VENTURA COUNTY
WATER RATE RESTRUCTURING PLAN

Waterworks District 19 - Somis

Citizens' Advisory Committee Special Meeting

November 17, 2016

AGENDA

- Reasons for Rate Changes
- Financial Plan
- Proposed Water Rates
  - Rate study process
  - Cost of Service
  - Rates calculation
  - Customer class definition
  - Agriculture definition update
  - Customer impacts
- Q&A

REASONS FOR RATE CHANGES

- Current structure is unconstitutional based on Article XII D, Section 6 of the California Constitution (known as Prop. 218)
- San Juan Capistrano case
- Annual cost increases
  - Imported water costs increase at ~6% per year
  - Labor and material costs increase at ~3 to 5% per year
  - Capital needs of repair and replacement of aging water system infrastructure

PROPOSITION 218 REQUIREMENTS

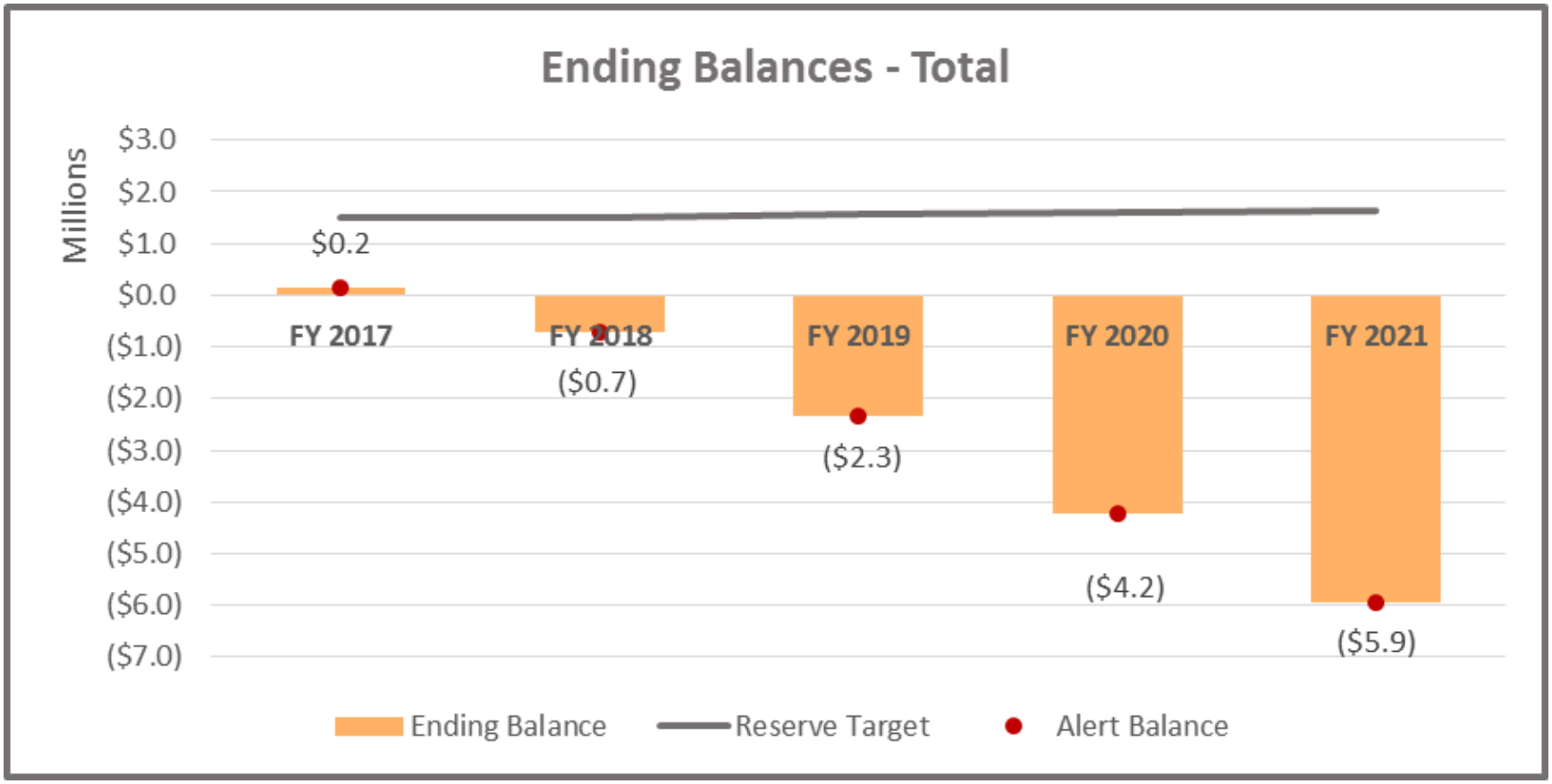
- An agency cannot collect revenue beyond what is necessary to provide service
- Revenues derived by the charge shall not be used for any other purpose other than that for which the charge was imposed
- ***The amount of the fee may not exceed the proportional cost of service for the parcel***
- No charge may be imposed for a service unless that service is actually used or immediately available to the owner of property
- A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing, when the agency considers all written protests against the charge

SAN JUAN CAPISTRANO RULING

There needs to be a nexus between cost of providing services and rates

- City of Capistrano failed to demonstrate that the rates for the tiers represented the actual cost of providing service at a ***given level of usage***

