



*Ventura County Waterworks District No. 1*

# Director's Items

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Presentation to Waterworks District 1 Citizens Advisory Committee

Joe Pope

Director, Water and Sanitation Department

County of Ventura Public Works Agency

*October 10, 2019*

# Director's Items

- 1. Water Rates Recommendation for 2020**
- 2. Ag Water Usage Chart**
- 3. Desalter Update**

# Budgets and Factors Impacting Water Rates

- District 1 operates as an enterprise fund.
  - **No tax revenues**
- All expenses are paid by District 1 customers through water rates and charges.
- District 1 secures grants, when feasible, and low-interest loans for capital projects.
- Annual budget for FY 2020: \$20.6 million.



## Factors Impacting Water Rates:

1. Water rate increases by Calleguas Municipal Water District 3.4%
2. Increasing cost of power 3% to 5% per year
3. 8.9% increase in labor costs, including salaries, benefits, County overheads, vacancy fills, promotions, and merit steps
4. Increases in expenditures for planned capital projects

# ***History of Waterworks District 1 Water Rates***

1. Feb. 2017 the Board approved a rate restructuring
  - Prop 218 compliant Cost-of-Service based model
  - Included a 5-year financial plan averaging 7% annual increase
  - Included glide path for agricultural customers
2. Dec. 2017 the Board approved a 7% water rate increase, a 10% fixed charge rate, and a 15% rate increase for agricultural water
3. Dec. 2018 the Board approved a 7.5% water rate, 7.5% fixed rate charge (meter fee) and 14% agricultural rate increase



## Fiscal Year 2019-2020 Budget Analysis by Category

EXPENDITURES	FY19 ADOPTED	FY20 ADOPTED	Variance	Variance
	BUDGET	BUDGET	(\$)	(%)
County & Agency Svcs	\$575	\$547	(\$29)	-5%
Imported Water Cost	\$13,057	\$13,671	\$614	5%
Local Water Cost	\$562	\$583	\$22	4%
Operation & Maintenance	\$4,067	\$4,442	\$374	9%
Regulatory Permit Costs	\$37	\$43	\$6	15%
System Maint, Repairs & Replc.	\$1,200	\$1,272	\$72	6%
Grand Total	\$19,498	\$20,557	\$1,059	5%

In thousands

The \$20.6M Budget is a \$1M (5%) increase from FY2019 Adopted budget

## FY20 Adjusted Budget Expenditures vs. Revenue Analysis

### SUMMARY:

#### Total Adjusted Budget Expenditures

\$20,859,590

#### Total Estimated Revenue

\$20,739,284

#### % of Expenditures Financed by Water Sales

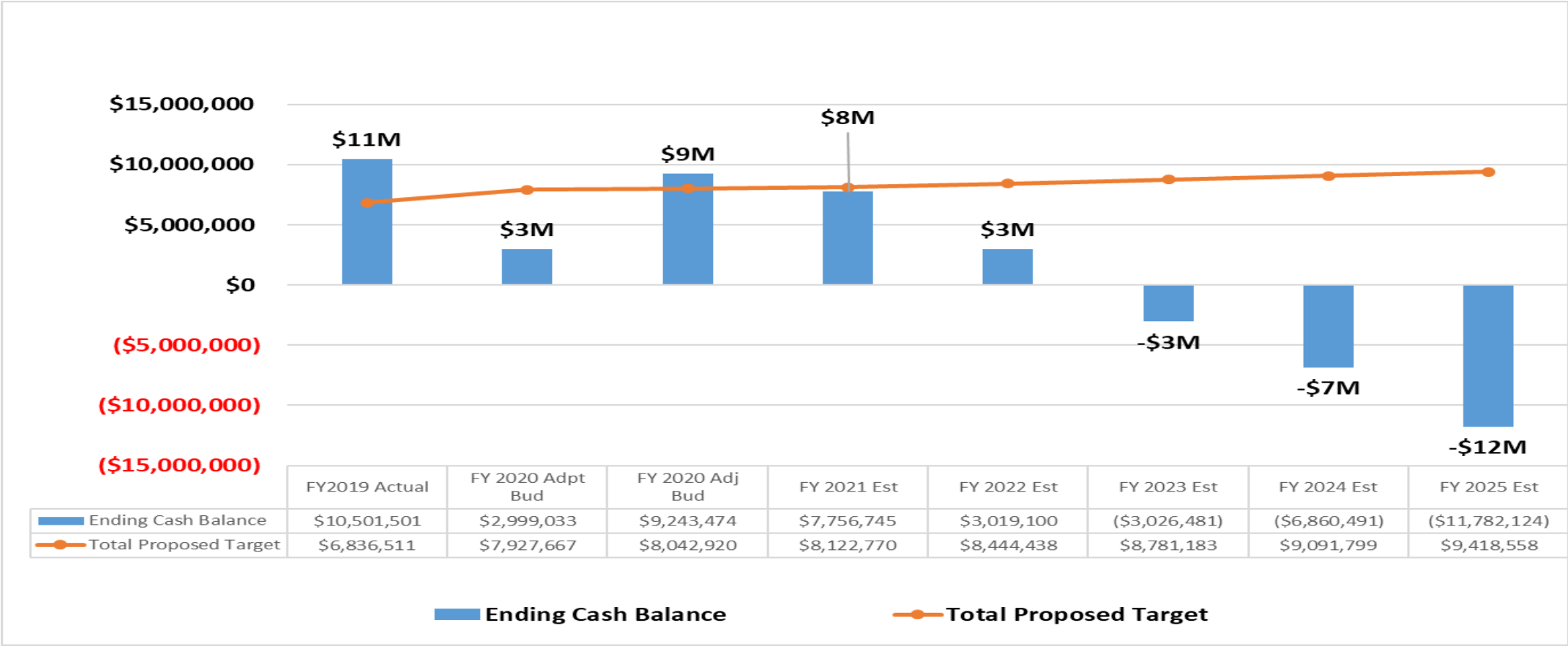
99.4%

#### % of Expenditures Funded by Cash Reserves

0.6%



Cash Reserves Forecast With No Rate Increases



Cash Balance goes negative due to inflationary factors and Rate Funded CIP projects



