

VENTURA COUNTY Public Works Agency

Piru Waterworks District No. 16

North Coast County Service Area No. 29

Nyeland Acres County Service Area No. 30

El Rio County Service Area No. 34

Camarillo Utility Enterprise

Sanitation Districts Rate Studies Report

June 2026



June 2026

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

Subject: 2026 Sanitation Districts Rate Studies

Dear Ms. Fontayne,

Raftelis is pleased to provide this 2026 Sanitation Districts Rate Studies Report for five Sanitation Districts (District) served by Ventura County Public Works (Ventura County), including: Piru, North Coast, Nyeland Acres, El Rio, and Camarillo Utility Enterprise. The overall purpose of the study was to review each District 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 for each District.

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 plans 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,

A handwritten signature in black ink, appearing to read 'Kevin Kostiuik', with a stylized flourish at the end.

Kevin Kostiuik
Project Manager

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List of Abbreviations

AF: Acre-feet
CIP: Capital Improvement Plan
COS: Cost of Service
CPI: Consumer Price Index
CSD: Camarillo Sanitary District
CSA: County Service Area
CUE: Camarillo Utility Enterprise
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*
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
WRP: Water Reclamation Plant
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 wastewater cost of service studies for its six sanitation districts in 2025, which established proposed rates for the current fiscal year (FY) 2025-26¹. The Agency engaged Raftelis in 2026 to conduct this new Sanitation Districts Rate Study, to establish a schedule of sewer service charges for each District. Proposed rate adoption periods vary by sanitation district, with the planning horizon for all running through FY 2030-31. The results of the study for five of the Agency’s six districts are documented within this report.² Note that proposed rates cannot be implemented until formally adopted after a public hearing. California laws specifically, Proposition 218—require 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 each 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 each of the Agency’s six sanitation Districts. A detailed description of the methodology is provided in Section 3.

1. **Financial Plan:** Develop cash flow projections for each 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 revenue 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.

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.

² The results of the Moorpark District 1 study are documented in a separate report.

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.

1.3. Proposed Wastewater Financial Plan Findings by District

Raftelis conducted a status quo cash flow analysis for each of the Agency's six sanitation districts. The goal was to evaluate whether existing sewer service charges adequately fund the respective 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, some financial drivers were identified as common to all six of the Agency's districts, while each district also had District-specific financial drivers. These drivers are identified and discussed below.

1.3.1. COMMON FINANCIAL DRIVERS

Key factors influencing the need for proposed revenue adjustments *across all Districts* include:

- » **Inflationary pressure:** The Agency'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. These inflationary pressures impact all six districts, and similar values are used for future calculations for all districts.
- » **Planned capital expenditures:** While each District has planned CIP projects and system improvements scheduled over the next five years, every District has future capital projects that include some combination of funding from cash, grants, internal borrowing, and potential external borrowing. Several Districts have past and current internal borrowing between Districts and other County funds. The various past, present, and future cash-flow loans and borrowing for construction projects are considered in the financial plans of each specific District.
- » **Treatment-related costs:** For CSA 29, CSA 30, CSA 34, and CUE, the current and future costs of treatment are from third-party agencies, namely the City of Ventura, City of Oxnard, and Camarillo Sanitary District (CSD). The City of Ventura and CSD have planned for double-digit annual increases to treatment-related costs. The City of Oxnard is currently in a rate study for its wastewater utility, with future costs uncertain.
- » **No change to existing revenues or new connection growth:** Based on the communities served, and to err on the side of conservatism, no new connections or changes to the ERUs within a District's service area are assumed.
- » **Financial Position and Planning:** The Agency runs each district as individual funds with separate budget units. Therefore, the Agency's financial plan is not evaluated as one plan, but as six separate plans. Each District's current cash position is different, with some at or above financial reserve policy levels and others under policy or in a negative position. The starting financial position is a primary indicator for each District.

1.3.2. SPECIFIC FINANCIAL DRIVERS

Key factors influencing the need for proposed revenue adjustments which *vary between Districts* include the following drivers specific to each Districts.

» **Piru Waterworks District No. 16 (WW D16)**

District 16 provides collection and treatment services. The District is therefore responsible for managing, funding, and planning for infrastructure maintenance and improvements to all collection and treatment-related systems. District 16 is completing a solar project to generate future power savings. Additional future capital includes a Sewer Master Plan and Facilities Assessment and WWTP Headworks Screen Replacement projects totaling approximately \$624,000 in inflation-adjusted dollars. The District has several past debt obligations, including a State Revolving Fund (SRF) loan and a General Fund loan. Due to current capital projects and cash position, District 16 has a bridge loan from District 38 – Lake Sherwood and access to additional cash from CSA 34 – El Rio, if necessary.

» **Camarillo Utility Enterprise (CUE)**

CUE serves commercial connections at the Camarillo Airport facilities. CUE provides collection services with treatment provided by the Camarillo Sanitary District (CSD). In May of 2025, CSD adopted four years of 16% per year rate increases through FY 2028-29. Treatment costs are the second largest expense within the CUE O&M budget. CUE is planning on executing the Freedom Park Lift Station project starting in FY 2027-28, which totals approximately \$901,500 in inflation-adjusted dollars over the forecast period. Future capital for CUE includes the Freedom Park Lift Station project, which is scheduled to start in FY 2027-28 and may require a combination of cash reserves and future financing.

» **North Coast County Sanitation District No. 29 (CSA 29)**

CSA 29 is a geographically long and narrow service territory serving a few and predominantly residential connections. CSA 29 provides collection services with treatment provided by the City of Ventura (Ventura Water). Ventura Water has recently discussed five years of double-digit rate increases, and final treatment costs are still pending. Treatment costs for CSA 29 residents are set by the City of Ventura and passed through to CSA 29 customers in their Ventura County bill. CSA 29 started the current fiscal year in a negative cash position. Significant future capital projects are planned related to the Sewer System Modernization Program as well as smaller collection system improvement projects. Five-year capital improvements are estimated at approximately \$3M in inflation-adjusted dollars.

» **Nyeland Acres County Sanitation District No. 30 (CSA 30)**

CSA 30 provides collection services only. Treatment is provided by the City of Oxnard. Major planned capital improvements include the Nyeland Lift Station, estimated at approximately \$1.9M in inflation-adjusted dollars. While CSA 30 has a strong starting cash position (approximately \$1.5M), the District has a significant structural deficit with approximately \$350,000 in annual sewer service charge revenues against budgeted O&M expenses of \$636,000 per year.

» **El Rio County Sanitation District No. 34 (CSA 34)**

CSA 34 provides collection services only. Treatment is provided by the City of Oxnard. Major planned capital improvements include the Montgomery Lift Station and manhole rehabilitation projects. Five-year planned capital projects are estimated at \$2.1M in inflation-adjusted dollars. The CSA has two budget units. Unit 4150 (Operations and Management) is funded through sewer service charges. Unit 4155 (Debt Service) recovers the costs of two SRF loans through a separate schedule of fees. The CSA has a strong starting cash position, but a structural deficit is projected in FY 2027 and beyond.

Raftelis developed financial plans for each 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 each District's projected operating and maintenance (O&M) costs, capital improvement plan (CIP), existing reserve balances, and debt obligations. Key findings for each District are summarized in **Table 1-1**.

Table 1-1: Proposed Revenue Adjustments by District

District	Proposed Adjustment FY 2026-27	Planned Adjustment FY 2027-28	Planned Adjustment FY 2028-29	Planned Adjustment FY 2029-30	Planned Adjustment FY 2030-31
District #16 – Piru	19.5%	19.5%	15%	5%	5%

District	Proposed Adjustment FY 2026-27	Proposed Adjustment FY 2027-28	Proposed Adjustment FY 2028-29	Planned Adjustment FY 2029-30	Planned Adjustment FY 2030-31
Camarillo Utility Enterprise (CUE)	16%	16%	16%	16%	16%

District	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
CSA #29 – North Coast PWA Collection	18%	14%	14%	14%	9%
City of Ventura Treatment	18%	TBD	TBD	TBD	TBD

District	Proposed Adjustment FY 2026-27	Planned Adjustment FY 2027-28	Planned Adjustment FY 2028-29	Planned Adjustment FY 2029-30	Planned Adjustment FY 2030-31
CSA #30 – Nyeland	15%	15%	15%	15%	15%

District	Proposed Adjustment FY 2026-27	Planned Adjustment FY 2027-28	Planned Adjustment FY 2028-29	Planned Adjustment FY 2029-30	Planned Adjustment FY 2030-31
CSA #34 – El Rio	8%	8%	8%	8%	8%

A detailed discussion of each District's financial plan, including revenue requirements, reserve targets, and CIP funding strategy, is provided in each District's dedicated section within this report.

