

Ventura County Waterworks District No.38

Lake Sherwood Water Services
Fiscal Year 2019-2020 Water Rate Analysis

Ventura County Waterworks District No.38
Lake Sherwood Water Services
Rate Analysis Objectives

1. **Achieve balanced operating budget**
2. **Implementation of Approved Rate Study**

Ventura County Waterworks District No. 38
Lake Sherwood Water Services
Fiscal Year 2019-2020 Budget Analysis by Category

EXPENDITURES	FY19 Adopted Budget	FY20 Adopted Budget	Variance (\$)	Variance (%)
County & Agency Svcs	\$125	\$116	(\$9)	-7%
Imported Water Cost	\$2,296	\$2,727	\$432	19%
Operation & Maintenance	\$725	\$812	\$87	12%
Regulatory Permit Costs	\$10	\$9	(\$1)	-14%
System Maint, Repairs & Replc.	\$163	\$175	\$12	7%
Grand Total	\$3,319	\$3,839	\$520	16%

In thousands

The \$3.9M Budget is a \$520K (16%) increase from FY2019 Adopted budget

Ventura County Waterworks District No. 17
Bell Canyon Water Services

FY20 Budgeted O&M Expenditures vs. Revenue Analysis

SUMMARY:

Total Budgeted O&M Expenditures

\$3,838,943

Total Estimated O&M Revenue

\$3,777,130

% of O&M Expenditures Financed by Water Sales

98%

% of O&M Expenditures Funded by Cash Reserves

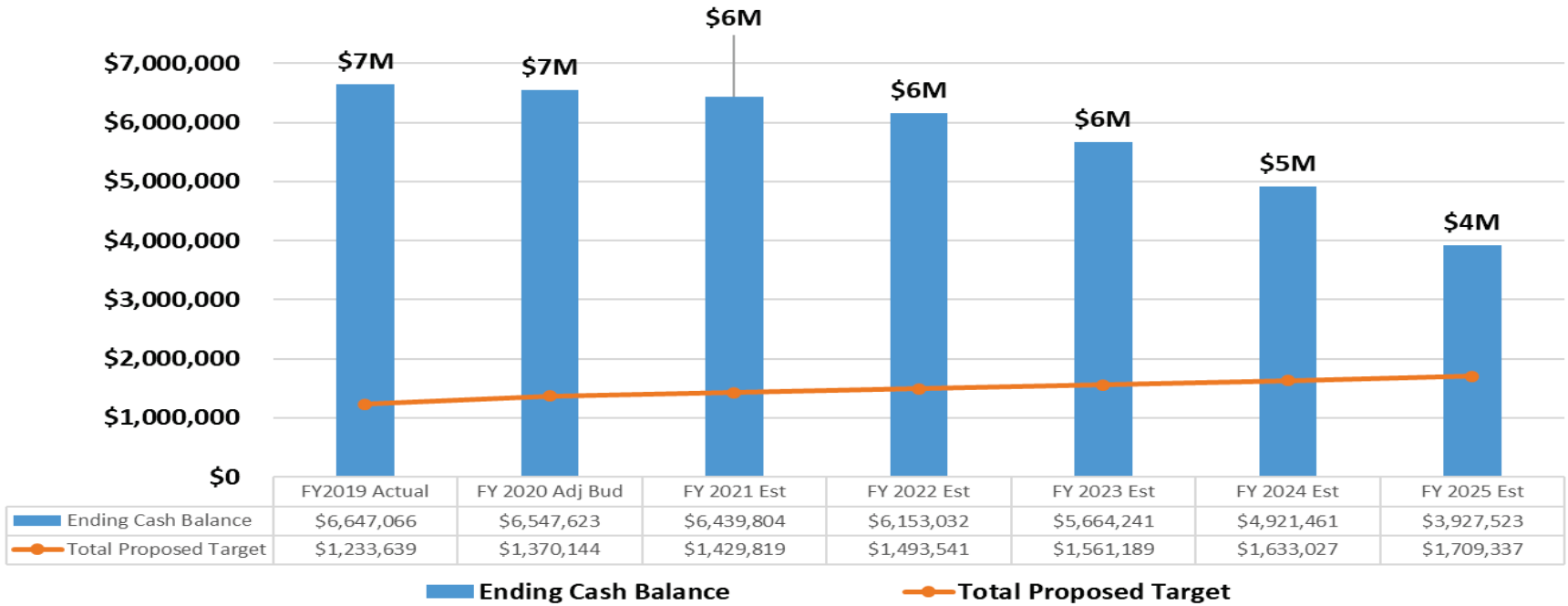
2%

Ventura County Waterworks District No.38
Lake Sherwood Water Services
Aggregate Rate Increase by Operating Components

RATE COMPONENTS	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
WSD ISF SERVICE RATE	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
EDISON RATE	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
CALLEGUAS RATE	3.4%	3.5%	3.5%	3.5%	3.5%	3.5%

*Callegaus is an Annual Rate. CY 2019 3.5%; CY 2020 3.4%.

Ventura County Waterworks District No.38
Lake Sherwood Water Services
Cash Reserves Forecast with No Rate Increases