**Moorpark Water Services**

**Proposed Water Rate Increases for Calendar Year 2020**

<b>Commodity Rates for Residential Customers</b>			
<b>Tier</b>	<b>Proposed Monthly Use (HCF)</b>	<b>Current 2019</b>	<b>Proposed 2020</b>
1	0 - 10	\$3.69	\$3.82
2	>10 – 25	\$4.41	\$4.56
3	> 25	\$5.06	\$5.24
<i>Note: Rates per 100 Cubic Feet of Water (HCF)=748 Gallons</i>			

- Commodity Adjustment Increase: 3.5%

<b>Commodity Rates for Other Customer Classes</b>		
<b>Customer Class</b>	<b>Current 2019</b>	<b>Proposed 2020</b>
Agricultural	\$3.39	\$3.71
Commercial	\$4.22	\$4.37
Industrial	\$3.97	\$4.11
Institutional	\$4.74	\$4.91
Non-Tiered Residential	\$4.52	\$4.68
Multi-Family Residential	\$3.90	\$4.04

- Agricultural Adjustment Increase: 9.4%

Ag Rate Increases from \$1477/AF to \$1615/AF





**Moorpark Water Services**

**Proposed Water Rate Increases for Calendar Year 2020**

**Monthly Fixed Service Charges: 10% Increase**

<b>Monthly Meter Charges</b>		
<b>Meter Size</b>	<b>Current 2019</b>	<b>Proposed 2020</b>
3/4-inch	<b>\$12.32</b>	<b>\$13.56</b>
1-inch	<b>\$16.61</b>	<b>\$18.28</b>
1 1/2-inch	<b>\$27.31</b>	<b>\$30.05</b>
2-inch	<b>\$40.16</b>	<b>\$44.18</b>
3-inch	<b>\$80.85</b>	<b>\$88.94</b>
4-inch	<b>\$140.81</b>	<b>\$154.90</b>
6-inch	<b>\$284.32</b>	<b>\$312.76</b>
<b>Monthly Fireline Charges</b>		
<b>Meter Size</b>	<b>Current 2019</b>	<b>Proposed 2020</b>
2-inch	<b>\$8.06</b>	<b>\$8.87</b>
3-inch	<b>\$12.17</b>	<b>\$13.39</b>
4-inch	<b>\$19.26</b>	<b>\$21.19</b>
6-inch	<b>\$44.75</b>	<b>\$49.23</b>
8-inch	<b>\$88.71</b>	<b>\$97.59</b>
10-inch	<b>\$154.82</b>	<b>\$170.31</b>
20-inch	<b>\$927.79</b>	<b>\$1,020.57</b>
<b>Note: Water used through private fire services will be charged at the temporary construction water rate</b>		



# Proposed Water Rate Increases Impact on Residential Customers

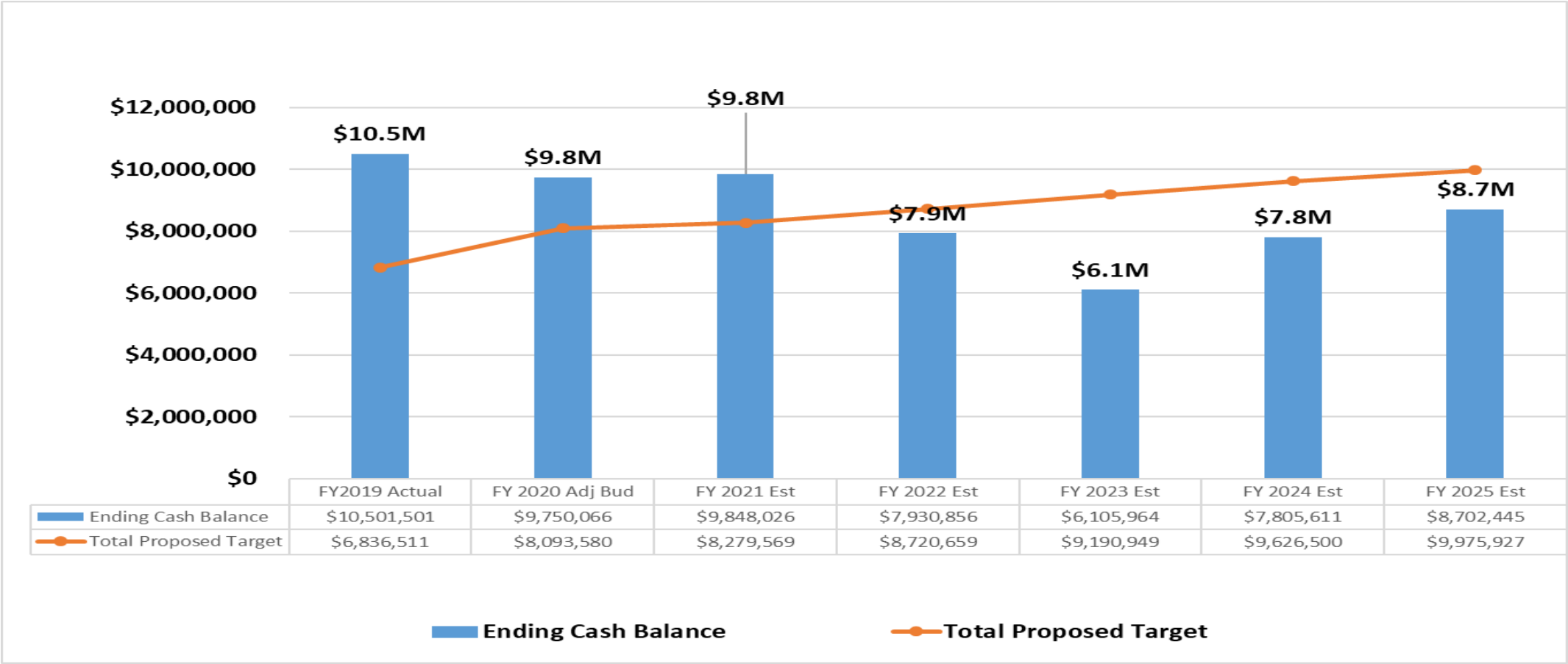
Meter Size	Median Bill	Monthly Increase
3/4"	\$88.87	\$3.19
1"	\$95.31	\$3.46
3"	\$250.46	\$9.45