1.4. Proposed Wastewater Rates by District

Based on the financial plan findings summarized in Section 1.3, Raftelis developed a proposed five-year schedule of wastewater rates for each District 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 each District are summarized in the tables below. A detailed discussion of each District's rate development is provided in the corresponding District section. 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

District 16 - Piru	Current	Proposed	Planned	Planned	Planned	Planned
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Monthly Service Charge (\$/ERU)	\$126.52	\$151.19	\$180.67	\$207.77	\$218.16	\$229.07
Annual Assessment	\$1,518.24	\$1,814.30	\$2,168.08	\$2,493.30	\$2,617.96	\$2,748.86
<i>Assessment Biannual Installment</i>	\$759.12	\$907.15	\$1,084.04	\$1,246.65	\$1,308.98	\$1,374.43

Camarillo Utility Enterprise (CUE)	Current	Proposed	Proposed	Proposed	Planned	Planned
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Fixed Charge	\$43.04	\$49.93	\$57.92	\$67.19	\$77.94	\$90.41
Rate (\$ / HCF)	\$22.22	\$25.78	\$29.90	\$34.69	\$40.24	\$46.68

CSA 29 North Coast	Current	Proposed	Proposed	Proposed	Proposed	Proposed
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Monthly Service Charge (\$/ERU) - Collection	\$274.14	\$287.87	\$328.18	\$374.13	\$426.51	\$464.90
Monthly Treatment Charge (\$/ERU) - Ventura	--	\$35.62	Pass-Through ³	Pass-Through	Pass-Through	Pass-Through
Annual Assessment - Collection	\$3,289.72	\$3,454.44	\$3,938.16	\$4,489.56	\$5,118.12	\$5,578.80
<i>Assessment Biannual Installment - Collection</i>	\$1,644.86	\$1,727.22	\$1,969.08	\$2,244.78	\$2,559.06	\$2,789.40
Annual Assessment – Treatment	N/A	\$427.44	TBD	TBD	TBD	TBD
<i>Assessment Biannual Installment - Treatment</i>	N/A	\$213.72	TBD	TBD	TBD	TBD

CSA 30 Nyeland Acres	Current	Proposed	Planned	Planned	Planned	Planned
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Monthly Service Charge (\$/ERU)	\$56.15	\$64.58	\$74.27	\$85.42	\$98.24	\$112.98
Annual Assessment	\$673.80	\$774.96	\$891.24	\$1,025.04	\$1,178.88	\$1,355.76
<i>Assessment Biannual Installment</i>	\$336.90	\$387.48	\$445.62	\$512.52	\$589.44	\$677.88

CSA 34 El Rio	Current	Proposed	Planned	Planned	Planned	Planned
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Monthly Service Charge (\$/ERU)	\$42.25	\$45.63	\$49.29	\$53.24	\$57.50	\$62.10
Annual Assessment	\$507.00	\$547.56	\$591.48	\$638.88	\$690.00	\$745.20
<i>Assessment Biannual Installment</i>	\$253.50	\$273.78	\$295.74	\$319.44	\$345.00	\$372.60

³ Treatment costs are set by the City of Ventura and future increases will be passed through separately in FY 2028 through FY 2031. These charges will be added to the CSA 29 total charges in each individual year from FY 2028 through FY 2031 based on actual costs.

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 and treatment systems for three (3) sanitation districts 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 rate study evaluates each Districts' financial positions and develops proposed schedules of cost-justified rates to ensure continued financial sufficiency through FY 2030-31.

2.2. Scope of Districts Included in This Study

This study encompasses six wastewater sanitation districts administered by the Ventura County Public Works Agency (PWA). Each District serves a distinct geographic area within Ventura County and operates independently as a separate enterprise. A description of each District is provided below as presented on the County Public Works Sanitation Services website.

» Piru Waterworks District No. 16

Piru Waterworks District No. 16 provides wastewater collection and treatment services to the small, unincorporated community of Piru in Eastern Ventura County. The District serves approximately 717 properties. From 1974 to 2010, the District operated a wastewater treatment plant that had a design capacity of 200,000 gallons per day (GPD). In 2010, the District began operation of a secondary treatment wastewater treatment facility, known as the Piru Wastewater Treatment Plant, located at 2815 E. Telegraph Road. The facility entirely replaced the previous treatment plant and has permitted capacity to treat dry weather flows of up to 0.5 million gallons per day (MGD) and a peak day wet weather flow of 1.75 MGD. Existing plant facilities include influent pumps, trash screens, two oxidation ditches, two clarifiers, two aerobic digesters, and a sludge drying system, and effluent is discharged into percolation ponds. More recently, the facility was upgraded to include a solids dewatering press facility and a desalination facility.

» Camarillo Utility Enterprise

Camarillo Airport's water and sewer systems, referred to as Camarillo Utility Enterprise (CUE), were turned over to the County of Ventura when the Oxnard Air Force Base was deactivated in 1976. The Water and Sanitation Department took over the operation and maintenance of the water and sewer systems of CUE on January 1, 1996. CUE operates the sewer system supporting the Camarillo Airport facilities, tenants, and property owners across approximately 75 connections on 765 acres. CUE averages

approximately 35,600 gallons of sewage generated each day. The sewage is pumped to the Camarillo Sanitation District for treatment and disposal.

» **North Coast County Sanitation District No. 29**

County Service Area No. 29 (CSA 29) was formed on December 15, 1978, to construct, operate, and maintain a sewer system in the community of North Coast to serve Solimar Beach, Faria Beach, Seacliff, and Mussel Shoals. The North Coast Sewer System is a Septic Tank Effluent Pump (STEP) system in operation since 1982. It serves approximately 300 service connections and comprises 13 miles of force main (some gravity lines), 3.6 miles of electrical conduit, and 155 STEP pumps with electric panels, 160 tanks, and 6 lift stations. The sewage is discharged to the City of Ventura sewer system for treatment and disposal.

» **Nyeland Acres County Sanitation District No. 30**

County Service Area No. 30 (CSA 30) was formed on November 2, 1965, to construct and maintain a wastewater collection, treatment, and disposal system for the community of Nyeland Acres. The CSA 30 service area consists of 177 acres lying within an area bounded by U. S. Highway 101 on the south, Santa Clara Avenue on the west, Del Norte Boulevard off-ramp on the east, and the Nyeland Drain on the north. The original sewer collection system was a Septic Tank Effluent Pump (STEP) system. The STEP system consisted of 249 individual interceptor tank/effluent pumping units with approximately 469 residential service connections and 20 miscellaneous business connections. The STEP system was replaced with a conventional gravity system and a lift station in 1999. There are 2.9 miles of sewer lines. Since December 1998, the sewage has been discharged to the City of Oxnard for treatment and disposal. The treatment plant was removed in 1999. Since July 1, 1999, the Water and Sanitation Department has managed the system and is currently responsible for the daily operations and maintenance.

» **El Rio County Sanitation District No. 34**

County Service Area No. 34 (CSA 34) was formed on December 1, 2005, for the purpose of constructing, operating, and maintaining a sewer collection system for the unincorporated area of El Rio, including the Strickland Tract. The sewer service area is approximately 850 acres, lying within the El Rio Forebay, and is bounded by the U.S. Highway 101 on the south, South Bank Road on the west, Rose Avenue on the east, and Strickland Drive on the north. The sewage collection system in the Strickland Tract area was completed in December 2005. Property owners within the Strickland Tract connected to the sewer system in March 2006. The remainder of the system is being constructed in phases, based on available funding. The sewage is pumped to the City of Oxnard for treatment and disposal. The Water and Sanitation Department is responsible for the administration, operation, and maintenance of the sewer collection system.

2.3. Study Overview and Objectives

The Agency engaged Raftelis in 2026 to conduct a comprehensive wastewater rate study for its six sanitation districts. The primary purpose of this study is to ensure that each District'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 each District. The financial plan evaluates each District's projected revenues, O&M expenditures, CIP funding needs, reserve requirements, and debt obligations to determine the level of rate adjustment 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) or evaluate or propose structural

changes to rates. The District's existing cost of service and existing rate structures are relied upon, with cost-justified rates determined by the financial planning process.

Study Objectives

The major objectives of this study are to:

- » Evaluate each District'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 each 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

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

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 each District must collect from sewer service charges each year to maintain financial sufficiency over the study period. Raftelis developed a separate five-year financial plan for each District covering FY 2026-27 through FY 2030-31. Each District's financial plan incorporated the following components:

1. **Revenue Projections.** Raftelis projected each 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 each District's total expenditure requirements to determine the net revenue required from sewer service charges.
2. **O&M Expenditure Projections.** Raftelis reviewed each 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 each 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 Clean Water State Revolving Fund (SRF) loans, internal General Fund or Trust Fund loans, or other long-term financing, were incorporated into each District's financial plan as a fixed annual expenditure. Where new debt financing is assumed to fund CIP projects, projected debt service payments were incorporated accordingly.
5. **Reserve Requirements.** Raftelis evaluated each District's existing reserve fund balances against target reserve levels established for O&M, capital, and emergency purposes. 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 each District's financial plan, Raftelis developed a proposed five-year schedule of sewer service charges for FY 2026-27 through FY 2030-31. Each 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 each 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 all Districts. 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 the Agency staff's estimate. Third-party treatment costs for Ventura, CSD, and Oxnard are based on adopted increases for Ventura and Oxnard, and conservative estimates for future increases for Oxnard treatment. 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%	2.5%	2.5%	2.5%	2.5%
Annual Interest Rate	3.0%	3.0%	3.0%	3.0%	3.0%
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%
Ventura Treatment ¹	18.0%	TBD	TBD	TBD	TBD
CSD Treatment ²	16.0%	16.0%	16.0%	16.0%	16.0%
Oxnard Treatment ³	8.0%	8.0%	8.0%	8.0%	8.0%
1. Ventura Treatment inflationary assumptions are specific to the North Coast Service Area (CSA# 29) only.					
2. CSD Treatment inflationary assumptions are specific to Camarillo Utility Enterprise (CUE) only.					
3. Oxnard Treatment inflationary assumptions are specific to the Nyeland Acres and El Rio service areas only.					

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. All six of the Districts have informal reserve policies. Raftelis utilized this standardized policy for each financial plan.

Cash Reserves: Prudent fiscal management requires that each 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 annual 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 respective Municipal Advisor.

Table 4-2 shows reserve and debt coverage targets modeled in this study for all districts/service areas.

Table 4-2: Wastewater Enterprise 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 proposed debt terms assumptions, which are used for every district/service area that seeks a debt issuance.