FUND BALANCES – STATUS QUO



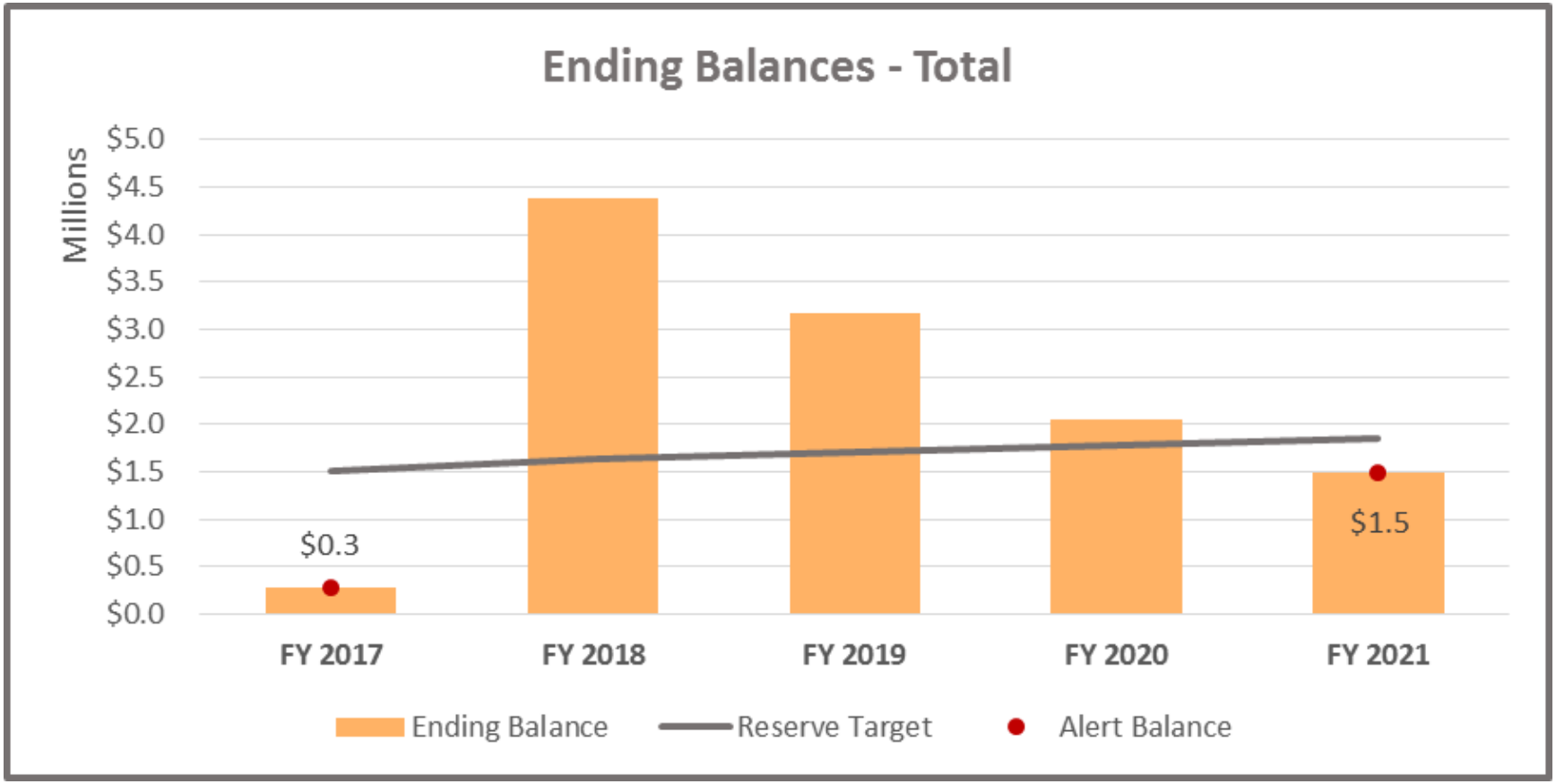
DISTRICT'S FINANCIAL STATUS

CURRENT EXPENSES	
Operations and Maintenance (O&M) including: • Power • Water supply costs (Metropolitan/Calleguas) • Water delivery • State permits/fees • Labor (meter reading, billing, collections, engineering, laboratory, administration)	≈$4 Million
Capital Improvement Plan (Five Years) • Repair of ageing infrastructure	≈$6.8 Million
CURRENT RESERVES (as of 6/2016) • Not enough to last through the next year	≈$470,000

RESERVES POLICY

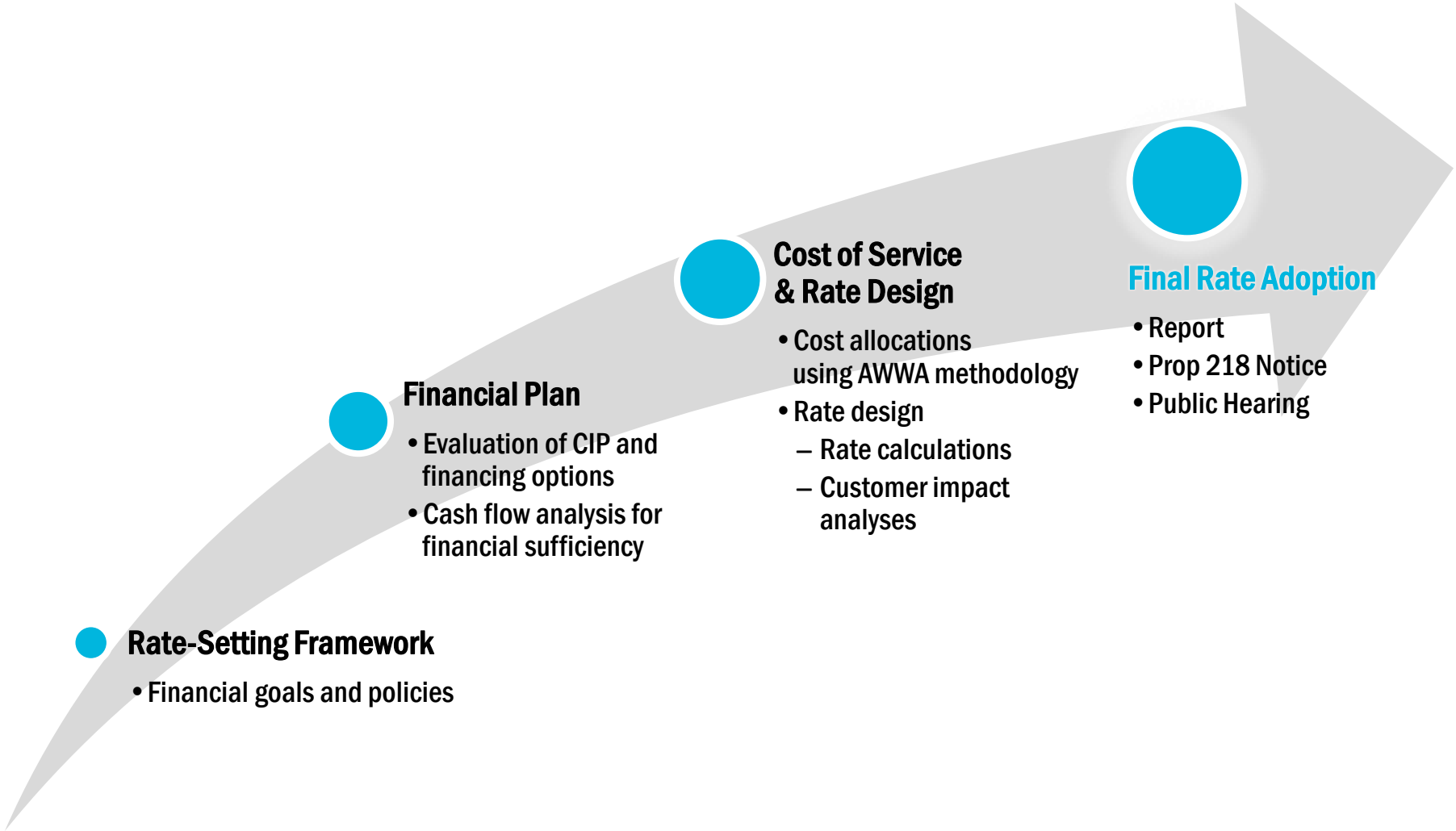
Reserves Type	Purpose	Determination Method
Operating	Provide working capital, cash flow needs	3 months of O&M expenses
Rate Stabilization	Provide funds during periods of revenue shortages	10% of rate revenue
Capital	Provide funds to award contract and adjustments to timing	Funded by depreciation, target is 2% of net assets

ENDING BALANCES – PROPOSED RATES



Revenue increases at 8% per year are needed to achieve this financial profile.