Calculators are available on our website: <http://pwa.vcpublicworks.org/wsd/ratesandcharges/>

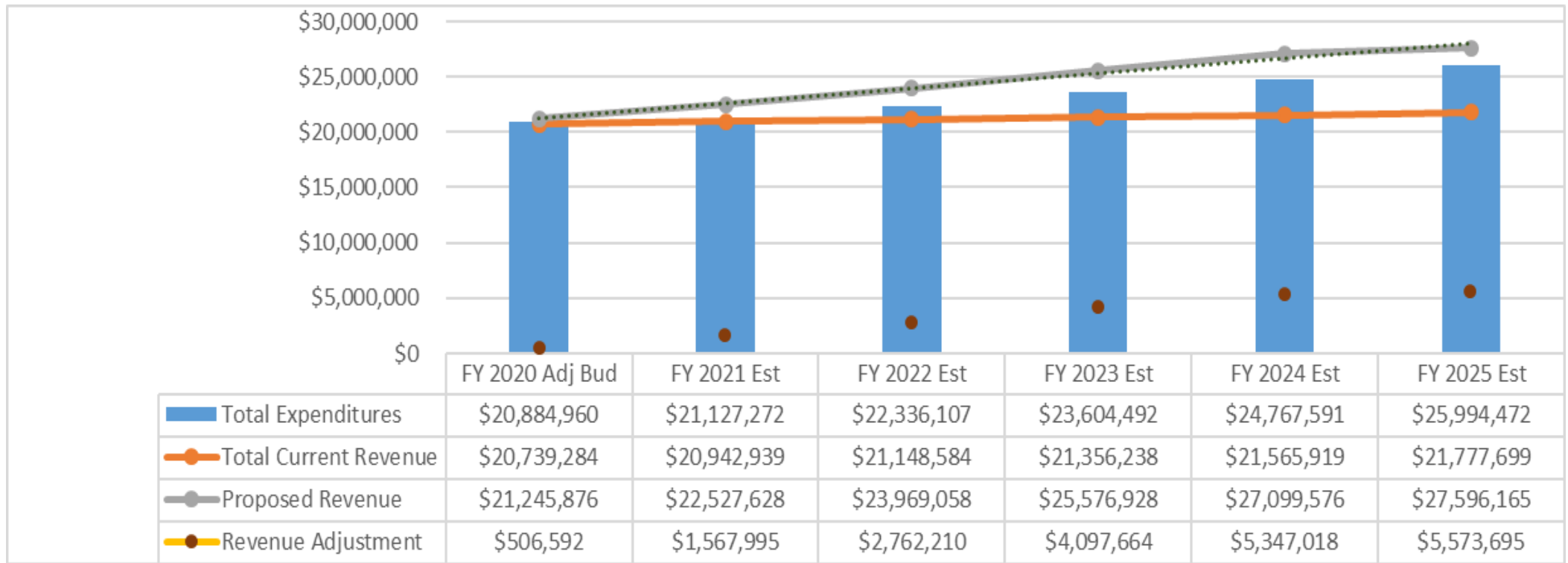


Cash Reserve Forecast With Recommended Rates



Proposed Rate Increase will help maintain positive Cash Reserves needed to fund Capital Projects and Debt Service