Table 4-3: Proposed Debt Terms

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

5. Piru Sanitation (District 16)

5.1. District Overview and Background

District 16 Piru Sanitation (Piru) serves the Piru community and has approximately 970 equivalent residential units. Wastewater is collected, conveyed, and treated at the Piru Wastewater Treatment Plant.

5.2. Key Inputs and Assumptions

5.2.1.. CURRENT SERVICE CHARGES

The current wastewater rates for Piru are shown in Table 5-1. Each connection pays a monthly service charge per ERU. In addition, Piru has standby connections that pay a fixed standby charge. Standby charges are included in the total revenue analysis for District 16 but are not considered rates and therefore excluded from the rate analysis.

Table 5-1: Current Piru Wastewater Rates

Description	FY 2025-26
Monthly Service Charge (per ERU)	\$126.52

5.2.2. 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 Piru rate analysis are shown in Table 4-2 and are discussed in more detail in subsequent sub-sections. Planned debt terms used for Piru are presented in Table 4-3.

5.2.3. PROJECTED BILLING UNITS OF SERVICE

Table 5-2 contains the current and projected count of ERUs and standby connections for Piru. Wastewater ERU and standby projections are necessary to estimate wastewater rate revenues over the forecast period. Ventura County PWA staff provided Raftelis with the count of ERUs and standby connections for FY 2025-26. No growth in ERUs nor standby connections is projected in future years.

Table 5-2: Piru Wastewater 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
Equivalent Residential Units (ERU)						
Residential	552	552	552	552	552	552
Other	379	379	379	379	379	379
Institutional	38	38	38	38	38	38
Total	969	969	969	969	969	969
Standby Connections	56	56	56	56	56	56

5.3. Financial Plan

This section details the development of a multi-year financial plan for Piru. 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 wastewater

rate revenues required to achieve sufficient cash flow, maintain adequate reserves, and meet debt coverage requirements.

5.3.1. OPERATIONS AND MAINTENANCE EXPENSES

Table 5-3 shows a summary of all Piru O&M expenses over the forecast period. O&M expenditures include the cost of operating and maintaining the wastewater collection, conveyance, and treatment system. 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 a preliminary budget for Piru 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. It is projected that O&M expenses will increase by approximately 6% to 8.5% per year on average over the forecast period.

Table 5-3: Piru O&M Expenses

O&M Expenses	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
	Prelim. Budget	Projected	Projected	Projected	Projected
Services and Supplies (20)					
Voice Data ISF	\$392	\$404	\$416	\$428	\$441
General Insurance Allocation ISF	\$4,400	\$4,730	\$5,085	\$5,466	\$5,876
Equipment Maintenance	\$10,000	\$10,500	\$11,025	\$11,576	\$12,155
Equipment Maintenance Contracts	\$180,000	\$197,720	\$216,631	\$236,803	\$258,311
Maintenance Supplies and Parts	\$90,000	\$95,400	\$101,124	\$107,191	\$113,623
Buildings and Improvements Maintenance	\$40,000	\$41,200	\$42,436	\$43,709	\$45,020
Facilities and Materials Sq Ft Allocation ISF	\$5,451	\$5,860	\$6,299	\$6,772	\$7,280
Other Maintenance ISF	\$3,100	\$3,333	\$3,582	\$3,851	\$4,140
Cost Allocation Plan Charges	\$7,979	\$8,577	\$9,221	\$9,912	\$10,656
Miscellaneous Expense	\$40,000	\$41,200	\$42,436	\$43,709	\$45,020
Printing And Binding Non Isf	\$200	\$206	\$212	\$219	\$225
Mail Center ISF	\$941	\$969	\$998	\$1,028	\$1,059
Purchasing Charges ISF	\$2,058	\$2,120	\$2,183	\$2,249	\$2,316
Graphics Charges ISF	\$700	\$721	\$743	\$765	\$788
Engineering And Technical Surveys	\$0	\$0	\$0	\$0	\$0
Attorney Services	\$90,200	\$94,710	\$99,446	\$104,418	\$109,639
Lab Services - Non-Medical	\$15,000	\$15,750	\$16,538	\$17,364	\$18,233
Software Maintenance Agreements	\$46,500	\$48,825	\$51,266	\$53,830	\$56,521
Other Professional and Specialized Services Non ISF	\$0	\$0	\$0	\$0	\$0
Management And Admin Survey ISF	\$2,500	\$2,625	\$2,756	\$2,894	\$3,039
Public Works ISF Charges	\$45,000	\$47,250	\$49,613	\$52,093	\$54,698
Publications And Legal Notices	\$129,900	\$133,797	\$137,811	\$141,945	\$146,204
Rent And Leases Equipment Noncounty Owned	\$507,400	\$545,455	\$586,364	\$630,341	\$677,617
Software Subscriptions Non ISF	\$100	\$103	\$106	\$109	\$113
Building Leases and Rentals Noncounty Owned	\$30,000	\$30,900	\$31,827	\$32,782	\$33,765
Computer Equipment <5000	\$7,000	\$7,210	\$7,426	\$7,649	\$7,879
Minor Equipment	\$300	\$309	\$318	\$328	\$338
Transportation Charges ISF	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814
Transportation Work Order	\$1,000	\$1,030	\$1,061	\$1,093	\$1,126
Water And Sewer System Power	\$109,800	\$115,290	\$121,055	\$127,107	\$133,463
Sewage Treatment Costs	\$2,000	\$2,120	\$2,247	\$2,382	\$2,525
Other Financing Uses (50)					
Transfers Out To Other Funds	\$15,300	\$15,759	\$16,232	\$16,719	\$17,220
Total O&M Expenses	\$1,375,621	\$1,462,124	\$1,554,150	\$1,652,058	\$1,756,232

5.3.2. CAPITAL IMPROVEMENT PLAN

Ventura County PWA staff provided a five-year CIP for Piru. The CIP prioritized each individual project as either low, medium, or high priority. In order to moderate otherwise higher increases, and based on the direction of PWA staff, the capital projects included in this study for Piru were three high-priority projects. 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: Piru Capital Improvement Program

Capital Improvement Program	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Sewer Master Plan and Facilities Assessment	\$208,000	\$0	\$0	\$0	\$0
Piru WWTP Headworks Screen Replacement	\$0	\$302,848	\$112,486	\$0	\$0
Total CIP	\$208,000	\$302,848	\$112,486	\$0	\$0

5.3.3.. EXISTING DEBT SERVICE

Piru has four existing debt obligations with debt service in the study's forecast period. This existing debt contains internal Ventura County PWA and external debt. Table 5-5 contains the existing debt service for Piru.

Table 5-5: Piru Existing Debt Service

Existing Debt Service	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
4946-100 WW16 (SRF)					
Principal	\$182,769	\$184,597	\$186,443	\$188,307	\$190,190
Interest	\$27,319	\$25,492	\$23,646	\$21,781	\$19,898
Annual Debt Service	\$210,088	\$210,088	\$210,088	\$210,088	\$210,088
#2 GF Loan Payment - \$2m					
Principal	\$366,500	\$244,333	\$0	\$0	\$0
Interest	\$41,733	\$9,188	\$0	\$0	\$0
Annual Debt Service	\$408,233	\$253,521	\$0	\$0	\$0
\$1.3M Cash Flow Loan from WW38 -Lake Sherwood					
Principal	\$270,963	\$270,963	\$270,963	\$270,963	\$270,963
Interest	\$26,463	\$0	\$0	\$0	\$0
Annual Debt Service	\$297,426	\$270,963	\$270,963	\$270,963	\$270,963
CEC Loan Amortization Schedule					
Principal	\$44,106	\$44,547	\$44,992	\$45,442	\$45,897
Interest	\$8,129	\$7,688	\$7,242	\$6,792	\$6,338
Annual Debt Service	\$52,235	\$52,235	\$52,235	\$52,235	\$52,235
Total Existing Debt Service	\$967,983	\$786,807	\$533,286	\$533,286	\$533,286

5.3.4.. 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 Piru's current financial reserve targets pertaining to debt coverage and reserves. The target debt coverage ratio is 1.25, which means Piru's net revenues from operations must amount to at least 1.25 times annual debt service. Net revenues equal gross revenue less O&M expenses. Annual debt service includes annual principal and interest payments on all outside debt.

5.3.5.. CASH RESERVE TARGET

Prudent fiscal management recommends that Piru maintain reserve balances to provide sufficient working capital and 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 its 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 (and before any planned rate increases). Piru's total reserve target is approximately \$518,689.

Table 5-6: Piru Cash Reserve Target

Description	Target	FY 2026-27
Operating Reserve	90 days of O&M Expense	\$342,967
Rate Stabilization Reserve	10% of Rate Revenues	\$175,722
Total Cash Reserve		\$518,689

5.3.6.. STATUS QUO FINANCIAL PLAN

Raftelis conducted a status quo cash flow analysis to evaluate whether existing sewer service charges adequately fund Piru's 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, an analysis of contributions from other agencies and development, and informed estimates on cost escalation. Table 5-7 shows the projected Piru financial plan and source/use of funds without revenue increases, and Figure 5-1 shows the projected reserve ending balances in a graphical form. Raftelis projects that with no rate increases over the study period, Piru will draw down reserves below zero by FY 2027-28. The results demonstrate a need for revenue adjustments⁴ (i.e., sewer rate revenue increases relative to the status quo).