RATE STUDY PROCESS



WHAT IS COST OF SERVICE?

Rationale:

- Different types of customers generate different costs because their patterns of use or characteristics are different
- Cost of service allows the matching of rates charged to each group with the costs of serving them
- Each group will “pay its own way”; no subsidies

PROPOSED METER CHARGES 2017
(SHOWING COST COMPONENTS)

- Retain current fixed revenue percentage of ~11%
  - Increase subsequent year by 1% to provide for revenue stability
- Use AWWA meter capacity ratio to differentiate between meter sizes

Meter Size	Meter Ratio	Meter	Customer/ Billing	Total Monthly Charges	Current Charges	Difference	No. of Meters
3/4"	1.00	$14.58	$3.76	$18.34	$10.25	$8.09	484
1"	1.67	$24.30	$3.76	$28.07	$20.50	$7.57	404
1 1/2"	3.33	$48.61	$3.76	$52.37	$41.00	$11.37	56
2"	5.33	$77.77	$3.76	$81.53	$71.75	$9.78	50
3"	11.67	$170.12	$3.76	$173.89	$153.75	$20.14	27
4"	21.00	$306.22	$3.76	$309.99	$307.50	$2.49	6
6"	43.33	$631.89	$3.76	$635.65	$615.00	$20.65	0

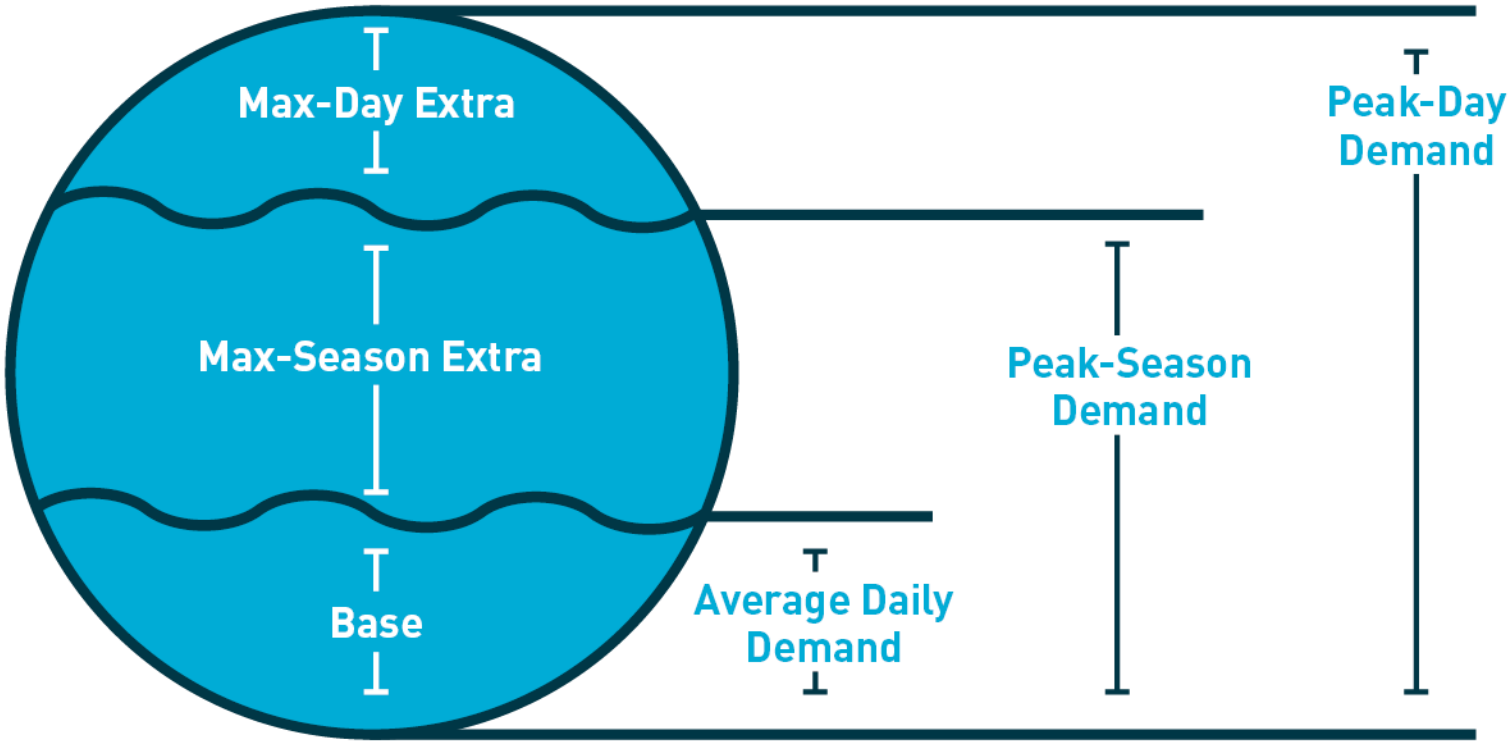
PROPOSED WATER RATE STRUCTURE

- SFR customers will have 3 tiers
  - Tier 1: 0-10 hcf/month – provide for indoor water usage
  - Tier 2: >10-31 hcf/month – represent average usage
  - Tier 3: >31 hcf/month
- All other customers will have uniform rates
  - Residential Multi Family
  - Commercial
  - Agricultural
  - Industrial
  - Institutional
  - Temporary Construction

WATER RATE COMPONENTS

- ***Water supply*** costs
  - Groundwater (~69% of total supply)
  - Imported water (~31% of total supply)
- ***Base delivery*** costs recover remaining fixed costs not recovered by service charges
- ***Peaking*** costs recover the extra capacity, or peak demand, costs of the system