## Proposed Operating Plan With Recommended Rate Increase



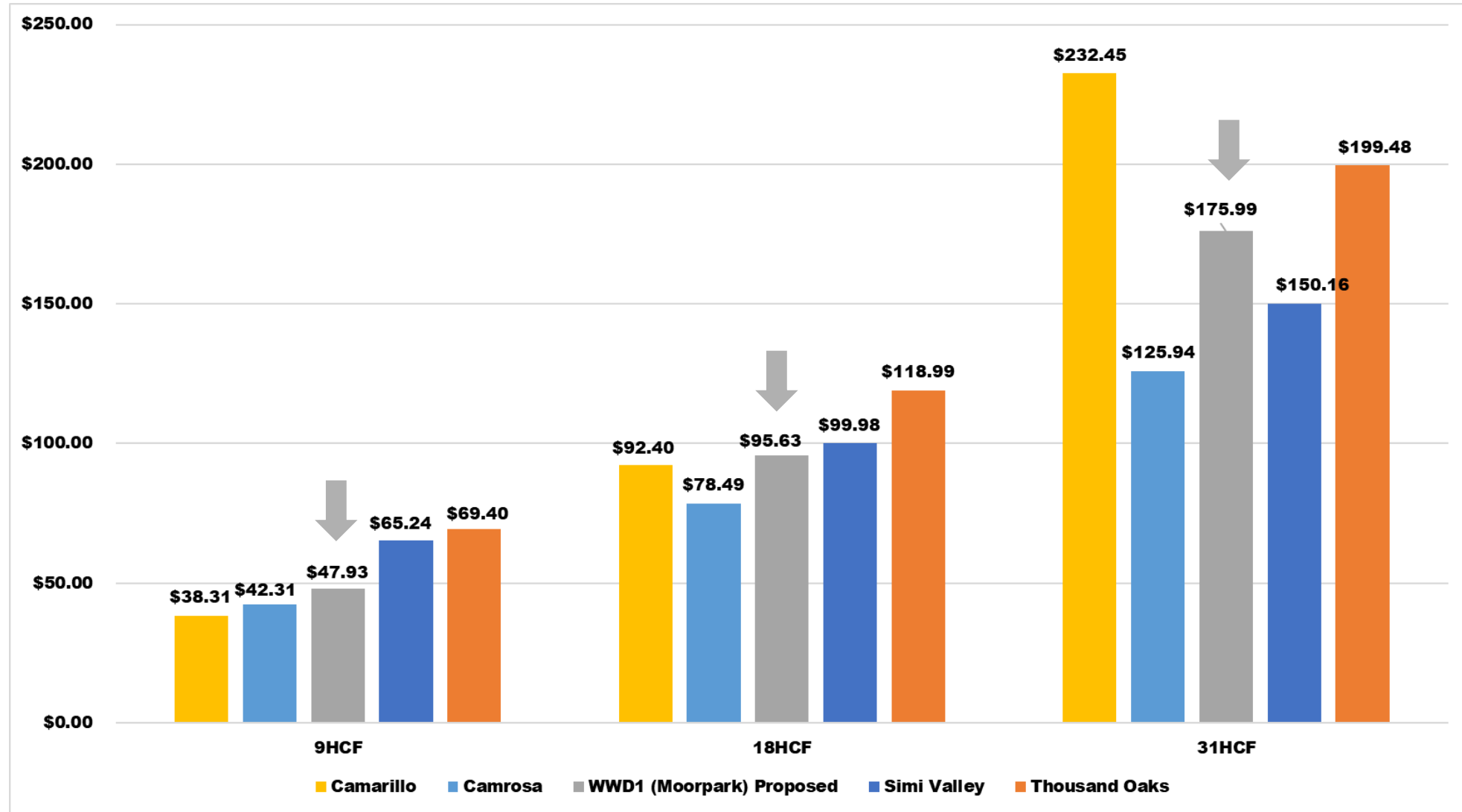
Illustrates the operating financial plan by comparing the existing and proposed revenues with projected expenses.

The expenses, shown in bars are all expenses.

Row 4 of graph table shows the compounding effect of Revenue Adjustment for each fiscal year given proposed rate increases thru FY 2025.

**Note: Revenue Adjustments reflects recommended non-agriculture commodity rates increase of 3.5% on all study period fiscal years. Fixed Rate increase of 10% for FY20 and 13%,14% &14% increases on outyears. AGR rate increase of 9.4% for FY20 and 8.9%,8.7%,8.2%,6.7%,3.6% respectively on outyears.**