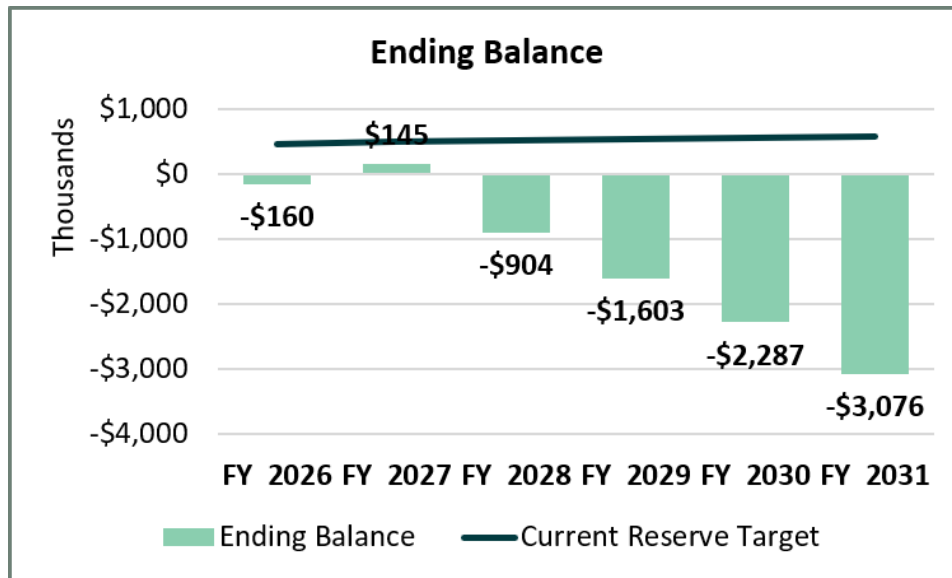
In both Table 5-7 and Figure 5-1, the reserve ending balance is projected to become negative in FY 2027-28 and each year thereafter demonstrating that current rate revenue is insufficient, supporting the need for rate increases that are discussed in the next section and shown in Table 5-8.

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

Table 5-7: Piru 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 Service Charges	\$1,470,476	\$1,470,476	\$1,470,476	\$1,470,476	\$1,470,476
3	Revenue from Rate Increases	\$0	\$0	\$0	\$0	\$0
4	Charges for Services	\$39,900	\$39,900	\$39,900	\$39,900	\$39,900
5	Other Revenue	\$1,362,215	\$7,400	\$7,400	\$7,400	\$7,400
6	Investment Income	\$0	\$0	\$0	\$0	\$0
7	Total Revenue	\$2,872,591	\$1,517,776	\$1,517,776	\$1,517,776	\$1,517,776
8						
9	O&M Expenses	\$1,390,921	\$1,477,883	\$1,570,382	\$1,668,777	\$1,773,452
10						
11	Debt Service					
12	Existing Debt Service	\$967,983	\$786,807	\$533,286	\$533,286	\$533,286
13	Proposed Debt Service	\$0	\$0	\$0	\$0	\$0
14	Total Debt Service	\$967,983	\$786,807	\$533,286	\$533,286	\$533,286
15						
16	Rate-Funded Capital Expense	\$208,000	\$302,848	\$112,486	\$0	\$0
17						
18	Net Cashflow	\$305,687	(\$1,049,762)	(\$698,378)	(\$684,287)	(\$788,962)
19						
20	Calculated Debt Coverage	153%	5%	-10%	-28%	-48%
21	Target Debt Coverage	125%	125%	125%	125%	125%
22						
23	Beginning Balance	(\$160,358)	\$145,330	(\$904,432)	(\$1,602,811)	(\$2,287,098)
24						
25	Source of Funds					
26	Sewer Service Charges	\$1,470,476	\$1,470,476	\$1,470,476	\$1,470,476	\$1,470,476
27	Charges for Services	\$39,900	\$39,900	\$39,900	\$39,900	\$39,900
28	Other Revenue	\$1,362,215	\$7,400	\$7,400	\$7,400	\$7,400
29	Investment Income	\$0	\$0	\$0	\$0	\$0
30	Total – Source of Funds	\$2,872,591	\$1,517,776	\$1,517,776	\$1,517,776	\$1,517,776
31						
32	Use of Funds					
33	O&M Expenses	\$1,390,921	\$1,477,883	\$1,570,382	\$1,668,777	\$1,773,452
34	Debt Service	\$967,983	\$786,807	\$533,286	\$533,286	\$533,286
35	Capital Improvement Program	\$208,000	\$302,848	\$112,486	\$0	\$0
36	Total – Use of Funds	\$2,566,904	\$2,567,538	\$2,216,154	\$2,202,063	\$2,306,738
37						
38	Ending Balance	\$145,330	(\$904,432)	(\$1,602,811)	(\$2,287,098)	(\$3,076,060)

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



5.3.7. PROPOSED FINANCIAL PLAN AND REVENUE ADJUSTMENTS

Raftelis worked with Ventura County staff to develop the following proposed revenue adjustments over the one-year rate setting period and proposed debt in Table 5-8. The proposed revenue adjustments were selected to provide financial sufficiency for Piru while minimizing impacts on Piru’s customers.

Table 5-8: Piru Proposed Rate Adjustments and Financing

	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
	Proposed	Planned*	Planned*	Planned*	Planned*
Effective Date	July 2026	July 2027	July 2028	July 2029	July 2030
Revenue Adjustment	19.5%	19.5%	15%	5%	5%
Proposed Borrowing	\$0	\$0	\$0	\$0	\$0
*For Planning Purposes Only					

Key factors influencing the need for proposed revenue adjustments include:

- » **Inflationary pressure:** Piru’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:** Piru 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.
- » **Existing debt service:** Piru’s existing debt service used to fund operations or capital investments totals approximately \$3.4 million during the forecast period.
- » **Planned capital expenditures:** Piru is completing a solar project to generate future power savings. Additional future capital includes a Sewer Master Plan and Facilities Assessment and WWTP Headworks Screen Replacement projects, which total approximately \$624,000 in inflation-adjusted terms. Piru has several past debt obligations, including an SRF loan and a General Fund loan. Due to current capital projects and cash position, Piru has a bridge loan from District 38 – Lake Sherwood and access to

additional cash from CSA 34 – El Rio, if necessary. Executing the projects requires cash reserves, and rate increases provide the additional cash generation for project funding.

Figure 5-2 summarizes the projected CIP financing plan for Piru over the forecast period. The CIP is planned to be funded entirely from rates. CIP costs are shown in inflation-adjusted dollars.

Figure 5-2: Proposed Piru Capital Financing Plan

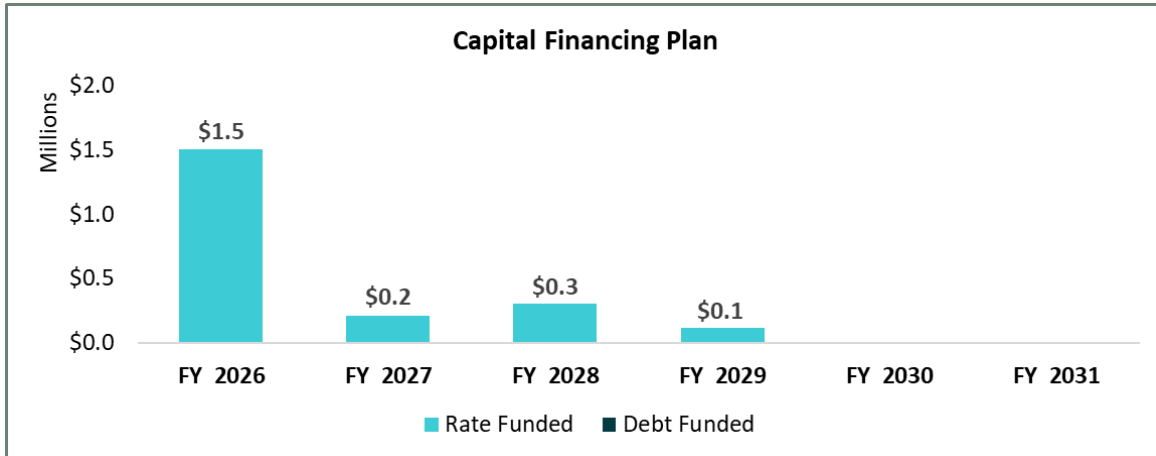


Table 5-9 shows the Piru proposed financial plan cash flow projection over the forecast period. The cash flow assumes the revenue adjustments from Table 5-8. In FY 2027-28 the net cash flow is negative because of increased O&M, existing debt service, and cash funding of the Piru WWTP Headworks Screen Replacement capital project. Net cash flow is positive in all other years of the forecast period.

