



Ventura County Waterworks District No. 38 (Lake Sherwood)

Notice of Public Hearing on Proposed Water Rate Restructuring and Water Rate Increases

NOTICE OF PUBLIC HEARING

Ventura County Waterworks District No. 38 ("District") is recommending a change to the rate structure and an increase to the water rates. The proposal will be presented to the Ventura County Board of Supervisors, which acts as the Board of the District, for approval at a Public Hearing on Tuesday, January 10, 2017. If approved, these rate changes will apply to water usage beginning after the next regularly-scheduled meter reading on or after January 11, 2017, and will be reflected in the bills mailed in February or March, 2017. Article XIII D, Section 6 of the California Constitution (Proposition 218) requires that the District mail notice of these proposed rate changes to all impacted property owners or customers at least 45 days prior to a public hearing. Proposition 218 also establishes a protest process for the public to follow if they wish to oppose the proposed rates.

DATE, TIME, AND LOCATION OF THE PUBLIC HEARING

The Public Hearing will be held **Tuesday, January 10, 2017, at 10:30 a.m.** in the Board of Supervisors' Hearing Room located in the Hall of Administration at the Ventura County Government Center, 800 South Victoria Avenue, Ventura, California. The Board for the District is identical in composition to the Board of Supervisors for the County of Ventura and will hear this matter.

BASIS FOR PROPOSED WATER RATE RESTRUCTURING AND INCREASED RATES

The District is proposing a new rate structure and increased monthly water rates for the period of January 11, 2017 through December 31, 2021, to provide water served to your property and all other properties served by the District. The new proposed rate structure and rates are shown in the "Proposed Water Rate Adjustments Schedule" at the end of this notice. **The increases are necessary to cover the escalating costs of providing water service to our customers.** The proposed rate structure and rates are based on a comprehensive rate study conducted by an independent financial firm and reflect the District's estimated cost of providing water service. For more information visit <http://vcpublicworks.org/water-sanitation-department/water-and-sanitation-services>

Why the New Rate Structure?

The proposed new rate structure will: (1) provide water service based on actual costs to customers, (2) fairly allocate fixed charges across all customers, and (3) more effectively balance the District's income with expenditures to better protect customers from rate instability. The new rate structure is designed to meet all applicable legal requirements and to fairly and equitably spread the District's costs among all customer classes.

The major proposed changes to the rate structure are eliminating: (1) tiered rates for non-residential customers, and (2) highly individualized allocations for District customers. Recent California law suggests that tiered water rates that are not tied directly to cost, such as rates designed solely to encourage water conservation, may violate the California Constitution, as amended by Proposition 218. The District's current reliance on highly individualized allocations is expensive to administer and causes potentially unfair and arbitrary distinctions among similarly-served customers.

Why the Rate Increase?

The principle factors for the rate increases found through the rate study, include:

- An estimated 6% increase per year for wholesale water costs;
- An estimated 3% to 5% increase per year in power (gas/electric), labor, and materials costs;
- An estimated \$948,000 for capital improvements between 2017 and 2021 to repair or replace water system infrastructure;
- A decrease in revenue to cover operating costs resulting from increased water conservation; and
- The necessity to maintain appropriate financial reserves.

How Much of an Impact Will the Changes Have on my Water Bill?

Overall, rates are increasing, and your billing methodology is changing. To assist you in determining the impact of the proposed rates, a bill calculator will be available by December 15, 2016, at <http://vcpublicworks.org/water-sanitation-department/water-and-sanitation-services>

What are the District's Main Ongoing Operating Costs?

The District's main ongoing costs include water purchases, water system power, capital expenditures, and funded depreciation, as well as labor and material costs for meter reading, maintaining and repairing pipelines, reservoirs, and pump stations. They also include administration, billing, collection, and customer service costs. Additionally, as customers conserve more water, the District's revenues decline.

Is the District Trying to Control or Reduce Its Costs?

Yes. The District continues to reduce its operating costs and implement continuous process improvements. In addition, the District saves money by achieving economies of scale. County of Ventura employees, vehicles, and facilities are shared between other Waterworks Districts and County Service Areas managed by the County of Ventura Water and Sanitation Department. The District is also planning to deploy advanced meter-reading technology that will reduce operating costs. By state law, the District may not collect more revenue than is necessary to recover the costs of providing services.

EFFECTIVE DATE

If adopted by the Board of Supervisors, the new rates would take effect starting upon the next regularly-scheduled meter reading date and billing cycle beginning on or after January 11, 2017. The new rates will be reflected in utility bills mailed in February or March 2017.

PROTEST PROCEDURE

At the January 10, 2017, public hearing, any person may be heard regarding the proposed rate restructuring and rate increases. If you wish to oppose the proposed rate restructuring or increases, you are requested to submit a written protest by mail in advance of the hearing to the following address:

Clerk of the Board of Supervisors
Attn: Water Rate Protest
Hall of Administration, 4th Floor
800 South Victoria Ave
Ventura, CA 93009-1920

In addition, written protests may be submitted in person at the hearing or by email to clerkoftheboard@ventura.org. The District will count all written protests received prior to the conclusion of the public hearing. If a majority of affected property owners submit a written protest, the proposed new rates will not take effect. The District will not count written protests received after the conclusion of the public hearing. Verbal protests unaccompanied by a written protest will not be counted, and facsimile (fax) protests will not be accepted.