# Water Bill Comparisons ¾" Service

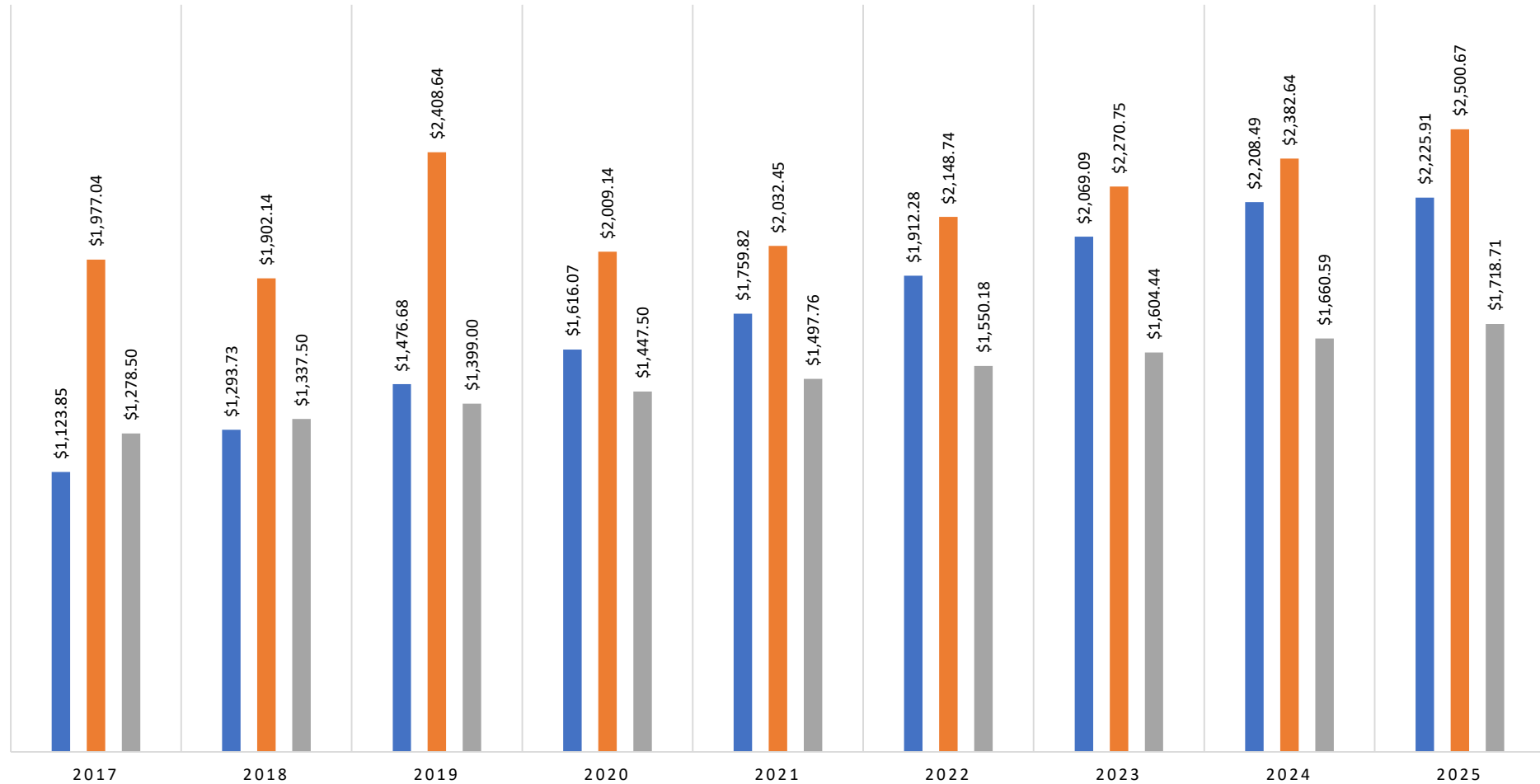


Ventura County Waterworks District No. 1  
Moorpark Water Services  
Agricultural Glide Path Rate Analysis

Agricultural Rate % of Increase		9.4%	8.9%	8.7%	8.2%	6.7%
<b>ANALYSIS USING FY18 PROPOSED RATE INCREASE</b>						
Estimated Revenue Loss from Agricultural Water Sales on the Glide Path Rates:						
	FY19 (Current Rate)	FY2020	FY2021	FY2022	FY2023	FY2024
AGR Rate calculated at Full Cost of Service	\$ 4.25	\$4.40	\$4.56	\$4.72	\$4.89	\$5.07
AGR on the Glide Path Rate - Made Whole	\$3.39	\$3.71	\$4.04	\$4.39	\$4.75	\$5.07
Discount (\$/hcf)	(\$0.86)	(\$0.69)	(\$0.52)	(\$0.33)	(\$0.14)	\$0.00
\$/Acre Foot	\$1,476.68	\$1,616.07	\$1,759.82	\$1,912.28	\$2,069.10	\$2,208.49
Revenue Loss due to the Glide Path:						
AGR Estimated Usage (HCF)	908,838.82	917,927.21	927,106.48	936,377.55	945,741.32	955,198.73
Discount (\$/hcf)	(\$0.86)	(\$0.69)	(\$0.52)	(\$0.33)	(\$0.14)	\$0.00
Annual Revenue Loss	(\$920,723.53)	(\$707,485.58)	(\$557,732.57)	(\$395,549.98)	(\$220,704.19)	(\$66,201.89)
FY20 Loss		(\$920,723.53)	(\$920,723.53)	(\$920,723.53)	(\$920,723.53)	(\$920,723.53)
FY21 Loss			(\$707,485.58)	(\$707,485.58)	(\$707,485.58)	(\$707,485.58)
FY22 Loss				(\$557,732.57)	(\$557,732.57)	(\$557,732.57)
FY23 Loss					(\$395,549.98)	(\$395,549.98)
FY24 Loss						(\$220,704.19)
Annual Compounding Revenue Loss	(\$920,723.53)	(\$1,628,209.11)	(\$2,185,941.68)	(\$2,581,491.66)	(\$2,802,195.85)	(\$2,868,397.74)