Table 5-9: Piru 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 Service Charges	\$1,470,476	\$1,470,476	\$1,470,476	\$1,470,476	\$1,470,476
3	Revenue from Rate Increases	\$286,743	\$629,401	\$944,382	\$1,065,125	\$1,191,905
4	Charges for Services	\$39,900	\$39,900	\$39,900	\$39,900	\$39,900
5	Other revenue	\$1,362,215	\$7,400	\$7,400	\$7,400	\$7,400
6	Investment Income	\$4,138	\$6,884	\$3,689	\$11,718	\$21,936
7	Total Revenue	\$3,163,472	\$2,154,061	\$2,465,848	\$2,594,619	\$2,731,617
8						
9	O&M Expenses	\$1,390,921	\$1,477,883	\$1,570,382	\$1,668,777	\$1,773,452
10						
11	Debt Service					
12	Existing Debt Service	\$967,983	\$786,807	\$533,286	\$533,286	\$533,286
13	Proposed Debt Service	\$0	\$0	\$0	\$0	\$0
14	Total Debt Service	\$967,983	\$786,807	\$533,286	\$533,286	\$533,286
15						
16	Rate-Funded Capital Expense	\$208,000	\$302,848	\$112,486	\$0	\$0
17						
18	Net Cashflow	\$596,568	(\$413,478)	\$249,693	\$392,556	\$424,878
19						
20	Calculated Debt Coverage	676%	258%	341%	353%	365%
21	Target Debt Coverage	125%	125%	125%	125%	125%
22						
23	Beginning Balance	(\$160,358)	\$436,210	\$22,733	\$272,426	\$664,982
24						
25	Source of Funds					
26	Sewer Service Charges	\$1,757,219	\$2,099,877	\$2,414,858	\$2,535,601	\$2,662,381
27	Charges for Services	\$39,900	\$39,900	\$39,900	\$39,900	\$39,900
28	Other Revenue	\$1,362,215	\$7,400	\$7,400	\$7,400	\$7,400
29	Investment Income	\$4,138	\$6,884	\$3,689	\$11,718	\$21,936
30	Total – Source of Funds	\$3,163,472	\$2,154,061	\$2,465,848	\$2,594,619	\$2,731,617
31						
32	Use of Funds					
33	O&M Expenses	\$1,390,921	\$1,477,883	\$1,570,382	\$1,668,777	\$1,773,452
34	Debt Service	\$967,983	\$786,807	\$533,286	\$533,286	\$533,286
35	Capital Improvement Program	\$208,000	\$302,848	\$112,486	\$0	\$0
36	Total – Use of Funds	\$2,566,904	\$2,567,538	\$2,216,154	\$2,202,063	\$2,306,738
37						
38	Ending Balance	\$436,210	\$22,733	\$272,426	\$664,982	\$1,089,860

Figure 5-3 shows the projected debt coverage ratio in blue, and the target coverage of 125% in the dashed black line. Piru exceeds the target coverage amount in all years of the forecast period meaning it could be eligible to obtain new debt in the forecast period.

Figure 5-3: Projected Piru Debt Coverage Ratio

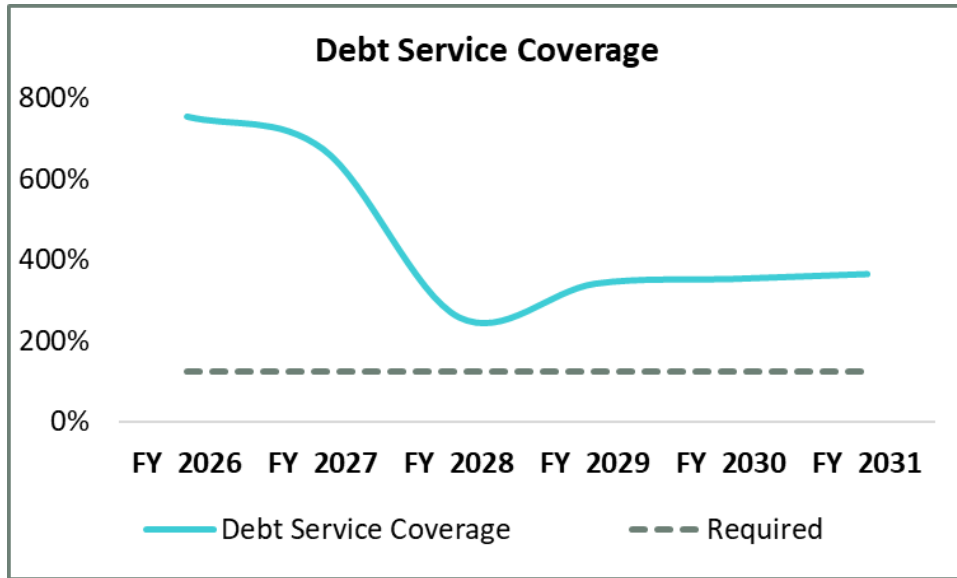


Figure 5-4 shows the Piru projected ending cash reserve balance shown by the green bars. The total cash reserve target is shown in dark green. Projected ending cash reserves assume the proposed rate revenue adjustments in Table 5-8.

Figure 5-4: Projected Piru Fund End Balances

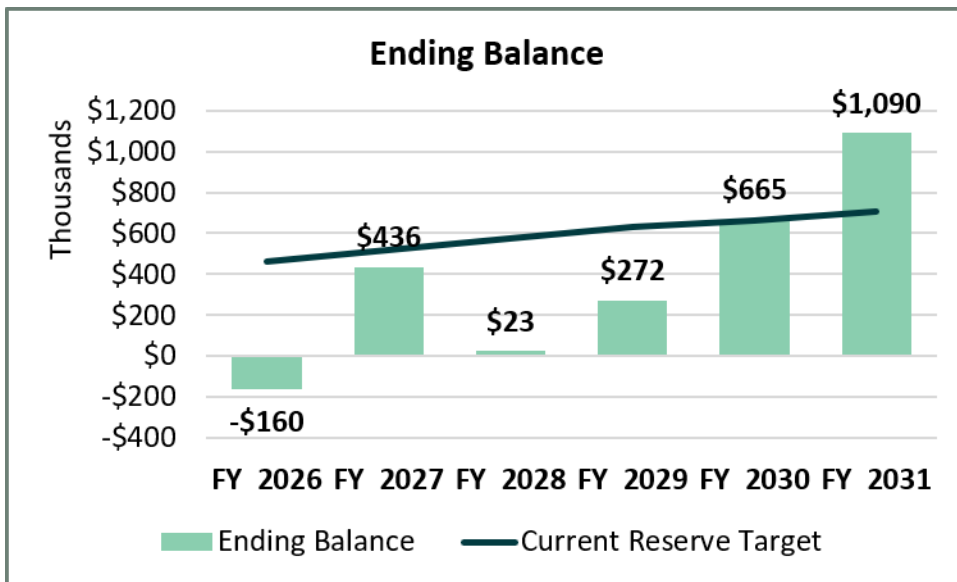
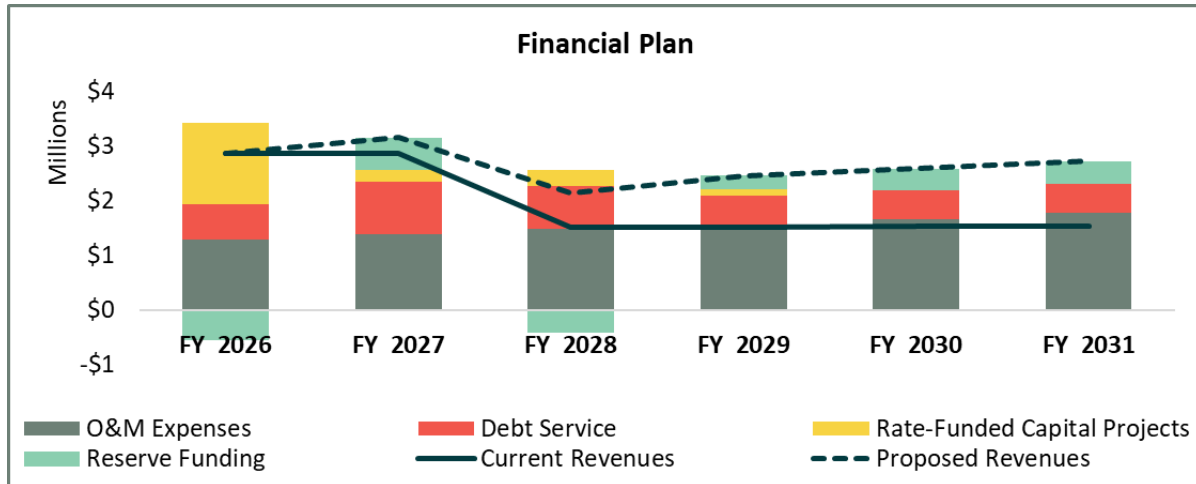


Figure 5-5 graphically illustrates the proposed financial plan, which compares existing (current) and proposed revenues with projected expenses. The stacked bars show expenses including O&M expenses, debt service, rate-funded capital projects, and cash to/from reserves. Total revenues at current and 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 green. If the green portion of the bar is below the x-axis, it signifies Piru is expected to use reserves in that year. If the green portion is above the x-axis, Piru is replenishing reserves in that year.

Figure 5-5: Proposed Piru Financial Plan



5.4. 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. The first year of rates is proposed for implementation FY 2026-27 (July 1, 2026).

5.4.1.. PROPOSED ONE-YEAR RATE SCHEDULE

Table 5-10 shows the current and proposed rate schedule for Piru. 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 one-year rate adoption.

Table 5-10: Proposed Rate Schedule

Description	Current	Proposed
Effective Date		July 1, 2026
Monthly Sewer Service Charge (per ERU)	\$126.52	\$151.19
Annual Assessment (per ERU)	\$1,518.24	\$1,814.30
Bi-annual Assessment (per ERU)	\$759.12	\$907.15

5.4.2.. CUSTOMER BILL IMPACTS

Figure 5-6 shows current (FY 2025-26) and proposed monthly Piru bills for a customer with one ERU.