HOW DO WE DETERMINE **PEAK DEMAND?**



PEAKING COSTS

- **Peaking factors:**
  - Indoor Use: very low-peaking
  - Outdoor Use: high peaking factors
  - Commercial / Industrial: low peaking factor
- Peaking factors by customer classes

PROPOSED WATER RATES 2017 (SHOWING COST COMPONENTS)

Customer Class	Monthly Tier (hcf)	% Usage	% Bills	Usage (hcf)	Supply	Base Delivery	Peaking	Pumping	Total Rate
Residential									
Tier 1	10	28%	30%	74,881	$1.36	$0.71	$0.11		**$2.19**
Tier 2	31	31%	40%	83,048	$1.36	$0.71	$0.59		**$2.67**
Tier 3	>31	40%	30%	106,447	$1.36	$0.71	$1.45		**$3.53**
Subtotal Residential				**264,376**					
Residential Multi Family				12,108	$1.36	$0.71	$0.95		**$3.03**
Commercial				16,618	$1.36	$0.71	$0.92		**$3.01**
Agricultural				761,896	$1.36	$0.71	$0.83		**$2.91**
Industrial				931	$1.36	$0.71	$2.92		**$5.00**
Institutional				5,708	$1.36	$0.71	$1.18		**$3.26**
Temporary Construction				5,370	$1.36	$0.71	$3.12		**$5.20**
Lift Charges				278,333				$0.20	**$0.21**

2017 – 2021
PROPOSED RATES

PROPOSED WATER RATES
FIXED CHARGES 2017 - 2021

	February 2017	January 2018	January 2019	January 2020	January 2021
Monthly Meter Charges					
Meter Size					
3/4"	$18.34	$21.00	$24.57	$28.58	$33.08
1"	$28.07	$32.14	$37.61	$43.75	$50.63
1 1/2"	$52.37	$59.96	$70.16	$81.61	$94.44
2"	$81.53	$93.34	$109.21	$127.02	$146.99
3"	$173.89	$199.08	$232.93	$270.92	$313.50
4"	$309.99	$354.90	$415.24	$482.96	$558.86
6"	$635.65	$727.73	$851.45	$990.31	$1,145.94
Monthly Private Fire Line Charges					
2"	$8.52	$9.21	$9.95	$10.75	$11.61
3"	$17.59	$19.00	$20.52	$22.17	$23.95
4"	$33.22	$35.88	$38.76	$41.87	$45.22
6"	$89.34	$96.49	$104.21	$112.55	$121.56
8"	$186.13	$201.03	$217.12	$234.49	$253.25

PROPOSED WATER RATES (COMMODITY CHARGES 2017 – 2021)

		Current	February 2017	January 2018	January 2019	January 2020	January 2021
Commodity Rates							
Residential							
Tier 1	0-10 hcf		$2.19	$2.35	$2.51	$2.68	$2.87
Tier 2	>10-31 hcf		$2.67	$2.87	$3.07	$3.28	$3.51
Tier 3	>31 hcf		$3.53	$3.79	$4.05	$4.33	$4.63
Residential Multi Family			$3.03	$3.25	$3.48	$3.72	$3.98
Commercial			$3.01	$3.23	$3.45	$3.69	$3.94
Agricultural			$2.91	$3.12	$3.34	$3.57	$3.82
Industrial			$5.00	$5.36	$5.73	$6.12	$6.54
Institutional			$3.26	$3.50	$3.74	$4.00	$4.27
Temporary Construction			$5.20	$5.58	$5.96	$6.37	$6.80
Lift Charges			$0.21	$0.23	$0.25	$0.27	$0.29

CUSTOMER IMPACTS

VENTURA COUNTY WATERWORKS DISTRICT NO. 19
CURRENT WATER RATE AND BILLING ADJUSTMENT NUMBER (BAN)

	District No. 19 - Rounding Low Demand		
	Tier I	**Tier II**	**Tier III**
Rate	**$2.622/hcf**	**$3.933/hcf**	**$6.555/hcf**
Penalty		**$1.311**	**$3.933**
BAN	Values are the Top of the Range (hcf)		
1	13.50	23.63	999,999,999
2	20.25	35.44	999,999,999
3	27.00	47.25	999,999,999
4	33.75	59.06	999,999,999
5	40.50	70.88	999,999,999
6	47.25	82.69	999,999,999
7	54.00	94.50	999,999,999
8	60.75	106.31	999,999,999
10	74.25	129.94	999,999,999
13	94.50	165.38	999,999,999
16	114.75	200.81	999,999,999
20	141.75	248.06	999,999,999
29	202.50	354.38	999,999,999
39	270.00	472.50	999,999,999
44	303.75	531.56	999,999,999
59	405.00	708.75	999,999,999
119	810.00	1417.50	999,999,999

	District No. 19 - Rounding Peak Demand		
	Tier I	**Tier II**	**Tier III**
Rate	**$2.622/hcf**	**$3.933/hcf**	**$6.555/hcf**
Penalty		**$1.311**	**$3.933**
BAN	Values are the Top of the Range (hcf)		
1	19.50	34.13	999,999,999
2	29.25	51.19	999,999,999
3	39.00	68.25	999,999,999
4	48.75	85.31	999,999,999
5	58.50	102.38	999,999,999
6	68.25	119.44	999,999,999
7	78.00	136.50	999,999,999
8	87.75	153.56	999,999,999
10	107.25	187.69	999,999,999
13	136.50	238.88	999,999,999
16	165.75	290.06	999,999,999
20	204.75	358.31	999,999,999
29	292.50	511.88	999,999,999
39	390.00	682.50	999,999,999
44	438.75	767.81	999,999,999
59	585.00	1023.75	999,999,999
119	1170.00	2047.50	999,999,999

CUSTOMER CLASS DEFINITIONS

Residential - Service to individually metered single family homes, single unit condominiums, townhomes, or other similar dwellings.

Residential Non-tiered - Service to homeowner association common areas, recreation rooms, pool areas, and for other separately metered residential irrigation purposes.

Multi-family Residential - Service to multiple residential dwellings through one meter, such as multiple single family residences on one parcel, apartment and condominium complexes, duplexes, and trailer parks.

Commercial - Service to entities engaged in the selling of goods and services, such as retail establishments, restaurants, business offices, gas stations, etc.

Industrial - Service to manufacturers, warehouses, or distributors of goods made.

Institutional - Service to schools, governmental agencies, and churches.

Temporary/Construction - Service to entities engaged in construction or other purposes on a temporary basis, including service through fire hydrant meters and load count accounts (the rate will be converted to a "per 1,000 gallon rate"), any other service being used for construction on a temporary basis.