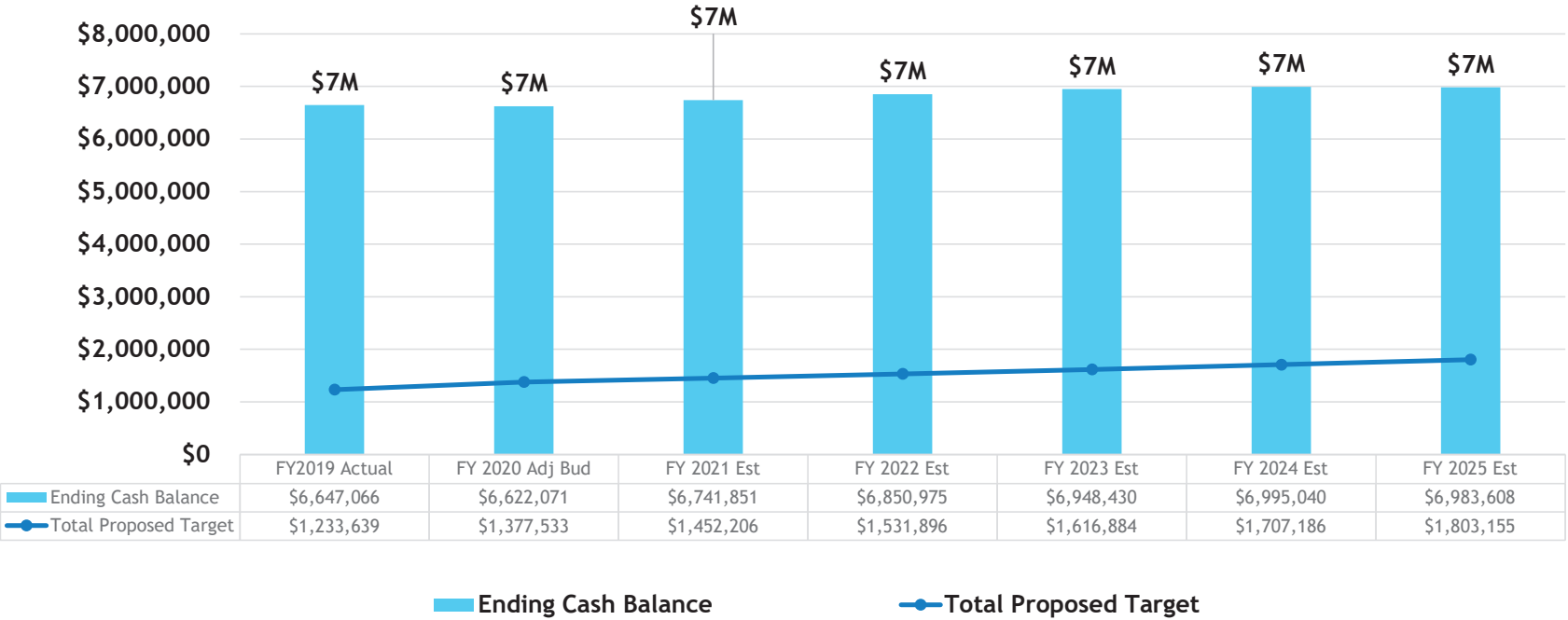


Reduction in Cash Reserves mainly due to operating losses

Ventura County Waterworks District No.38
Lake Sherwood Water Services
Recommendations

- 3.5% Commodity Rate
- 9% Fixed Meter Charge

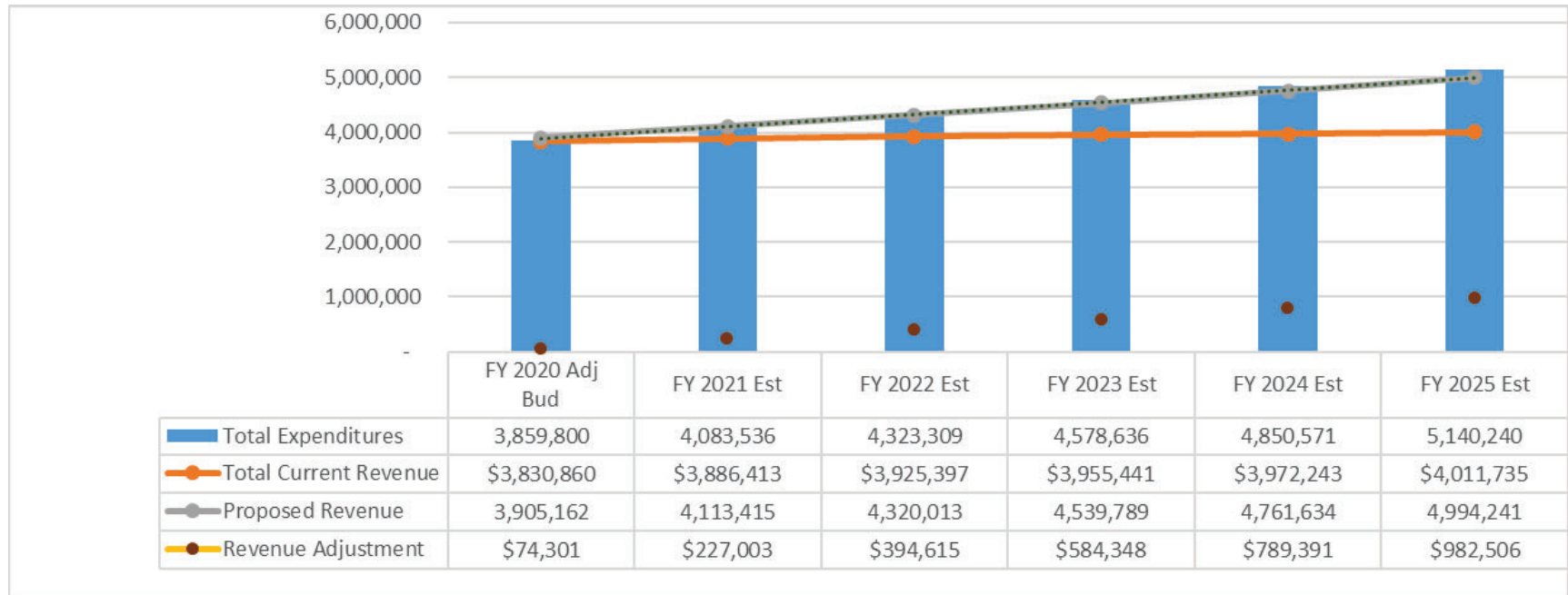
Ventura County Waterworks District No.38
Lake Sherwood Water Services
Cash Reserve Forecast with Recommended Rates



Ventura County Waterworks District No.38

Lake Sherwood Water Services

Proposed Operating Plan With Recommended Rates



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

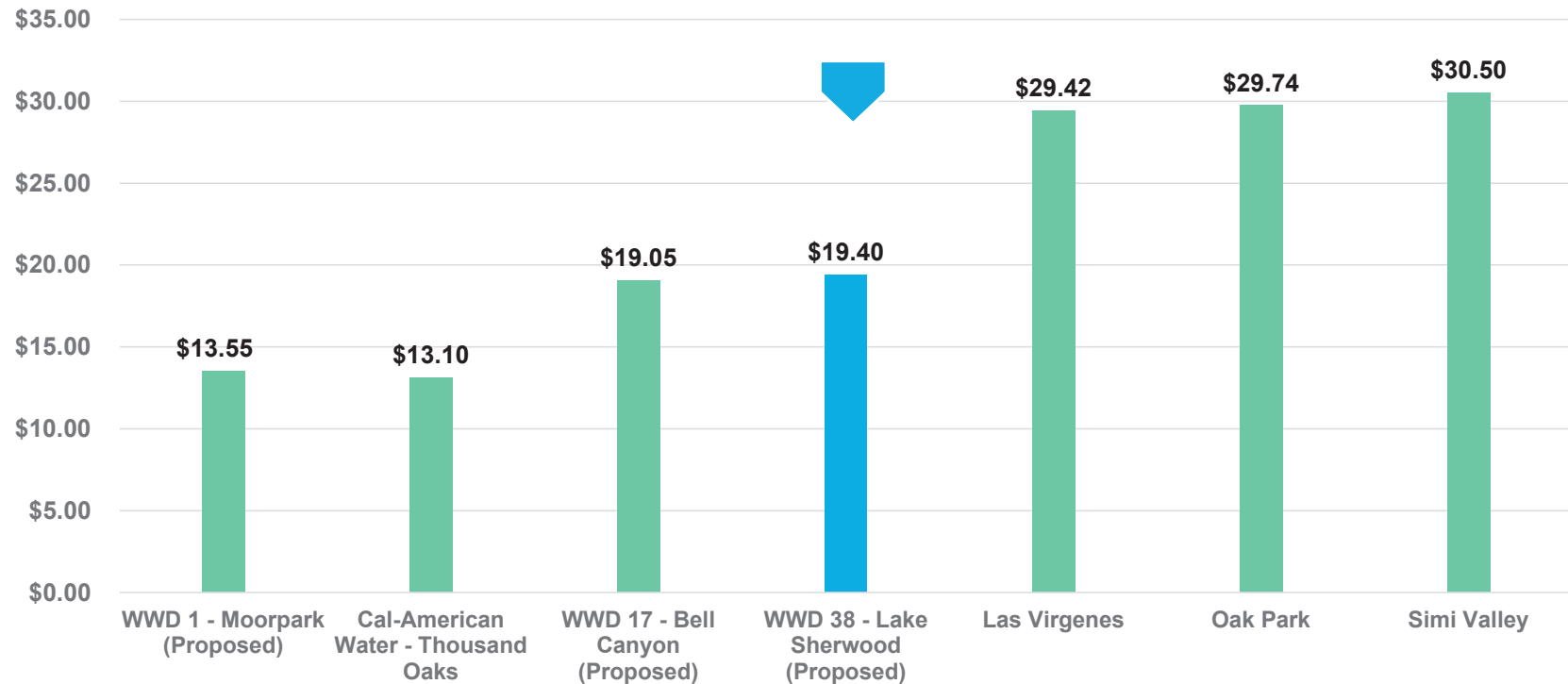
The expenses, shown in bars are O&M expenses.