Figure 5-6: Piru 1-Year Customer Bills

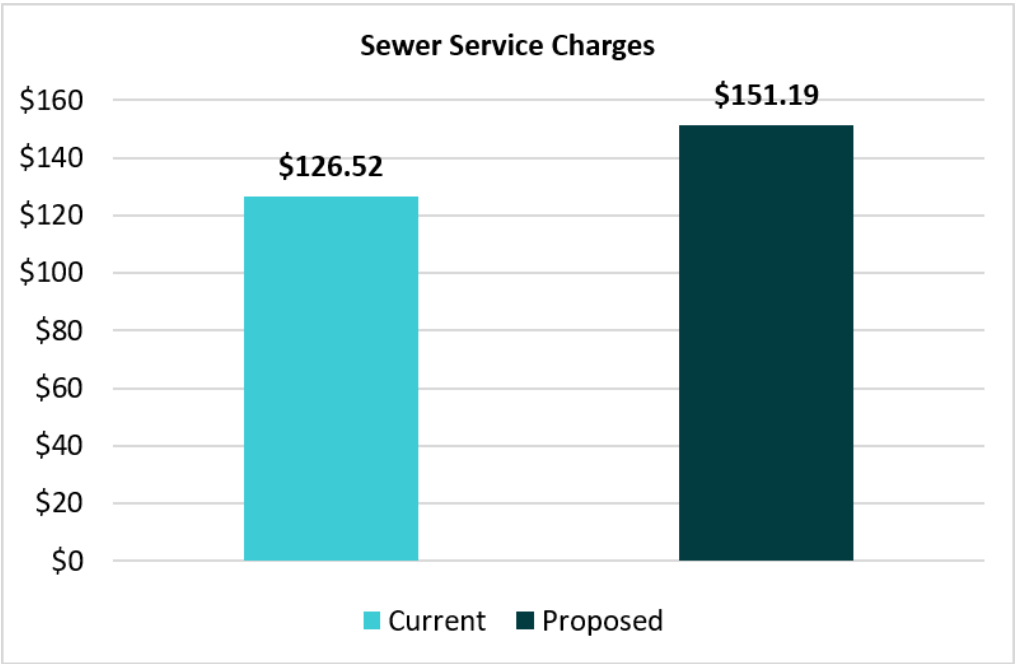
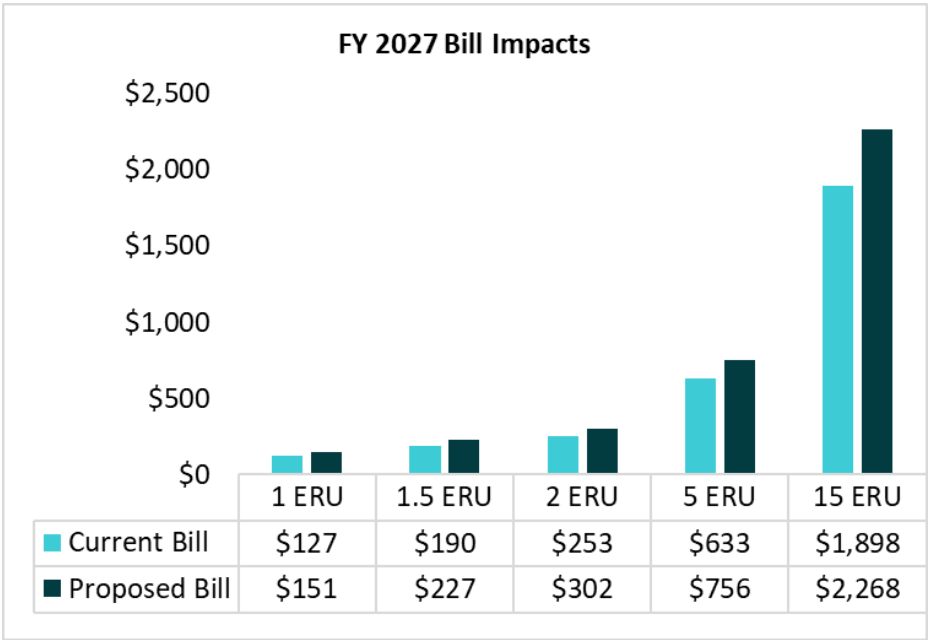


Figure 5-7 shows bill impacts for Piru from proposed FY 2026-27 rates for a variety of customer ERU counts.

Figure 5-7: Piru Proposed Bills Impacts



6. Camarillo Airport Sanitation (CUE)

6.1. District Overview and Background

The Camarillo Utility Enterprise (CUE) service area is located at the Camarillo Airport and surroundings. CUE serves 77 commercial wastewater connections. CUE wastewater is collected and conveyed to Camarillo Sanitary District (CSD) for treatment and disposal at the CSD's Water Reclamation Plant (WRP).

6.2. Key Inputs and Assumptions

6.2.1.. CURRENT SERVICE CHARGES

The current wastewater rates for CUE are shown in Table 6-1. Each connection pays charges consisting of two components. First, each connection pays a monthly service charge. The service charge is uniform (i.e., the same) for all connections. Second, each connection pays a volumetric wastewater use rate. The use rate is based on average water use in the four highest precipitation months of the year.

Table 6-1: Current CUE Wastewater Rates

Description	FY 2025-26
Monthly Fixed Charge	\$43.04
Use Rate (per HCF)	\$22.22

6.2.2. 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 CUE rate analysis are shown in Table 4-2 and are discussed in more detail in subsequent sub-sections. Planned debt terms used for CUE are presented in Table 4-3.

6.2.3. PROJECTED BILLING UNITS OF SERVICE

contains the current and projected count of connections and wastewater use for CUE. Wastewater connection and wastewater use projections are necessary to estimate wastewater rate revenues over the forecast period. Ventura County PWA staff provided Raftelis with the count of connections and wastewater use. FY 2025-26 and FY 2026-27 rely on data from prior years. For example, FY 2025-26 wastewater use is based on water use provided from the winter beginning in 2024 and ending in 2025. The calculation of average water use in the four highest precipitation months sets the volumetric charge on a connection for the following fiscal year. Wastewater use for FY 2027-28 and beyond is based on the 3-year average use from FY 2024-25 through FY 2026-27. No growth in connections or wastewater use is projected in future years.

Table 7-2: CUE Wastewater 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
Connections	77	77	77	77	77	77
Wastewater Use (HCF)	13,740	15,165	13,303	13,303	13,303	13,303

6.3. Financial Plan

This section details the development of a multi-year financial plan for CUE. 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 wastewater rate revenues required to achieve sufficient cash flow, maintain adequate reserves, and meet debt coverage requirements.

6.3.1. Operations and Maintenance Expenses

Table 6-3 shows a summary of all CUE 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 third-party wastewater treatment and disposal via CSD facilities. 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 a preliminary budget for CUE 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. It is projected that O&M expenses will increase by approximately 7.5% per year on average over the forecast period. This includes increases to CSD treatment of 16% per year and increases on all other O&M between 3% and 7.5% per year.

Table 6-3: CUE O&M Expenses

O&M Expenses	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
	Prelim. Budget	Projected	Projected	Projected	Projected
Services and Supplies (20)					
Voice Data ISF	\$567	\$584	\$602	\$620	\$638
General Insurance Allocation ISF	\$400	\$430	\$462	\$497	\$534
Equipment Maintenance	\$1,000	\$1,050	\$1,103	\$1,158	\$1,216
Equipment Maintenance Contracts	\$54,800	\$57,540	\$60,417	\$63,438	\$66,610
Maintenance Supplies & Parts	\$26,000	\$26,780	\$27,583	\$28,411	\$29,263
Buildings & Improvements Maintenance	\$30,000	\$30,900	\$31,827	\$32,782	\$33,765
Cost Allocation Plan Charges	\$2,000	\$2,150	\$2,311	\$2,485	\$2,671
Miscellaneous Expense	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628
Mail Center ISF	\$331	\$341	\$351	\$362	\$373
Purchasing Charges ISF	\$400	\$412	\$424	\$437	\$450
Graphics Charges ISF	\$1,000	\$1,030	\$1,061	\$1,093	\$1,126
Stores ISF	\$500	\$515	\$530	\$546	\$563
Engineering & Technical Surveys	\$60,000	\$63,000	\$66,150	\$69,458	\$72,930
Attorney Services	\$1,000	\$1,050	\$1,103	\$1,158	\$1,216
Lab Services - Non-Medical	\$3,500	\$3,675	\$3,859	\$4,052	\$4,254
Collection & Billing Services	\$200	\$206	\$212	\$219	\$225
Software Maintenance Agreements	\$1,000	\$1,050	\$1,103	\$1,158	\$1,216
Other Profess. & Special. Services Non ISF	\$2,400	\$2,520	\$2,646	\$2,778	\$2,917
Management & Admin Survey ISF	\$56,369	\$58,060	\$59,802	\$61,596	\$63,444
Public Works ISF Charges	\$155,870	\$167,560	\$180,127	\$193,637	\$208,160
Rent & Leases Equip. Noncounty Owned	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628
Software Subscriptions Non ISF	\$500	\$515	\$530	\$546	\$563
Computer Equipment <5000	\$1,500	\$1,545	\$1,591	\$1,639	\$1,688
Minor Equipment	\$2,000	\$2,060	\$2,122	\$2,185	\$2,251
Water & Sewer System Power	\$5,000	\$5,250	\$5,513	\$5,788	\$6,078
Sewage Treatment Costs	\$85,000	\$98,600	\$114,376	\$132,676	\$153,904
Total O&M Expenses	\$501,337	\$537,123	\$576,414	\$619,644	\$667,309

6.3.2. Capital Improvement Plan

Ventura County PWA staff provided a five-year CIP for CUE. 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, the only project included in the Rate Study is the replacement of the Freedom Park Lift Station. The CIP provided is escalated by the capital inflationary factor from Table 4-1, with the inflation-adjusted CIP shown in Table 6-4.

Table 6-4: CUE Capital Improvement Program

Capital Improvement Program	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Replace Freedom Park Lift Station Design		\$142,771	\$101,238	\$292,465	\$364,996
Total CIP	\$0	\$142,771	\$101,238	\$292,465	\$364,996

6.3.3. Existing Debt Service

CUE has no existing debt service.

6.3.4. 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 CUE's current financial reserve targets pertaining to debt coverage and reserves. The target debt coverage ratio is 1.25, which means CUE's 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 outside debt. While CUE does not have debt, these numbers are of little concern.