## WATERWORKS DISTRICT 1 COST PER ACRE-FEET

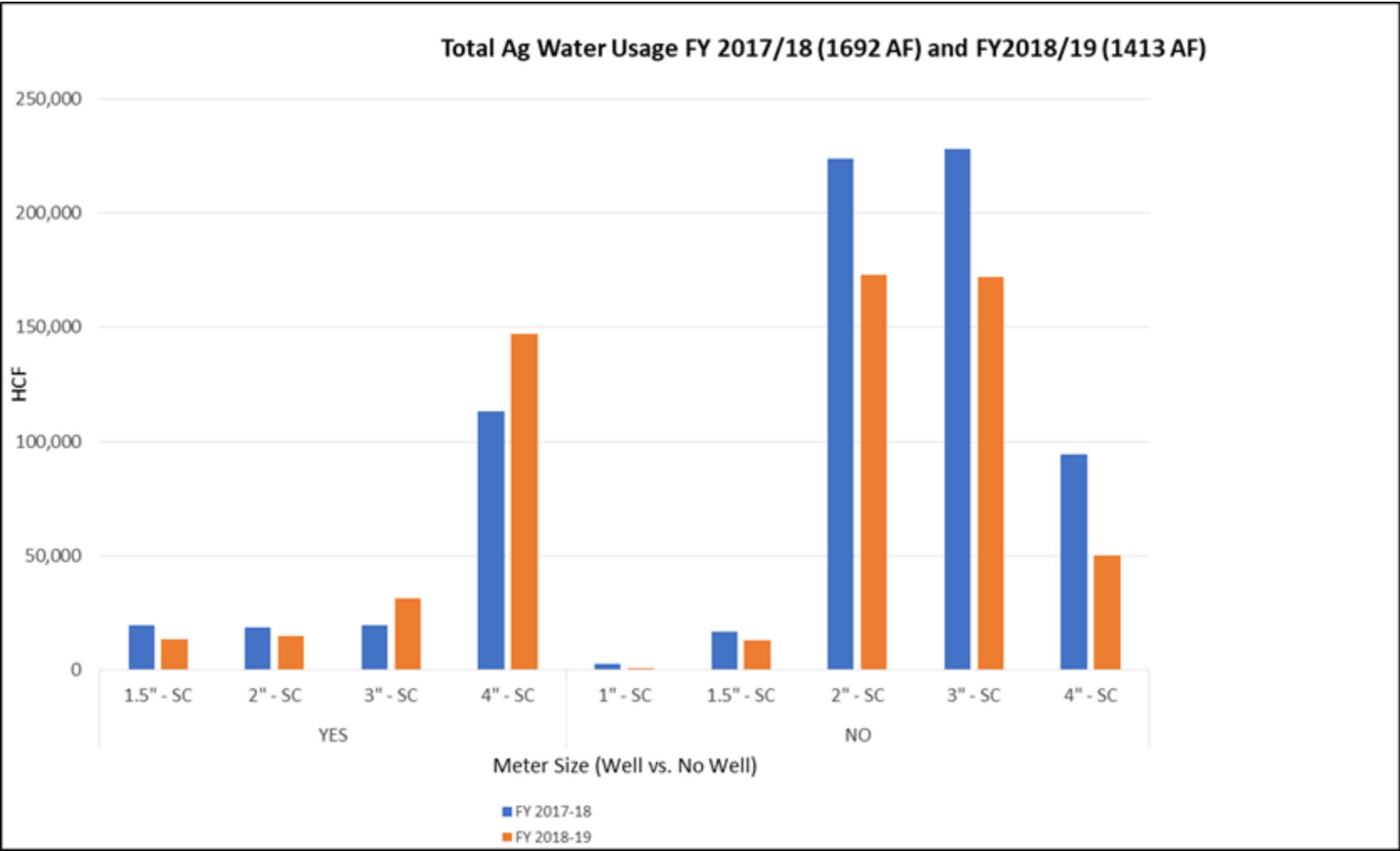
■ Agricultural 9.4% 2020 increase (\$/acre-foot)    ■ WWD1 Total cost of water delivered (\$/acre-foot)    ■ Calleguas Imported Water Avg Tier 1 (\$/acre-foot)



# Ag Water Usage Waterworks District 1



# District 1 Ag Water Usage FY17/18 and FY18/19



# Desalter Project Update



# Project Description



- Construct 5 to 9 250-foot-deep production wells in the shallow aquifer and extract 3,000 AFY of groundwater
- Membrane treatment process for brackish water
  - Filter cartridges
  - low-pressure reverse osmosis
  - Disinfection and chemical conditioning processes
- Treated water quality will meet State drinking water quality standards
- Produce up to 2,500 AFY or 2.25 MGD of treated water
- Treated water will be connected to VCWWD No. 1 water distribution system
- Brine will be discharged into Calleguas MWD's Salinity Management Pipeline
- One MW solar photovoltaic electricity generation system
- Received \$7 million Proposition 84 grant from State Dept. of Water Resources



# Project Progress History



- Preliminary Design Report for Desalter, Treated Water Distribution System, and Brine Disposal, Pilot Well Tests I & II 2010-2015
- Awarded \$7 million Prop. 84 grant funding Jan. 2016
- Groundwater Modeling Report (95%) Feb. 2016
- CEQA Document (70%) Feb. 2016
- Preliminary Design Report Update July 2016
- DWR Desalination Grant Application Aug. 2017
- Mitigation Project development Dec. 2017