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

Note: Series of 6% applied to all given years for Commodity Rate and 9% for Fixed Rate

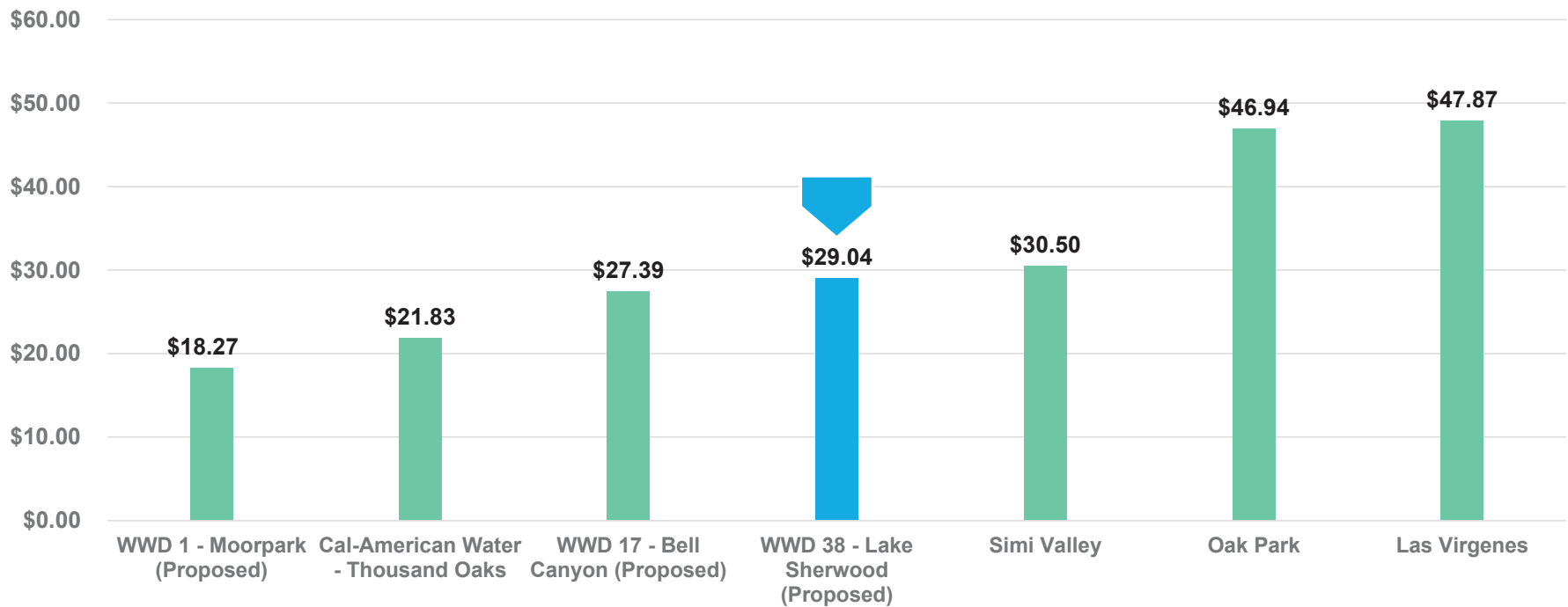
Ventura County Waterworks District No.38
Lake Sherwood Water Services – Rate Increase History

396 Residential Customers with a 3/4" Monthly Meter Charge



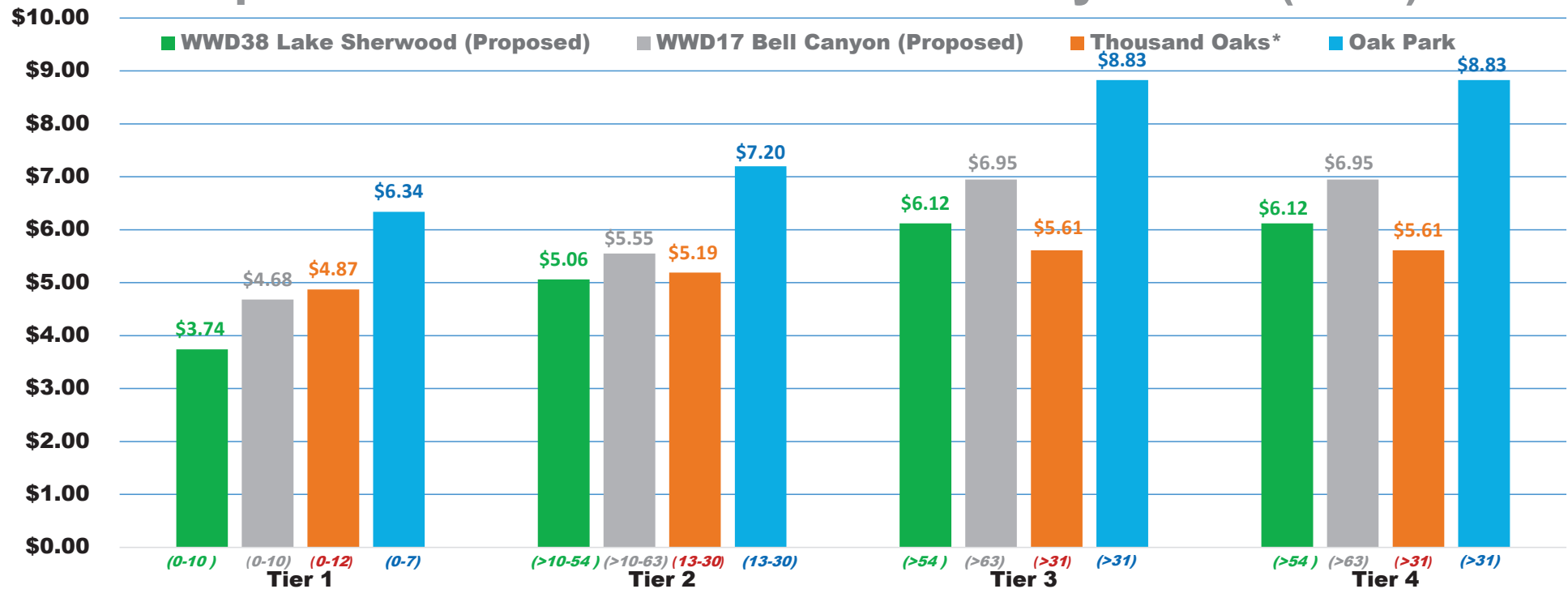
Ventura County Waterworks District No.38
Lake Sherwood Water Services
Rate Increase History