6.3.5. Cash Reserve Target

Prudent fiscal management recommends that CUE maintain reserve balances to provide sufficient working capital, maintain necessary cash on hand to efficiently award construction contracts, and fund emergencies. The current reserve target consists of two components, each with its 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 6-5 reiterates the reserve targets and translates the targets into FY 2026-27 dollars (and before any planned rate increases). CUE's total reserve target is approximately \$161,300.

Table 6-5: CUE Cash Reserve Target

Description	Target	FY 2026-27
Operating Reserve	90 days of O&M Expense	\$123,617
Rate Stabilization Reserve	10% of Rate Revenues	\$43,701
Total Cash Reserve Target		\$167,319

6.3.6. Status Quo Financial Plan

Raftelis conducted a status quo cash flow analysis to evaluate whether existing sewer service charges adequately fund CUE's 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, an analysis of contributions from other agencies and development, and informed estimates on cost escalation. Table 6-6 shows the projected CUE financial plan and source/use of funds without revenue increases.

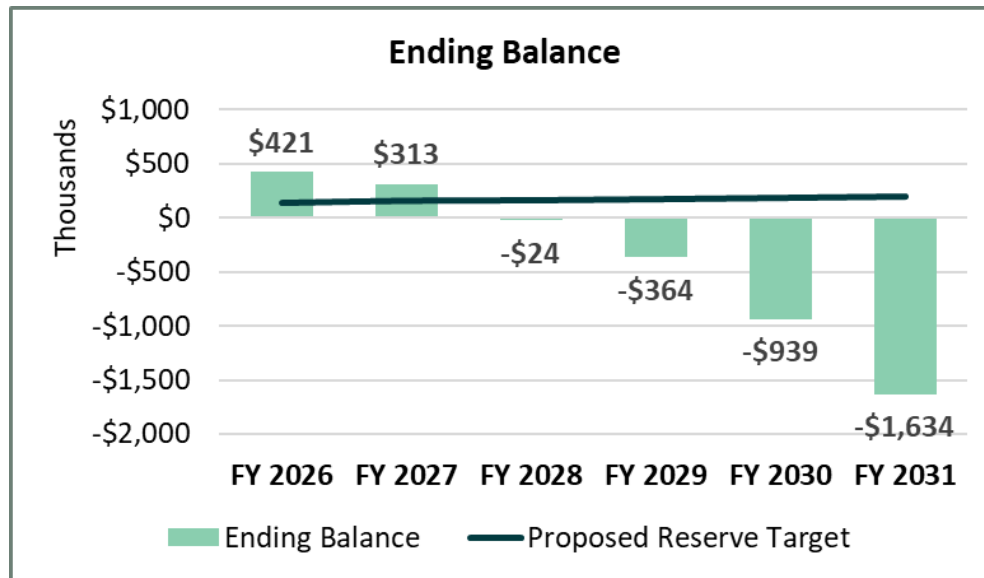
Figure 6-1 shows the projected reserve ending balances in a graphical form. Raftelis projects that with no rate increases over the study period, CUE will draw down reserves below zero by FY 2027-28. The results demonstrate a need for revenue adjustments⁵ (i.e., sewer rate revenue increases relative to the status quo). Both Table 7-7 and Figure 7-1 show the reserve ending balance is projected to become negative in FY 2027-28 and each year thereafter demonstrating that current rate revenue is insufficient, supporting the need for rate increases that are discussed in the next section and shown in Table 6-8.

⁵ The term revenue adjustment is used to describe the overall change to rate revenues required.

Table 6-6: CUE 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 Service Charges	\$376,735	\$335,362	\$335,362	\$335,362	\$335,362
3	Revenue from Rate Increases	\$0	\$0	\$0	\$0	\$0
4	Other Charges for Services	\$100	\$100	\$100	\$100	\$100
5	Cost Allocation Plan Revenue	\$200	\$200	\$200	\$200	\$200
6	Investment Income	\$14,780	\$5,398	\$0	\$0	\$0
7	Miscellaneous Revenue	\$1,810	\$1,810	\$1,810	\$1,810	\$1,810
8	Total Revenue	\$393,625	\$342,870	\$337,472	\$337,472	\$337,472
9						
10	O&M Expenses	\$501,337	\$537,123	\$576,414	\$619,644	\$667,309
11						
12	Debt Service					
13	Existing Debt Service	\$0	\$0	\$0	\$0	\$0
14	Proposed Debt Service	\$0	\$0	\$0	\$0	\$0
15	Total Debt Service	\$0	\$0	\$0	\$0	\$0
16						
17	Rate-Funded Capital Expense	\$0	\$142,771	\$101,238	\$292,465	\$364,996
18						
19	Net Cashflow	(\$107,712)	(\$337,025)	(\$340,180)	(\$574,637)	(\$694,833)
20						
21	Calculated Debt Coverage	-	-	-	-	-
22	Target Debt Coverage	125%	125%	125%	125%	125%
23						
24	Beginning Balance	\$420,756	\$313,044	(\$23,981)	(\$364,161)	(\$938,798)
25						
26	Source of Funds					
27	Sewer Service Charges	\$376,735	\$335,362	\$335,362	\$335,362	\$335,362
28	Other Charges for Services	\$100	\$100	\$100	\$100	\$100
29	Cost Allocation Plan Revenue	\$200	\$200	\$200	\$200	\$200
30	Investment Income	\$14,780	\$5,398	\$0	\$0	\$0
31	Miscellaneous Revenue	\$1,810	\$1,810	\$1,810	\$1,810	\$1,810
32	Debt and Loan Proceeds	\$0	\$0	\$0	\$750,000	\$0
33	Total – Source of Funds	\$393,625	\$342,870	\$337,472	\$337,472	\$337,472
34						
35	Use of Funds					
36	O&M Expenses	\$501,337	\$537,123	\$576,414	\$619,644	\$667,309
37	Debt Service	\$0	\$0	\$0	\$0	\$0
38	Capital Improvement Program	\$0	\$142,771	\$101,238	\$292,465	\$364,996
39	Total – Use of Funds	\$501,337	\$679,895	\$677,652	\$912,108	\$1,032,304
40						
41	Ending Balance	\$313,044	-\$23,981	-\$364,161	-\$938,798	-\$1,633,631

Figure 6-1: Projected Ending Cash Balance, without Rate Increases



6.3.7. Proposed Financial Plan and Revenue Adjustments

Raftelis worked with Ventura County staff to develop the following proposed revenue adjustments over the three-year rate setting period and proposed debt in Table 6-7. The proposed revenue adjustments were selected to provide financial sufficiency for CUE while minimizing impacts on CUE's customers.

Table 6-7: CUE Proposed Rate Adjustments and Financing

	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
	Proposed	Proposed	Proposed	Planned*	Planned*
Effective Date	July 2026	July 2027	July 2028	July 2029	July 2030
Revenue Adjustment	16%	16%	16%	16%	16%
Proposed Borrowing	\$0	\$0	\$0	\$750,000	\$0
*For Planning Purposes Only					

Key factors influencing the need for proposed revenue adjustments include:

- » **Inflationary pressure:** CUE'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.
- » **Camarillo Sanitation District Treatment Costs:** CUE provides collection services with treatment provided by the Camarillo Sanitation District (CSD). In May of 2025, CSD adopted four years of 16% per year rate increases through FY 2028-29. Treatment costs are the second-largest expense within the CUE O&M budget.
- » **Planned capital expenditures:** The Freedom Park Lift Station project is scheduled to start in FY 2027-28. The project totals approximately \$901,500 in inflation-adjusted dollars. Executing the project requires a combination of cash reserves and future financing. Rate increases provide additional cash generation for partial project funding and the ability to service future loans once the project is completed.

Figure 6-2 summarizes the projected CIP for CUE over the forecast period. The CIP is funded from rate revenue and planned internal borrowing. CIP costs are shown in inflation-adjusted dollars.

Figure 6-2: Proposed CUE Capital Financing Plan

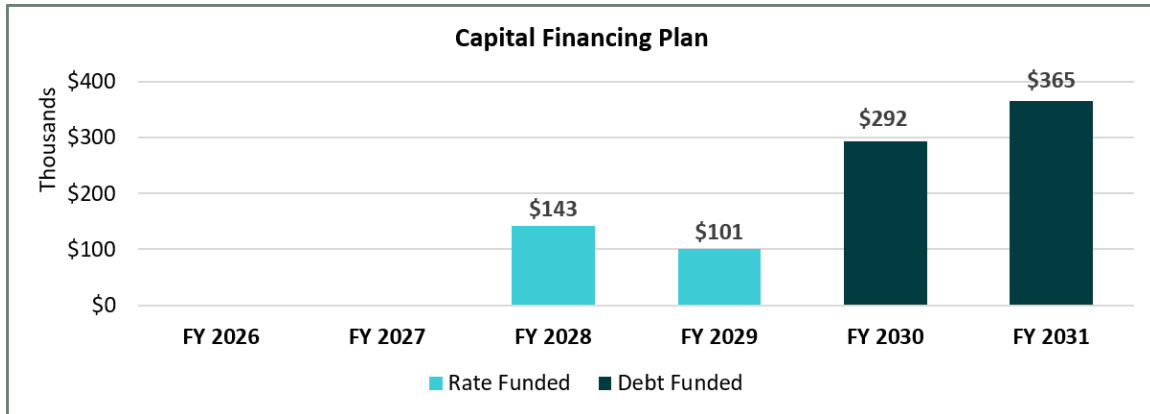


Table 6-8 shows the CUE proposed financial plan cash flow projection over the forecast period. The cash flow assumes the revenue adjustments and borrowing from Table 6-7. From FY 2026-27 to FY 2029-30 the net cash flow is negative because of increased O&M and cash funding of the first two years of CIP spend on the Freedom Park Lift Station project. Net cash flow is positive in the last year of the forecast period.