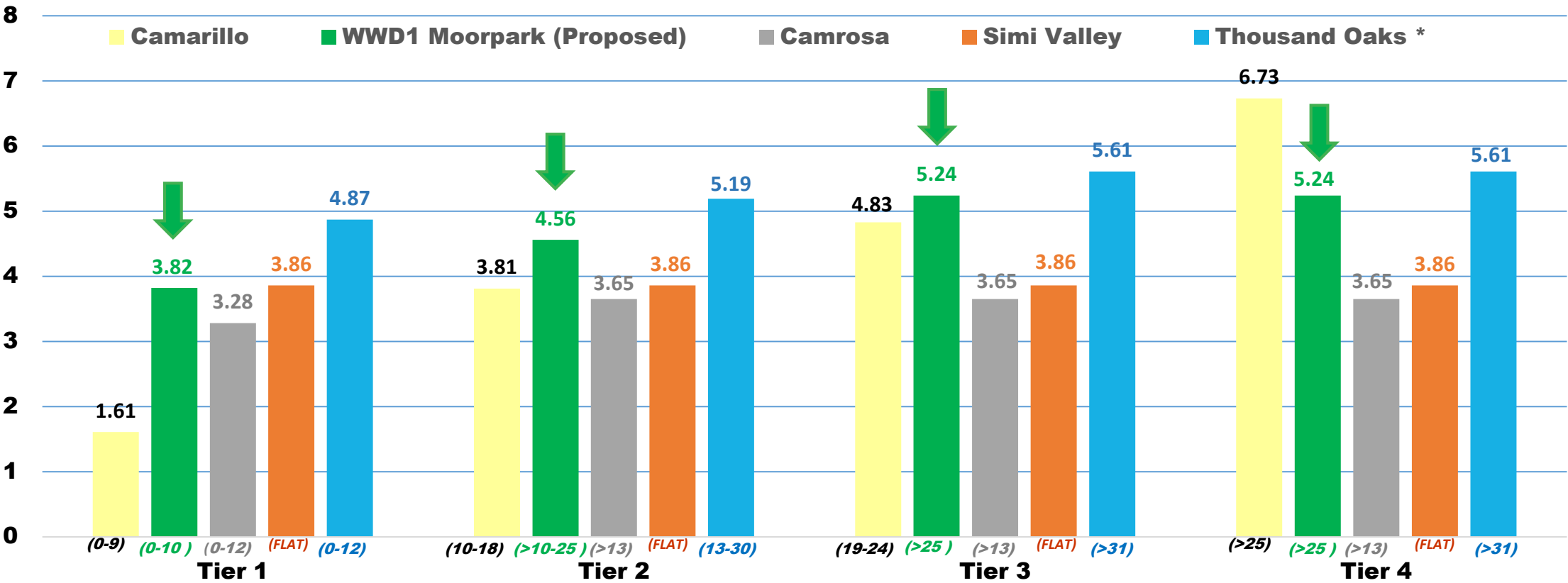
# Next Steps

- Storm Water Diversion and Groundwater Recharge Project
  - Preliminary Engineering & Pilot Testing June 2020
- Complete PDR for Desalter Project June 2020
- Finalize Groundwater Modeling Report June 2020
- FCGMA Pumping Allocation Request Dec. 2020
- Complete CEQA document (EIR) Dec. 2020
- Financing plan (grants and SRF loan) Dec. 2020
- Land and Easement Acquisition Dec. 2021
- Permit Application 2021/22
- Design 2021/22
- Construction
  - Storm Water diversion and GW Recharge 2021/22
  - Well field 2021/22
  - Membrane treatment and distribution system 2022/24
  - Solar PV system 2022/24
- **Operations Plan**
  - Comply with the adopted monitoring and contingency plan

# Back-up Slides



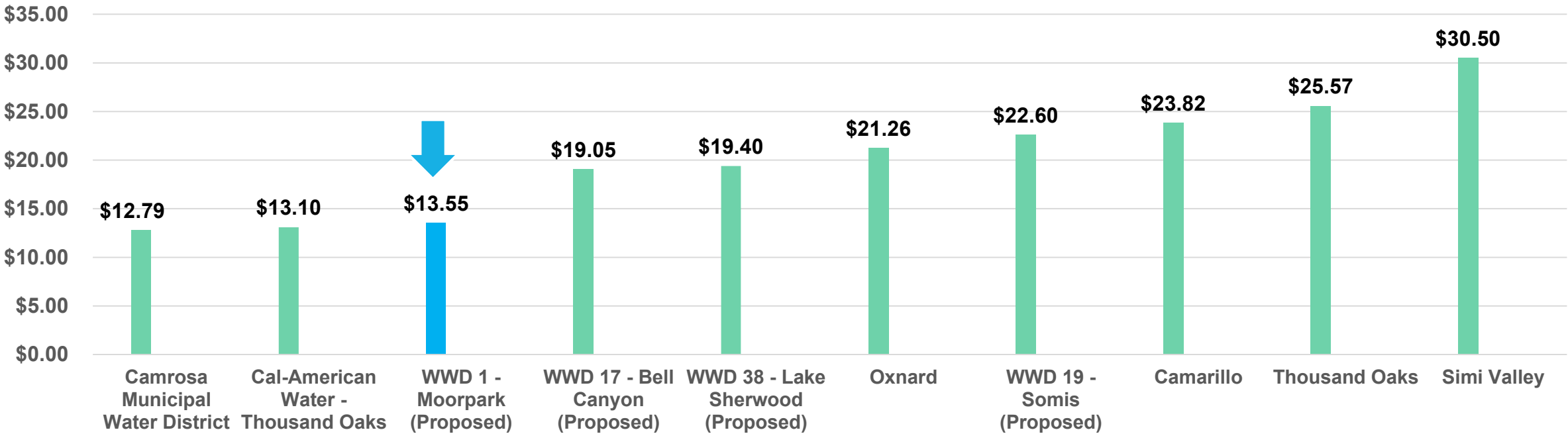
# Comparison of Residential Commodity Rates (HCF)



Disclaimer: While the information contained in this comparison has been presented with all due care, the County of Ventura Water and Sanitation Department does not warrant or represent that the information is free from errors or omissions.