Agricultural – The parcel of land must contain not less than one acre and be used exclusively for agricultural purposes. "Agricultural purposes" shall be construed to mean the growing of crops or the raising of fowl or livestock for human consumption or market. Water used for agricultural purposes shall be separately metered

- Agricultural water service may be discontinued with 30-day notice at the option of the District.
- An agricultural service connection shall not be used to supply adjoining property of a different owner.

PROPOSED AGRICULTURE DEFINITION

D R A F T

Agricultural Water Service: Service to Customers Engaged in one of More of the Following:

1. Growing of crops for human consumption or commercial purposes;
2. Raising of fowl or livestock for human consumption or commercial purposes;
3. Commercial breeding and training of horses for sale, including training for racing.

The parcel of land must contain not less than five acres in Ventura County Waterworks District No. 1, and not less than one acre in Ventura County Waterworks District No. 19.

The use of agricultural water for agricultural purposes must be separately metered

Agricultural use shall exclude water use for commercial or non-commercial boarding or riding facilities, stables, equestrian centers, show arenas or event centers, or other similar facilities or operations.

An agricultural service connection shall not be used to supply adjoining property of a different owner.

Agricultural-Domestic Service – Agricultural services previously approved by the District for incidental domestic water use in addition to agricultural water use as defined in this Rule. No new such services shall be approved by the District.

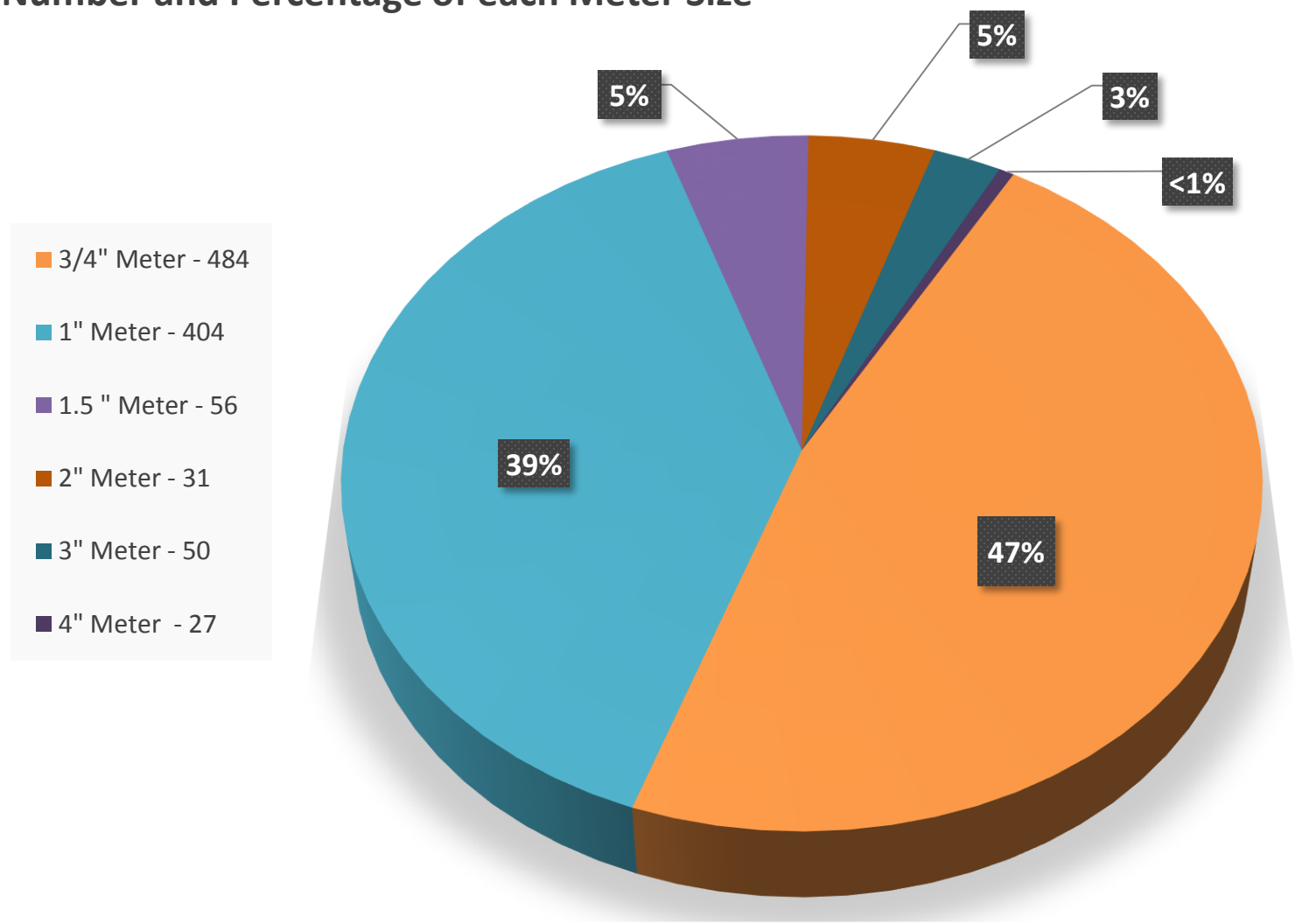
D R A F T

The District reserves the right to:

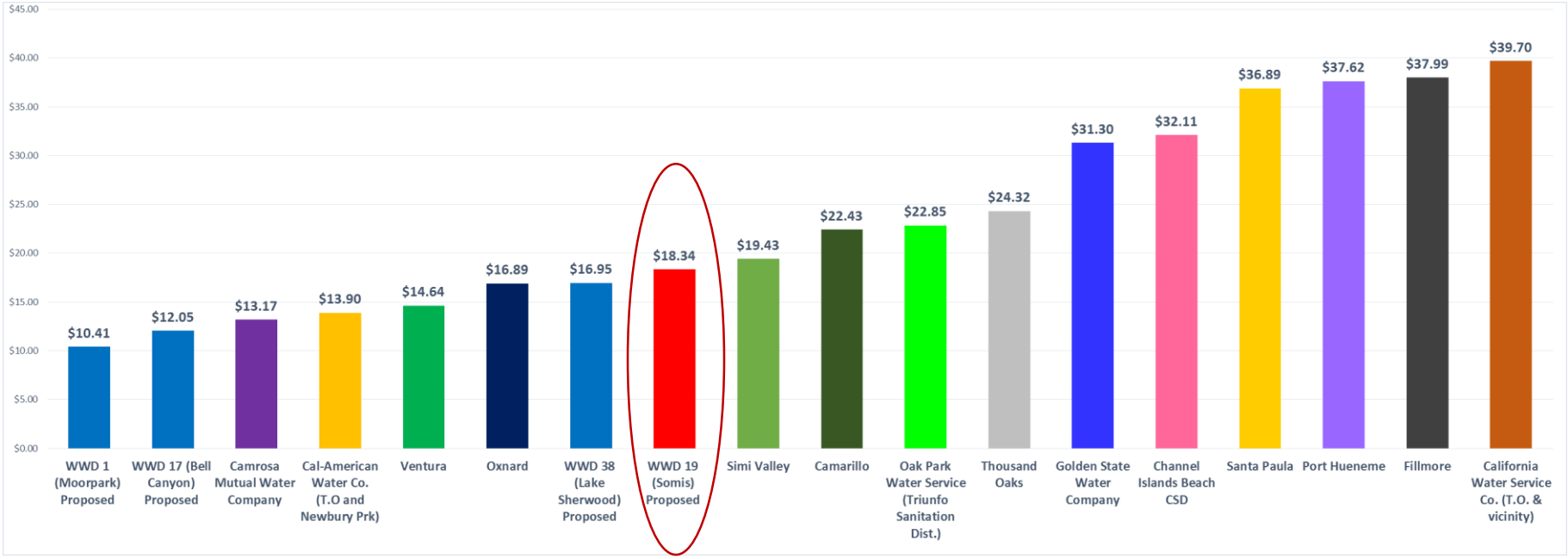
1. Verify the use of agricultural water through field inspection and/or by requesting from the customer any documentation which may reasonably assist the District in determining how water is being used on the property;
2. Discontinue agricultural water service with 30-day notice.
3. Issue a Notice of Non-Compliance and impose fines for failure to comply.

Ventura County Waterworks District No. 19

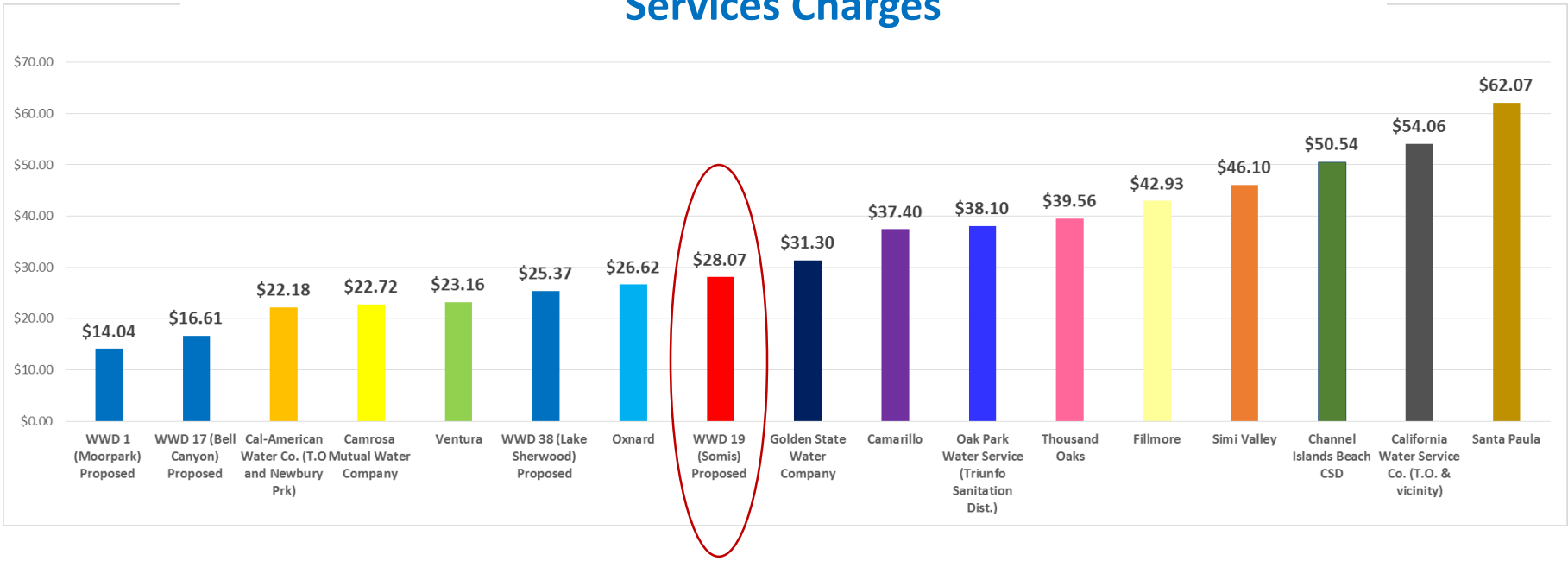
Number and Percentage of each Meter Size



A Comparison Between WWD 19 and Neighboring Water Districts
Current and Proposed 3/4 Inch Meter/Monthly Services Charges