318 Residential Customers with a 1" Monthly Meter Charge



Ventura County Waterworks District No.38
Lake Sherwood Water Services

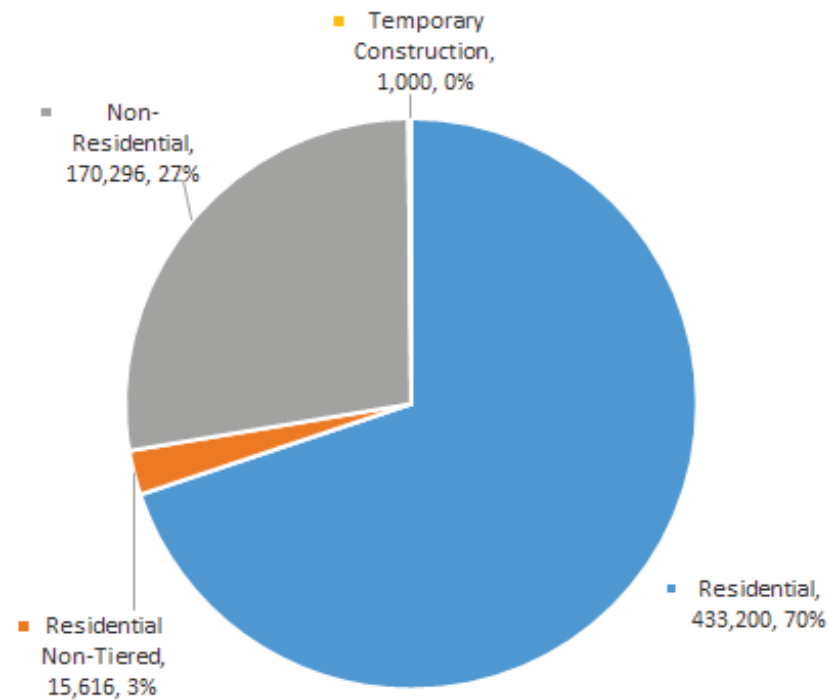
Comparison of Residential Commodity Rates (HCF)



*Note: The City of Thousand Oaks does not include the pumping lift charge of \$.18 per unit

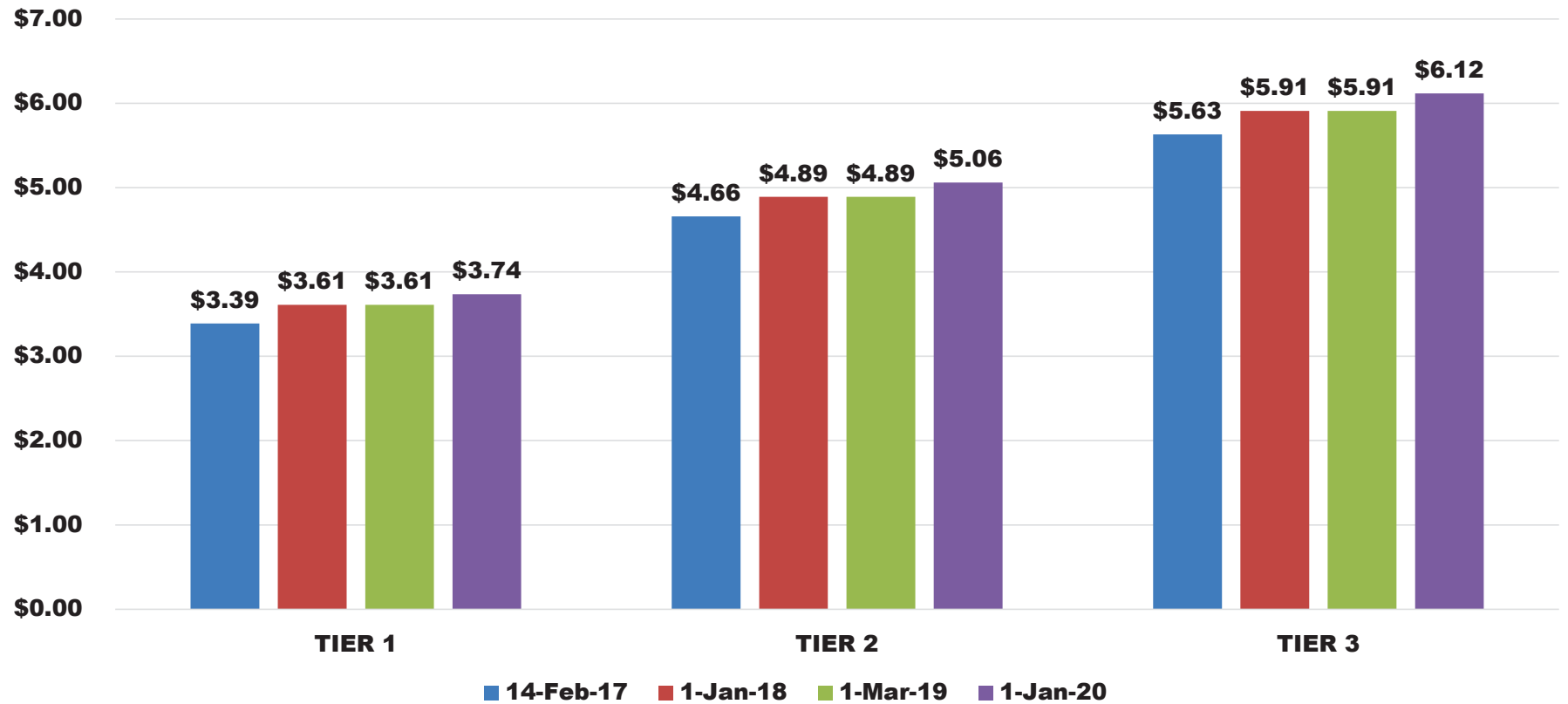
Disclaimer: While the information contained in this comparison has been presented with all due care, the County of Ventura Water and Sanitation Department does not warrant or represent that the information is free from errors or omissions.