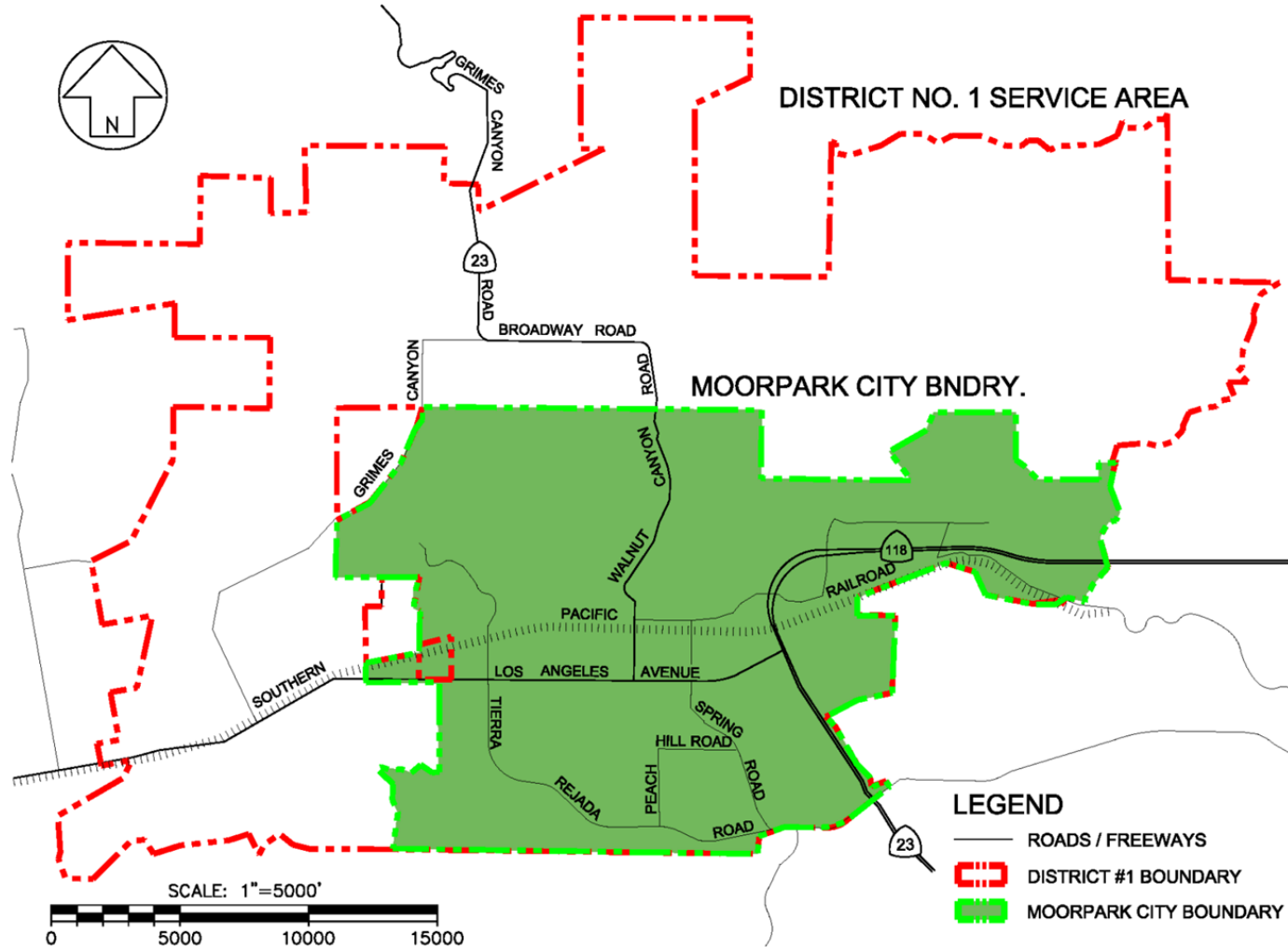


# Residential Customers with a 3/4” Meter – Monthly Charge

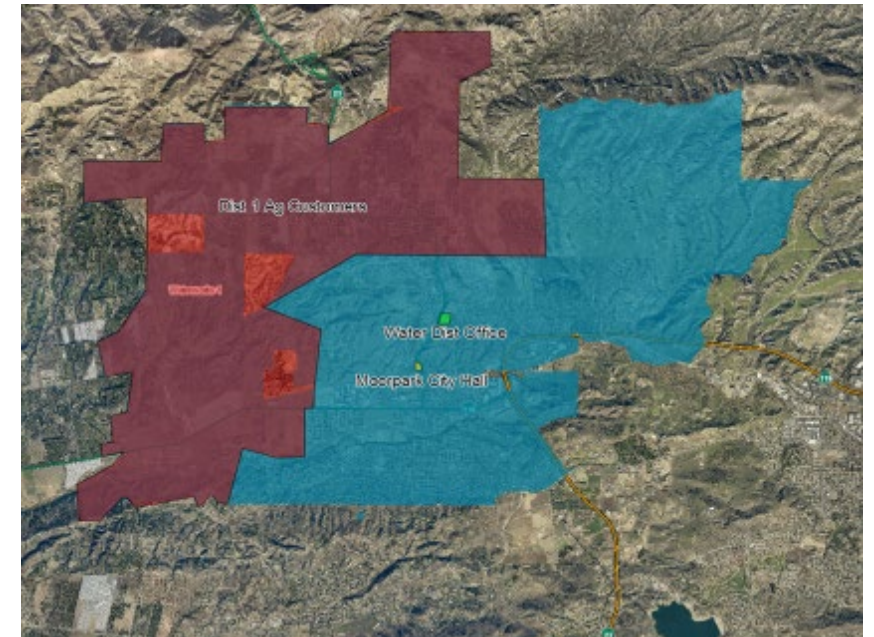


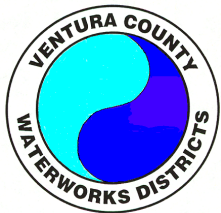


# District 1 Service Area



## Location of Agricultural Customers within District 1 (Area in Burgundy)





# Ventura County Waterworks District No. 1

- Service area includes all of the City of Moorpark and contiguous, unincorporated areas to the north and west of the City.
- County of Ventura Water and Sanitation Department is responsible for the operation and maintenance of the water and sewer system.
- The appointed five-member Citizens' Advisory Committee reviews all policy, budget, and water rate recommendations before they are recommended to the BOS.



**District Size:**  
**~21,500 Acres**

**Population  
Served:**  
**Approx. 38,703**

**Water Lines: ~177 Miles**  
**Water Service  
Connections: ~10,941**

**Reservoirs: 19**

**Groundwater  
Wells: 5**

**Booster Pump  
Stations: 11**