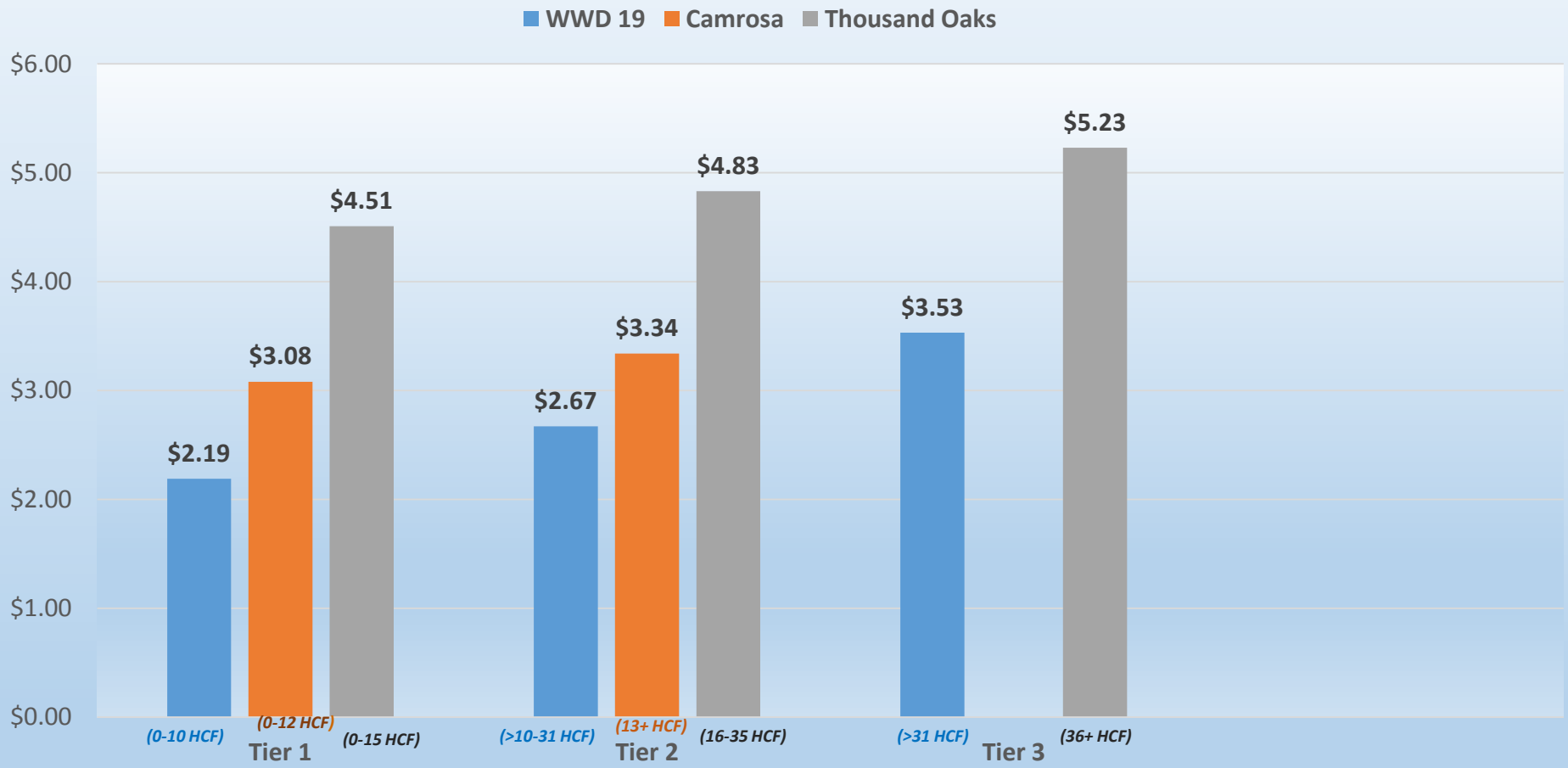
A Comparison Between WWD 19 and Neighboring Water Districts Current and Proposed 1 Inch Meter/Monthly Services Charges



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.

A Comparison Between WWD 19 Residential Water Rates and Neighboring Water Districts' Residential Rates

- Ventura County Waterworks District No. 19 - Proposed 2017 Rates
- Camrosa Mutual Water Company – Approved 2017 Rates
- City of Thousand Oaks – Approved 2017 Rates



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VENTURA COUNTY WATERWORKS DISTRICT NO. 19
RESIDENTIAL CUSTOMER'S AVERAGE MONTHLY BILL INCREASE OR DECREASE BY METER SIZE & BAN

Usage HCF	Meter Size	# of Customers	BAN 1-2	# of Customers	BAN 3-4	# of Customers	BAN 5-6	# of Customers	BAN 7-8
0 -10	3/4"	179	$5.76	6	$4.48	2	$5.77	0	-
> 10 - 31	3/4"	182	($2.72)	27	$0.95	6	$0.02	2	$4.57
> 31	3/4"	25	($60.37)	21	($27.06)	12	($5.99)	8	$1.16
0 -10	1"	0	-	85	$4.30	0	-	0	-
> 10 - 31	1"	0	-	97	$0.12	6	$0.89	2	$3.78
> 31	1"	0	-	50	($37.74)	12	($9.93)	5	$0.95
0 -10	1.5"	0	-	0	-	0	-	5	$9.23
> 10 - 31	1.5"	0	-	0	-	0	-	4	$1.24
> 31	1.5"	0	-	0	-	0	-	6	$4.41

Usage HCF	Meter Size	# of Customers	BAN 9-12	# of Customers	BAN 13 -16	# of Customers	BAN 29 - 59	# of Customers	BAN 119
0 -10	3/4"	0	-	0	-	0	-	0	-
> 10 - 31	3/4"	1	($1.10)	1	$4.59	1	$0.85	0	-
> 31	3/4"	4	($9.24)	5	$18.30	0	-	0	-
0 -10	1"	0	-	0	-	0	-	0	-
> 10 - 31	1"	0	-	0	-	0	-	0	-
> 31	1"	4	$6.42	3	($5.63)	2	($15.79)	0	-
0 -10	1.5"	0	-	0	-	0	-	0	-
> 10 - 31	1.5"	1	$7.48	0	-	0	-	0	-
> 31	1.5"	0	-	3	$43.11	0	-	1	$344.82
0 -10	2"	0	-	1	$9.67	0	-	0	-
> 10 - 31	2"	0	-	0	-	0	-	0	-
> 31	2"	0	-	6	$9.93	0	-	0	-
0 -10	3"	0	-	0	-	0	-	0	-
> 10 - 31	3"	0	-	0	-	0	-	0	-
> 31	3"	0	-	0	-	1	$101.91	0	-

Ventura County Waterworks District No. 19
Residential Customer's Average Monthly Bill Increase or Decrease by Meter Size & Ban

BAN2	Meter Size	Peak Total Usage	Low Total Usage	Average Monthly Usage	Average Current Monthly Bill	Average Proposed Monthly Bill	Average Monthly Bill Increase
1-2	3/4"	67.7	42.8	55.3	$268.59	$166.93	($101.66)
1-2	3/4"	43.5	38.3	40.9	$204.60	$107.95	($96.65)
1-2	3/4"	63.0	37.8	50.4	$237.96	$148.15	($89.81)
1-2	3/4"	49.3	50.3	49.8	$232.77	$146.60	($86.17)
1-2	3/4"	64.3	32.5	48.4	$225.45	$141.86	($83.60)
1-2	3/4"	39.2	47.2	43.2	$192.75	$112.88	($79.88)
1-2	3/4"	45.7	46.2	45.9	$208.63	$136.14	($72.49)
1-2	3/4"	59.2	32.3	45.8	$204.78	$135.69	($69.09)
1-2	3/4"	27.3	48.0	37.7	$177.59	$109.95	($67.64)
1-2	3/4"	46.2	30.3	38.3	$160.33	$102.11	($58.22)
1-2	3/4"	48.5	27.8	38.2	$164.20	$115.45	($48.75)
1-2	3/4"	40.3	30.2	35.3	$143.34	$100.38	($42.96)
1-2	3/4"	37.5	25.0	31.3	$121.86	$86.78	($35.08)
1-2	3/4"	40.3	22.0	31.2	$119.14		($22.39)
13-16	1.5"	104.3	48.3	76.3	$252.26	$251.38	($0.88)
13-16	1.5"	184.2	94.5	139.3	$425.91	$475.56	$49.66
13-16	1.5"	191.5	123.3	157.4	$476.27	$556.81	$80.54
119	1.5"	781.0	571.0	676.0	$1,820.28	$2,165.10	$344.82