Ventura County Waterworks District No.38
Lake Sherwood Water Services
Fiscal Year 2019 Actual Water Usage by Customer Class

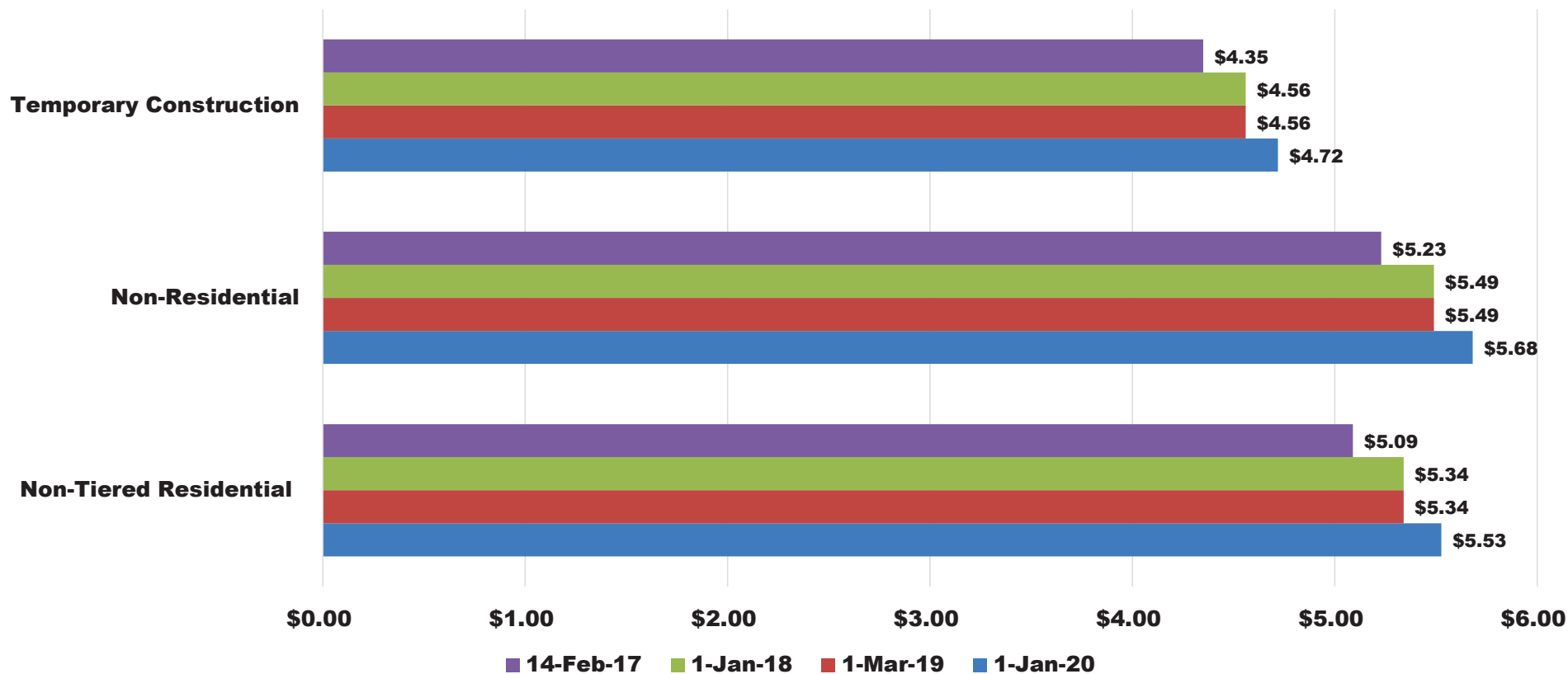


FY 2019 water usage by customer classification. First number in the pie chart is water usage in hcf followed by the percentage of total water usage by customer class. Percentage of allocation is the basis used in the rate study.

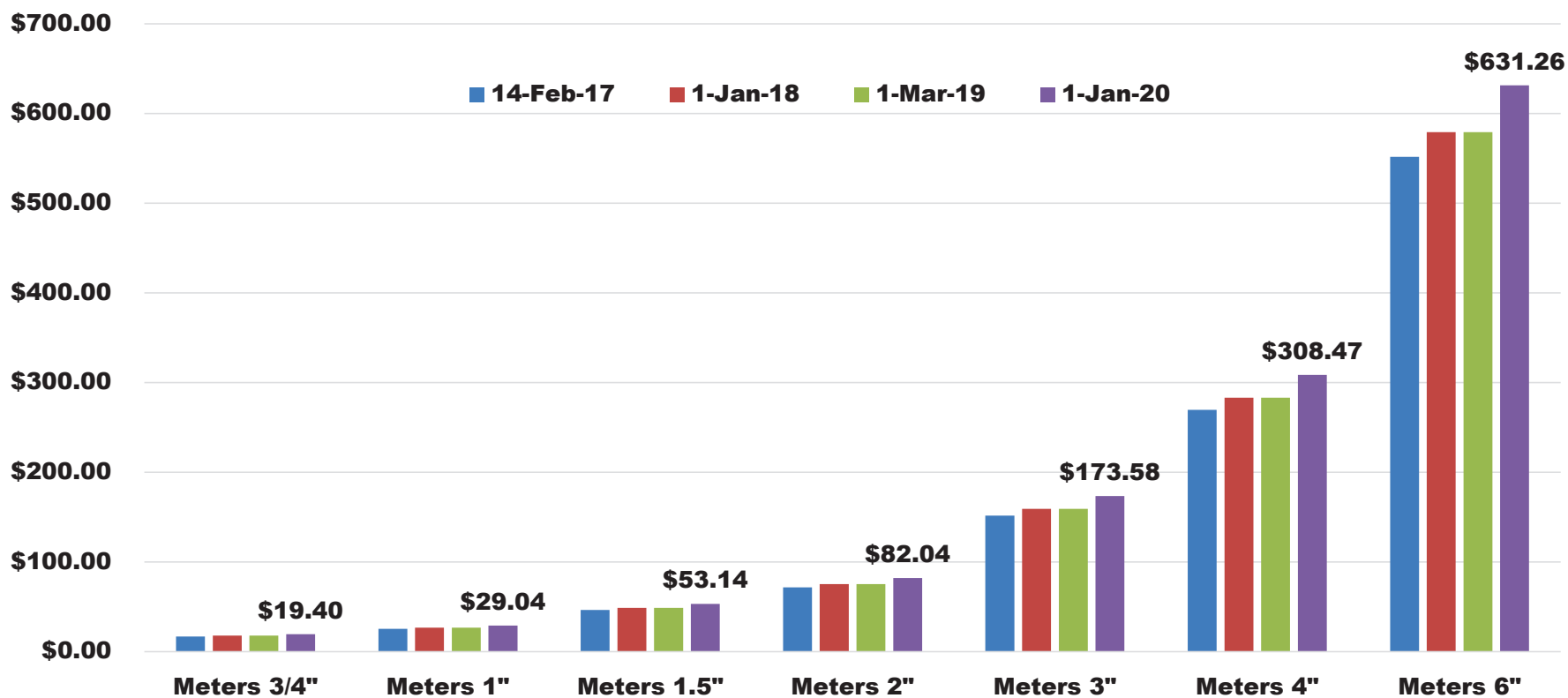
Ventura County Waterworks District No.38
Lake Sherwood Water Services
Rate Increase History