Protests should contain the following information: (1) the property's Assessor's Parcel Number, if known, and address; (2) your Water and Sanitation Department Customer-Account Number; (3) whether you are the owner of record of the property (if you were not the owner of the property as of Ventura County's last tax roll, please include confirmation that you presently own the property), or a tenant that is billed directly by the District for water service; (4) a statement that you are protesting the water rate increase; and (5) your name (printed), date, and original signature. If you choose to submit your protest by regular mail, please allow sufficient time for the mail to be delivered by January 9, 2017; the District is not responsible for U.S. Postal Service delays.

Only one protest per property will be counted (even if multiple meters are located on the property). If you own multiple properties affected by the proposed increases, you should submit separate protests for each affected parcel, as the protest threshold is based upon a majority of the total number of parcels. Once opened, protests are disclosable public records.

QUESTIONS

Further information may be obtained by calling the County of Ventura Water and Sanitation Department at (805) 378-3000, Monday through Friday, between 8 a.m. and 5 p.m. or by email at WaterAndSanitationServices@ventura.org

PROPOSED WATER RATE ADJUSTMENTS SCHEDULE

CURRENT AND PROPOSED MONTHLY SERVICE CHARGES

| <i>Meter Size</i> | <i>Current 2016</i> | <i>Proposed 2017</i> | <i>Proposed 2018</i> | <i>Proposed 2019</i> | <i>Proposed 2020</i> | <i>Proposed 2021</i> |
|-------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 3/4-inch | \$12.50 | \$16.95 | \$20.02 | \$23.36 | \$26.99 | \$30.92 |
| 1-inch | \$25.00 | \$25.37 | \$29.96 | \$34.96 | \$40.38 | \$46.26 |
| 1 1/2-inch | \$50.00 | \$46.42 | \$54.81 | \$63.95 | \$73.87 | \$84.62 |
| 2-inch | \$87.50 | \$71.68 | \$84.63 | \$98.74 | \$114.05 | \$130.64 |
| 3-inch | \$187.50 | \$151.66 | \$179.06 | \$208.91 | \$241.30 | \$276.40 |
| 4-inch | \$375.00 | \$269.52 | \$318.21 | \$371.25 | \$428.80 | \$491.18 |
| 6-inch | \$750.00 | \$551.56 | \$651.19 | \$759.73 | \$877.49 | \$1,005.13 |

CURRENT AND PROPOSED WATER RATES FOR RESIDENTIAL CUSTOMERS

Under the current rate structure, each residence is assigned a water allocation based on meter size and other factors, and higher usage triggers higher tiered rates. Under the newly proposed rate structure, one set of rates based on supply and peak usage costs will apply to all single-family residential customers.

Rates Per 100 cubic feet of water (HCF) = 748 gallons

| <i>Tier</i> | <i>Current Monthly Use</i> | <i>Current 2016</i> | <i>Proposed Monthly Use (HCF)</i> | <i>Proposed 2017</i> | <i>Proposed 2018</i> | <i>Proposed 2019</i> | <i>Proposed 2020</i> | <i>Proposed 2021</i> |
|-------------|----------------------------|---------------------|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 1 | BASED ON METER SIZE | \$3.075 | 0 - 10 | \$4.30 | \$4.47 | \$4.65 | \$4.83 | \$5.02 |
| 2 | BASED ON METER SIZE | \$4.613 | >10 - 63 | \$4.66 | \$4.85 | \$5.04 | \$5.24 | \$5.45 |
| 3 | BASED ON METER SIZE | \$7.688 | >63 | \$5.63 | \$5.85 | \$6.08 | \$6.32 | \$6.57 |

CURRENT AND PROPOSED WATER RATES FOR NON – RESIDENTIAL AND TIERED CUSTOMERS

Under the current rate structure, customers are assigned a water allocation based on meter size and other factors, and higher usage triggers higher tiered rates. Under the new proposed rate structure, rates will be determined based on three customer classifications and there will be one uniform rate for all water delivered to customers in that classification.

Rates Per 100 cubic feet of water (HCF) = 748 gallons

| <i>Customer Class</i> | <i>Current 2016</i> | <i>Proposed 2017</i> | <i>Proposed 2018</i> | <i>Proposed 2019</i> | <i>Proposed 2020</i> | <i>Proposed 2021</i> |
|--------------------------|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Temporary Construction | \$4.613 | \$4.35 | \$4.52 | \$4.70 | \$4.89 | \$5.08 |
| Non - Residential | Base: \$3.075 Excess usage: \$3.019 | \$5.23 | \$5.44 | \$5.65 | \$5.87 | \$6.10 |
| Non - Tiered Residential | | \$5.09 | \$5.29 | \$5.50 | \$5.72 | \$5.94 |

CURRENT AND PROPOSED MONTHLY PRIVATE FIRELINE SERVICE CHARGES

| <i>Meter Size</i> | <i>Current 2016</i> | <i>Proposed 2017</i> | <i>Proposed 2018</i> | <i>Proposed 2019</i> | <i>Proposed 2020</i> | <i>Proposed 2021</i> |
|-------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2-inch | \$15.00 | \$6.36 | \$6.68 | \$7.02 | \$7.38 | \$7.75 |
| 3-inch | \$30.00 | \$10.25 | \$10.77 | \$11.31 | \$11.88 | \$12.48 |
| 4-inch | \$60.00 | \$16.95 | \$17.80 | \$18.69 | \$19.63 | \$20.62 |
| 6-inch | \$120.00 | \$40.99 | \$43.04 | \$45.20 | \$47.46 | \$49.84 |
| 8-inch | \$240.00 | \$82.46 | \$86.59 | \$90.92 | \$95.47 | \$100.25 |

Note: Water used through private fire services will be charged at the temporary construction water rate.