	**$504.59**
6"	$392.28	**$509.97**	**$627.27**	**$771.79**	**$926.15**	**$1,018.83**
Reclaimed Water Use Rate						
Reclaimed Water Use Rate ($/HCF)	$2.28	**$2.96**	**$3.65**	**$4.49**	**$5.38**	**$5.92**
Reclaimed Water Use Rate ($/AF)	*$993.24*	*$1,289.46*	*$1,590.05*	*$1,954.00*	*$2,344.81*	*$2,579.47*

NOTE: Due to rounding there may be minor differences across calculations. For instance, the monthly charge x 12 may not equal the annual/ bi-annual charges.

5.3.2. Customer Bill Impacts

Figure 5-6 shows the current and the five-year proposed (FY 2026-27) monthly sewer service charges.

Figure 5-6: Proposed Five-Year Customer Bills



[5] Proposed implementation September 2026