VENTURA COUNTY WATERWORKS DISTRICT NO. 19
AGRICULTURE CUSTOMERS AVERAGE MONTHLY BILL INCREASE OR DECREASE

Meter Size	# of Customers	Ag >5	# of Customers	Ag <5
3/4"	2	$59.98	0	-
1"	33	$94.49	147	$30.38
1.5"	33	$157.57	2	$30.77
2"	35	$246.77	3	$38.61
3"	29	$309.71	0	-
4"	4	$444.89	0	-

BAN	Meter Size	Average Monthly Usage	Average Current Bill	Average Proposed Bill	Average Monthly Bill Increase	% Increase
Ag >5	4"	2296.58	$5,991.70	$6,993.05	$1,001.35	17%
Ag >5	4"	1333.08	$3,548.78	$4,189.26	$640.48	18%
Ag >5	4"	264.92	$948.06	$1,080.90	$132.84	14%
Ag >5	4"	2.83	$313.33	$318.24	$4.91	2%

VENTURA COUNTY WATERWORKS DISTRICT NO. 19
AGRICULTURE AVERAGE MONTHLY BILL INCREASE OR DECREASE

Commodity Charges for Ag with <5 Acres				
Usage (HCF per Month)	***Current Charge***	***Proposed Charge***	***Percentage of Increase/Decrease***	***Additional Cost***
72.69	$190.59	$211.53	+11%	$20.93
216	$754.23	$628.56	11% increase for portion of usage up to 72.69 HCF 26% rate decrease for portion of usage over 72.69 HCF	

Commodity Charges Ag with >5 Acres
The proposed rate is an 11% increase over the current Tier 2 Rate.

VENTURA COUNTY WATERWORKS DISTRICT NO. 19

INDUSTRIAL

AVERAGE MONTHLY BILL INCREASE OR DECREASE

Meter Size	# of Customers	1-2	# of Customers	3-4	% Increase or Decrease
3/4"	1	$14.63	1	$166.23	12%

VENTURA COUNTY WATERWORKS DISTRICT NO. 19

INSTITUTIONAL

AVERAGE MONTHLY BILL INCREASE OR DECREASE

Meter Size	# of Customers	1-2	# of Customers	5-6	# of Customers	7-8	# of Customers	NO BAN
3/4"	2	$11.84	1	$11.28	0		0	-
1"	0		0		0		0	-
1.5"	0		0		2	$25.43	1	$228.45
2"	0		0		0		0	-
3"	0		0		0		0	-

VENTURA COUNTY WATERWORKS DISTRICT NO. 19

COMMERCIAL

AVERAGE MONTHLY BILL INCREASE OR DECREASE

Meter Size	# of Customers	1-2	# of Customers	3-4	# of Customers	7-8	# of Customers	9-10	# of Customers	13-20	# of Customers	25-59
3/4"	14	($0.89)	1	$24.48	0		0		0		0	
1"	0		4	$5.86	0		1	($26.53)	0		0	
1.5"	0		0		1	$25.39	0		0		0	
2"	0		0		0		0		2	($202.96)	1	$111.92

USAGE VARIES

BAN Level	Meter Size	Peak Total Usage	Low Total Usage	Average Current Monthly Bill	Average Proposed Monthly Bill	Average Monthly Bill Increase	% Change
1-2	3/4"	18	42	$146.11	$108.14	($37.97)	-26%
1-2	3/4"	62	19	$162.13	$139.69	($22.44)	-14%
1-2	3/4"	9	29	$80.95	$75.83	($5.12)	-6%
1-2	3/4"	37	19	$88.63	$102.27	$13.64	15%
1-2	3/4"	22	4	$44.61	$57.47	$12.86	29%
1-2	3/4"	5	3	$20.08	$29.63	$9.55	48%
1-2	3/4"	1	1	$12.87	$21.35	$8.48	66%
3-4	1"	45	58	$200.50	$183.69	($16.81)	-8%
3-4	1"	63	31	$149.33	$170.14	$20.82	14%
3-4	1"	14	9	$50.00	$61.93	$11.94	24%
7-8	1.5"	85	98	$303.19	$328.58	$25.39	8%
9-10	1"	178	144	$540.12	$513.59	($26.53)	-5%
13-20	2"	0	460	$1,230.35	$773.12	($457.23)	-37%
13-20	2"	157	58	$354.40	$405.71	$51.31	14%
25-59	2"	377	150	$761.99	$873.91	$111.92	15%

VENTURA COUNTY WATERWORKS DISTRICT NO. 19

MULTI-FAMILY RESIDENTIAL CUSTOMER

Average Monthly Bill Increase or Decrease

Meter Size	# of Customers	1-2	# of Customers	3-4	# of Customers	7-8	# of Customers	13-20	# of Customers	25-59
3/4"	13	$4.87	0		1	$37.57	0		0	
1"	0		1	$0.49	0		0		1	$63.77
1.5"	0		0		2	$29.41	0		0	
2"	0		0		0		1	$42.22	1	$7.44

USAGE VARIES

BAN Level	Meter Size	Peak Total Usage	Low Total Usage	Average Current Monthly Bill	Average Proposed Monthly Bill	Average Monthly Bill Increase	% Change
1-2	3/4"	87.72	19.50	$235.45	$180.78	($54.67)	-23%
1-2	3/4"	49.13	31.77	$150.33	$140.90	($9.43)	-6%
1-2	3/4"	52.06	21.97	$126.84	$130.49	$3.65	3%
1-2	3/4"	33.00	1.70	$61.60	$70.91	$9.32	15%
1-2	3/4"	10.00	10.50	$37.13	$49.40	$12.27	33%
1-2	3/4"	3.00	8.00	$24.67	$35.01	$10.33	42%
1-2	3/4"	-	1.00	$11.56	$19.86	$8.29	72%
3-4	1"	85.33	29.70	$201.85	$202.34	$0.49	0%
7-8	1.5"	30.00	17.50	$103.27	$124.33	$21.06	20%
7-8	1.5"	101.00	41.00	$229.74	$267.50	$37.76	16%
7-8	3/4"	122.00	22.50	$199.69	$237.26	$37.57	19%
13-20	2"	85.00	74.00	$280.20	$322.42	$42.22	15%
25-59	2"	727.00	323.50	$1,665.60	$1,673.04	$7.44	0%
25-59	1"	222.00	53.50	$381.68	$445.45	$63.77	17%

Q&A