Ventura County Waterworks District No.38
Lake Sherwood Water Services
Rate Increase History



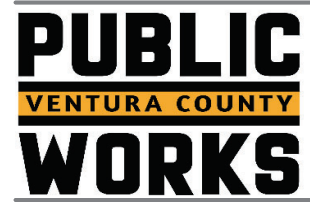
Ventura County Waterworks District No.38
Lake Sherwood Water Services
Rate Increase History



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WORKS



QUESTIONS



BACKUP

Ventura County Waterworks District No.38
Lake Sherwood Water Services
Proposed Rate Increase & Recommendation

Commodity Rates for Residential Customers			
Tier	Proposed Monthly Use (HCF)	Current 2019	Proposed 2020
1	0 - 10	\$3.61	\$3.74
2	>10 – 63	\$4.89	\$5.07
3	> 63	\$5.91	\$6.12
<i>Note: Rates per 100 Cubic Feet of Water (HCF)=748 Gallons</i>			

Commodity Rates for Other Customer Classes		
Customer Class	Current 2019	Proposed 2020
Residential Non-Tiered	\$5.34	\$5.53
Commercial	\$5.49	\$5.69
Institutional	\$5.49	\$5.69
Temporary Construction	\$4.56	\$4.72

Ventura County Waterworks District No.38
Lake Sherwood Water Services
Proposed Rate Increase & Recommendation

Monthly Meter Charges		
Meter Size	Current 2019	Proposed 2020
3/4-inch	\$17.80	\$19.41
1-inch	\$26.64	\$29.04
1 1/2-inch	\$48.75	\$53.14
2-inch	\$75.27	\$82.05
3-inch	\$159.25	\$173.59
4-inch	\$283.00	\$308.47
6-inch	\$579.14	\$631.27
Monthly Fireline Charges		
Meter Size	Current 2019	Proposed 2020
2-inch	\$6.88	\$7.50
3-inch	\$10.77	\$11.74
4-inch	\$17.80	\$19.41
6-inch	\$43.04	\$46.92
8-inch	\$86.59	\$94.39
<i>Note: Water used through private fire services will be charged at the temporary construction water rate</i>		

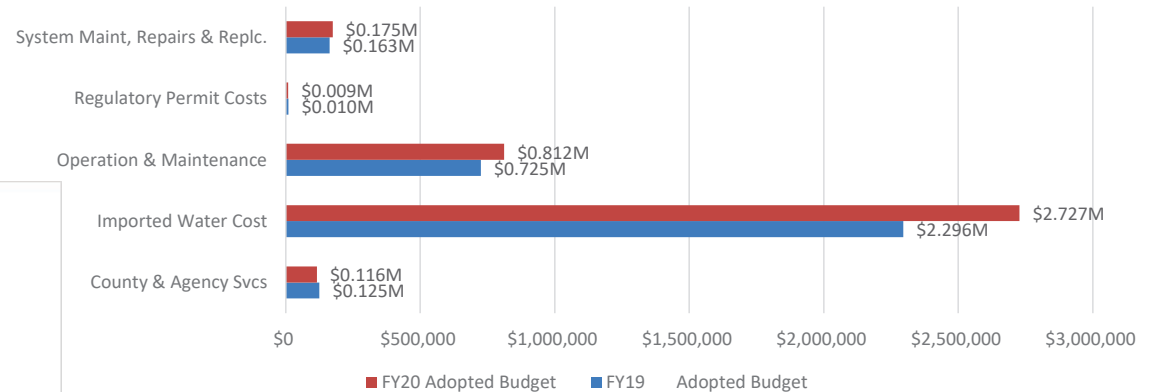
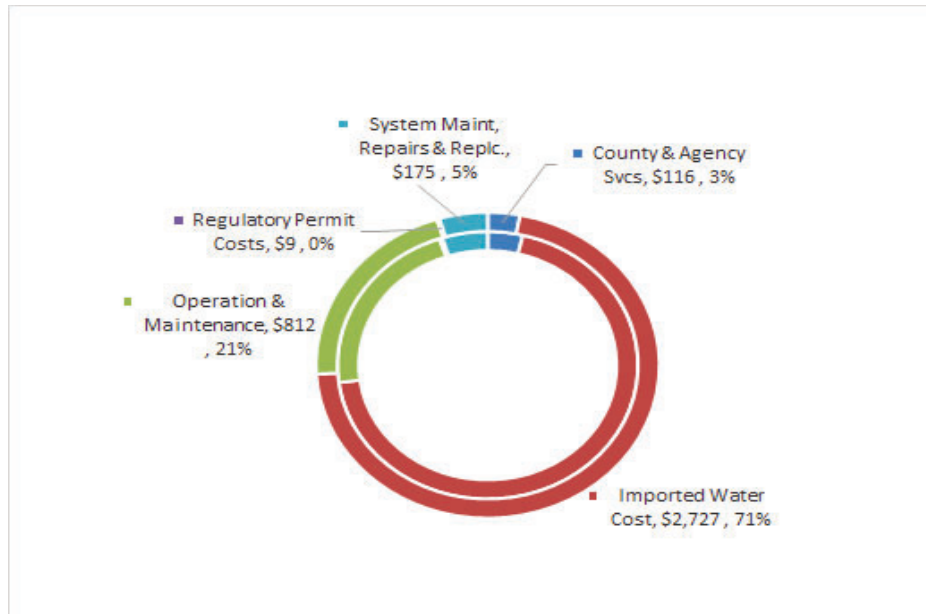
Ventura County Waterworks District No.38
Lake Sherwood Water Services
Net Results of Operation between Fiscal Years

OPERATION FUND			FY15 ACTUAL	FY16 ACTUAL	FY17 ACTUAL	FY18 ACTUAL	FY19 ACTUAL	FY20 ADOPTED BUDGET	FY20 ADJUSTED BUDGET
Operating Revenue									
Water Sales			\$2,092,900	\$2,072,886	\$2,447,385	\$3,530,512	\$3,458,385	\$3,734,595	\$3,764,151
Other O&M Revenues			\$276,200	\$121,755	\$42,027	\$50,289	\$49,480	\$42,535	\$66,563
Total -Operating Revenue			\$2,369,100	\$2,194,641	\$2,489,412	\$3,580,801	\$3,507,865	\$3,777,130	\$3,830,714
Operating Expenditure									
Water Supply Cost			\$1,865,300	\$1,638,862	\$1,761,784	\$2,410,683	\$2,403,194	\$2,727,300	\$2,748,158
System Maint. Repairs & Replac.			\$33,000	\$13,347	\$84,596	\$64,094	\$146,776	\$142,600	\$142,600
O&M Labor			\$262,300	\$160,029	\$254,369	\$272,006	\$293,826	\$511,800	\$511,800
Meter Replacement & Change Outs			\$6,700	\$14,505	\$14,800	\$9,600	\$25,800	\$0	\$0
Misc O&M Cost			\$114,400	\$133,648	\$111,626	\$121,927	\$120,844	\$173,900	\$173,900
County and Agency Services			\$58,400	\$85,864	\$131,584	\$106,026	\$118,013	\$149,300	\$149,300
Funded Depreciation			\$112,200	\$317,900	\$137,621	\$136,171	\$327,635	\$134,043	\$134,043
Total - Operating Expenditure			\$2,452,300	\$2,364,156	\$2,496,380	\$3,120,508	\$3,436,088	\$3,838,943	\$3,859,800
Net Result of Operation			(\$83,200)	(\$169,515)	(\$6,968)	\$460,293	\$71,777	(\$61,813)	(\$29,086)

Fiscal Year 2019-2020 Adjusted Budget considers the following:

- Water Sales based on FY19 actual usage between customer type.
- Water Purchased using the FY19 (Jul-Dec) actual rates and Calleguas approved FY20 rate.

Ventura County Waterworks District No. 38
Lake Sherwood Water Services
 Fiscal Year 2019-2020 Budget Analysis by Category



The \$3.9M Budget is a \$520K (16%) increase from FY2019 Adopted budget

Ventura County Waterworks District No.38
Lake Sherwood Water Services
Fixed Charge and Commodity Charges % of Revenue

Fixed Revenue %	7.4%	8.00%
Fixed Revenue	294,412.32	307,660.87
Variable Revenue	3,682,260.98	3,746,700.55
Total Revenue	\$3,976,673	\$4,054,361

		Current Rate	Recommended Rate
Monthly Meter Charges			
Meter Size			
3/4"		\$17.80	\$19.41
1"		\$26.64	\$29.04
1 1/2"		\$48.75	\$53.14
2"		\$75.27	\$82.05
3"		\$159.25	\$173.59
4"		\$283.00	\$308.47
6"		\$579.14	\$631.27
Monthly Private Fire Line Charges			
2"		\$6.88	\$7.50
3"		\$10.77	\$11.74
4"		\$17.80	\$19.41
6"		\$43.04	\$46.92
8"		\$86.59	\$94.39
Commodity Rates			
Residential			
Tier 1	0-10 hcf	\$3.61	\$3.74
Tier 2	> 10-63 hcf	\$4.89	\$5.07
Tier 3	> 63 hcf	\$5.91	\$6.12
Residential Non-Tiered		\$5.34	\$5.53
Non-Residential		\$5.49	\$5.69
Temporary Construction		\$4.56	\$4.72

Ventura County Waterworks District No.38
Lake Sherwood Water Services
Impact of Recommended Rates to Customer Bill
Residential Tiered

Residential Tiered 3/4-Inch meter									
Description	Use (HCF)	Current Bill			Proposed 19-20 Bill				
		Meter	Volume	Total	Meter	Volume	Total	Dollar	Percent
		Charge	Charge	Bill	Charge	Charge	Bill	Difference	Change
Low	5	\$17.80	18.05	\$35.85	\$19.41	18.68	\$38.09	\$2.24	6.25%
Median	53	\$17.80	\$246.37	\$264.17	\$19.41	\$254.99	\$274.40	\$10.23	3.87%
High	550	\$17.80	\$3,163.24	\$3,181.04	\$19.41	\$3,273.95	\$3,293.36	\$112.32	3.53%
Very High	761	\$17.80	\$4,410.25	\$4,428.05	\$19.41	\$4,564.61	\$4,584.02	\$155.97	3.52%

Residential Tiered 1 -Inch meter									
Description	Use (HCF)	Current Bill			Proposed 19-20 Bill				
		Meter	Volume	Total	Meter	Volume	Total	Dollar	Percent
		Charge	Charge	Bill	Charge	Charge	Bill	Difference	Change
Low	13	\$26.64	50.77	\$77.41	\$29.04	52.55	\$81.59	\$4.18	5.40%
Median	140	\$26.64	\$740.14	\$766.78	\$29.04	\$766.04	\$795.08	\$28.30	3.69%
High	350	\$26.64	\$1,981.24	\$2,007.88	\$29.04	\$2,050.58	\$2,079.62	\$71.74	3.57%
Very High	566	\$26.64	\$2,351.80	\$2,378.43	\$29.04	\$2,355.71	\$2,394.75	\$116.32	3.54%

Residential Tiered 2-Inch meter									
Description	Use (HCF)	Current Bill			Proposed 19-20 Bill				
		Meter	Volume	Total	Meter	Volume	Total	Dollar	Percent
		Charge	Charge	Bill	Charge	Charge	Bill	Difference	Change
Low	17	\$75.27	70.33	\$145.60	\$82.04	72.79	\$154.84	\$9.24	6.34%
Median	362	\$75.27	\$2,052.16	\$2,127.43	\$82.04	\$2,123.99	\$2,206.03	\$78.60	3.69%
High	1100	\$75.27	\$6,413.74	\$6,489.01	\$82.04	\$6,638.22	\$6,720.27	\$231.26	3.56%
Very High	1256	\$75.27	\$7,335.70	\$7,410.97	\$82.04	\$7,592.45	\$7,674.49	\$263.52	3.56%

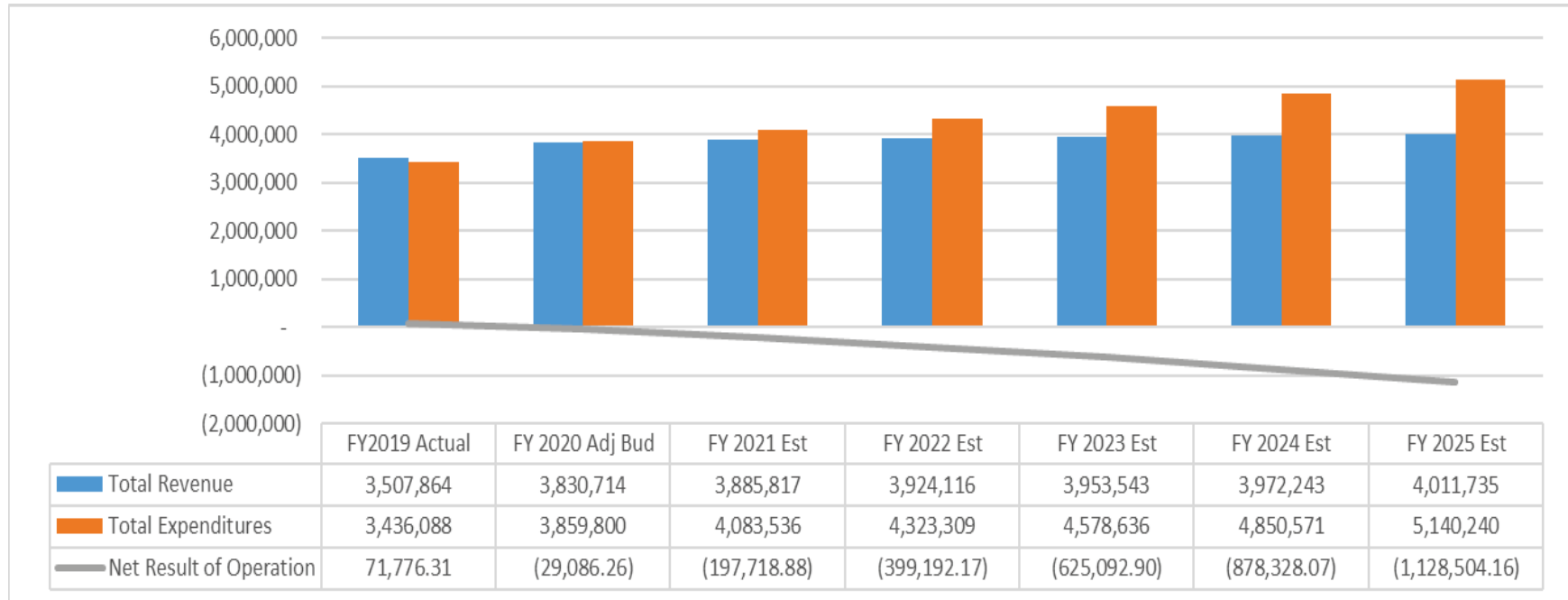
Ventura County Waterworks District No.38
Lake Sherwood Water Services
O&M Expenditures and Revenue Requirements

			FY 2020		
			Operating	Capital	Total
Revenue Requirements					
O&M Expenses					
Water Purchase			\$2,748,158		\$2,748,158
Water System Power			\$30,000		\$30,000
Other O&M Expenses			\$947,600		\$947,600
Funded Depreciation				\$134,043	\$134,043
Debt Service					
Existing Debt Service				\$0	\$0
Proposed Debt Service				\$0	\$0
Total Revenue Requirements			\$3,725,758	\$134,043	\$3,859,801
Less: Revenue Offsets					
Other O&M Revenues			\$42,530		\$42,530
Interest Earnings			\$24,033		\$24,033
Total Revenue Offsets			\$66,563	\$0	\$66,563
Less: Adjustments					
Adjustment for Cash Balance	(Gain)/Loss		\$29,087		\$29,087
Adjustment for Mid-Year Increase			\$0		\$0
Total Adjustments			\$29,087	\$0	\$29,087
Revenue Requirement from Rates			\$3,630,108	\$134,043	\$3,764,151

Ventura County Waterworks District No.38
Lake Sherwood Water Services
Cash Reserves Analysis

CASH RESERVED FORECAST									
DESCRIPTION			FY15 ACTUAL	FY16 ACTUAL	FY17 ACTUAL	FY18 ACTUAL	FY19 ACTUAL	FY20 ADOPTED BUDGET	FY20 ADJUSTED BUDGET
Cash Inflows									
Depreciation			\$137,100	\$317,900	\$137,621	\$136,171	\$327,635	\$134,043	\$134,043
Other Revenues			16,000	29,800	79,579	94,695	150,690	195,600	195,600
Operating Gain			\$0	\$0	\$0	\$460,293	\$71,777	\$0	\$0
Total Cash Inflows			\$153,100	\$347,700	\$217,200	\$691,159	\$550,101	\$329,643	\$329,643
Cash Outflows									
Water System Improvement			\$0	\$0	\$0	\$0	\$5,313	\$325,000	\$325,000
Water Construction Project			\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Capital Expenses			\$0	\$0	\$0	\$0	\$0	\$75,000	\$75,000
Operating Loss			\$103,400	\$169,515	\$6,968	\$0	\$0	\$61,813	\$29,086
Total Cash Outflows			\$103,400	\$169,515	\$6,968	\$0	\$5,313	\$461,813	\$429,086
Cash Flow Positive / (Negative)			\$49,700	\$178,185	\$210,232	\$691,159	\$544,789	(\$132,170)	(\$99,444)
Beginning Cash Balance			\$4,973,000	\$5,022,700	\$5,200,885	\$5,411,117	\$6,102,277	\$6,647,065	\$6,647,065
Ending Cash Balance			\$5,022,700	\$5,200,885	\$5,411,117	\$6,102,277	\$6,647,065	\$6,514,895	\$6,547,622

Ventura County Waterworks District No.38
Lake Sherwood Water Services
Projected Net Results of Operation with No Rate Increases



Increased in expenditure mainly due to cumulative increases of imported water rate.

Ventura County Waterworks District No.38
Lake Sherwood Water Services
Increase Usage due to Growth Impact on Imported Water Cost

Water Production	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Imported (AF)	1,650	1,686	1,703	1,720	1,737	1,754
Total - Water Production	1,650	1,686	1,703	1,720	1,737	1,754
Total Demand (AF)	1,551	1,567	1,583	1,598	1,614	1,630
Calculated Water Costs	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Produced Imported Water (AF)	1,650	1,686	1,703	1,720	1,737	1,754
Amount in Tier 1	1,424	1,424	1,424	1,424	1,424	1,424
Amount in Tier 2	226	262	279	296	313	330
Imported Water Cost						
Tier 1	\$2,061,477	\$2,159,163	\$2,288,713	\$2,426,036	\$2,571,598	\$2,725,894
Tier 2	346,531	420,472	474,352	533,488	598,337	669,395
Pumping Charge	\$90,664	\$98,198	\$105,129	\$112,550	\$120,494	\$128,999
Total - Imported Water Cost	\$2,498,672	\$2,677,834	\$2,868,195	\$3,072,073	\$3,290,429	\$3,524,288
Capacity Reservation Charge (CRC)	\$163,307	\$171,099	\$181,365	\$192,247	\$203,782	\$216,009
MWD RTS Charge	\$86,178	\$90,290	\$95,708	\$101,450	\$107,537	\$113,989
Total Purchased Water Costs	\$2,748,158	\$2,939,223	\$3,145,268	\$3,365,771	\$3,601,748	\$3,854,286

Ventura County Waterworks District No.38
Lake Sherwood Water Services
Distribution of Rate Funded Operation and Maintenance Cost

			Supply	Base Delivery	Max Day	Max Hour	Fire	Meter	Customer	General	TOTAL
Operating Expenses			\$2,380,650	\$416,596	\$476,068	\$47,363	\$34,499	\$25,420	\$46,314	\$203,197	\$3,630,108
Capital Expenses			\$471	\$58,439	\$67,483	\$1,524	\$4,060	\$1,100	\$0	\$966	\$134,043
Total Cost of Service			\$2,381,122	\$475,035	\$543,551	\$48,887	\$38,559	\$26,521	\$46,314	\$204,163	\$3,764,151
Allocation of General Cost				\$82,269	\$94,135	\$8,466	\$6,678	\$4,593	\$8,021	(\$204,163)	\$0
Allocation of Public Fire Protection Cost							(\$37,822)	\$37,822			\$0
Allocation of Peaking Cost to Meter					(\$223,190)	(\$20,074)		\$243,264			\$0
Total Adjusted Cost of Service			\$2,381,122	\$557,304	\$414,496	\$37,279	\$7,415	\$312,200	\$54,334	\$0	\$3,764,151
			Variable Cost				Fixed Cost				
			\$3,390,202				\$373,949				
			90%				10%				