Table 6-8: CUE 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 Service Charges	\$376,735	\$335,362	\$335,362	\$335,362	\$335,362
3	Revenue from Rate Increases	\$60,278	\$115,901	\$188,103	\$271,857	\$369,012
4	Other Charges for Services	\$100	\$100	\$100	\$100	\$100
5	Cost Allocation Plan Revenue	\$200	\$200	\$200	\$200	\$200
6	Investment Income	\$14,780	\$8,391	\$3,285	\$31	\$10,791
7	Miscellaneous Revenue	\$1,810	\$1,810	\$1,810	\$1,810	\$1,810
8	Total Revenue	\$453,903	\$461,764	\$528,860	\$609,360	\$717,275
9						
10	O&M Expenses	\$501,337	\$537,123	\$576,414	\$619,644	\$667,309
11						
12	Debt Service					
13	Existing Debt Service	\$0	\$0	\$0	\$0	\$0
14	Proposed Debt Service	\$0	\$0	\$0	\$46,983	\$46,983
15	Total Debt Service	\$0	\$0	\$0	\$46,983	\$46,983
16						
17	Rate-Funded Capital Expense	\$0	\$142,771	\$101,238	\$0	\$0
18						
19	Net Cashflow	(\$47,434)	(\$218,131)	(\$148,792)	(\$57,267)	\$2,983
20						
21	Calculated Debt Coverage	-	-	-	-22%	106%
22	Target Debt Coverage	125%	125%	125%	125%	125%
23						
24	Beginning Balance	\$420,756	\$373,322	\$155,191	\$6,399	\$406,668
25						
26	Source of Funds					
27	Sewer Service Charges	\$437,013	\$451,263	\$523,465	\$607,219	\$704,374
28	Other Charges for Services	\$100	\$100	\$100	\$100	\$100
29	Cost Allocation Plan Revenue	\$200	\$200	\$200	\$200	\$200
30	Investment Income	\$14,780	\$8,391	\$3,285	\$31	\$10,791
31	Miscellaneous Revenue	\$1,810	\$1,810	\$1,810	\$1,810	\$1,810
32	Debt and Loan Proceeds	\$0	\$0	\$0	\$750,000	\$0
33	Total – Source of Funds	\$453,903	\$461,764	\$528,860	\$1,359,360	\$717,275
34						
35	Use of Funds					
36	O&M Expenses	\$501,337	\$537,123	\$576,414	\$619,644	\$667,309
37	Debt Service	\$0	\$0	\$0	\$46,983	\$46,983
38	Capital Improvement Program	\$0	\$142,771	\$101,238	\$292,465	\$364,996
39	Total – Use of Funds	\$501,337	\$679,895	\$677,652	\$959,092	\$1,079,288
40						
41	Ending Balance	\$373,322	\$155,191	\$6,399	\$406,668	\$44,655

Figure 6-3 shows the projected debt coverage ratio in blue, and the target coverage of 125% in the dashed black line. Absent a more positive outlook on O&M expenses and CIP costs in FY 2029-30 and FY 2030-31, CUE is not projected to have borrowing capacity to meet general debt coverage requirements. It is assumed that financing would be conducted internally, or with some combination of internal borrowing and external borrowing not subject to a debt service coverage ratio.

Figure 6-3: Projected CUE Debt Coverage Ratio

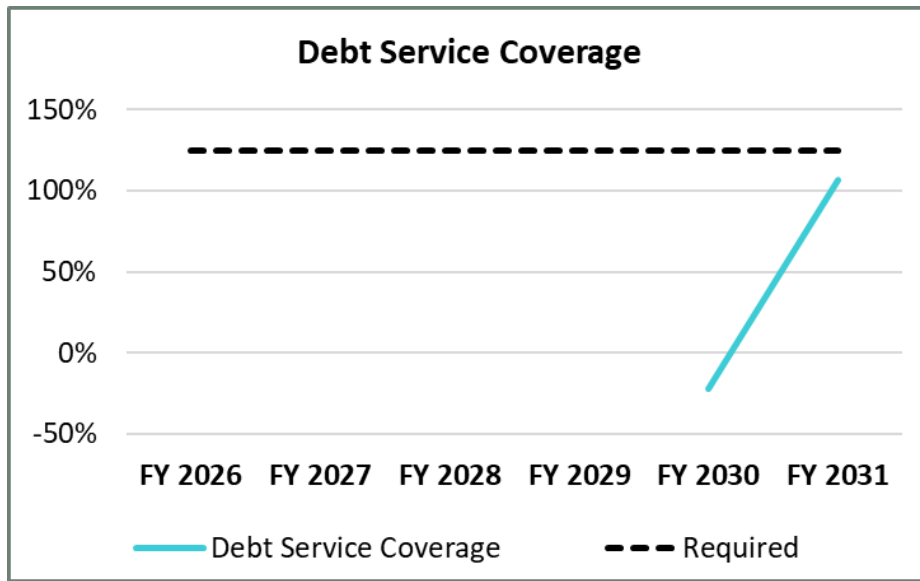


Figure 6-4 shows the CUE projected ending cash reserve balance shown by the green bars. The total cash reserve target is shown in dark green. Projected ending cash reserves assume the proposed rate revenue adjustments and borrowing shown in Table 6-7.

Figure 6-4: Projected CUE Fund End Balances

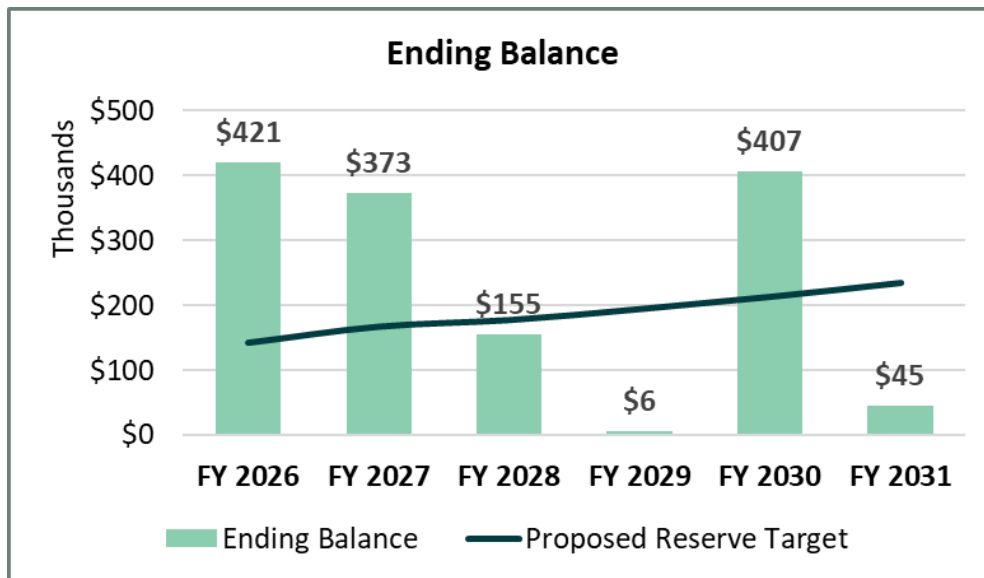
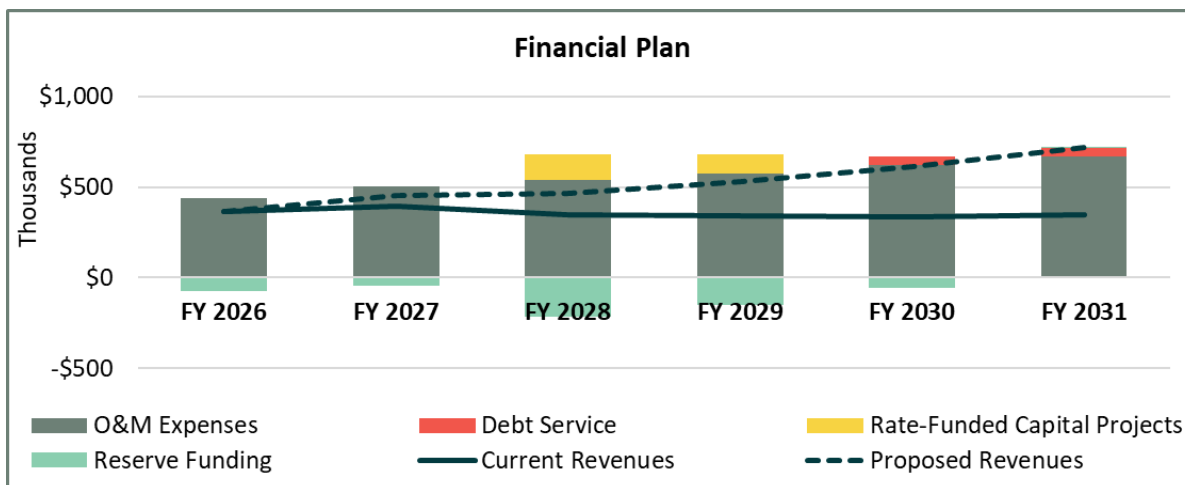


Figure 6-5 graphically illustrates the proposed financial plan, which compares existing (current) and proposed revenues with projected expenses. The stacked bars show expenses including O&M expenses, debt service, rate-funded capital projects, and cash to/from reserves. Total revenues at current and 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 green. If the green portion of the bar is below the x-axis, it signifies CUE is expected to use reserves in that year. If the green portion is above the x-axis, CUE is replenishing reserves in that year.

Figure 6-5: Proposed CUE Financial Plan



6.4. 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. The first year of rates is proposed for implementation FY 2026-27 (July 1, 2026).

6.4.1. Proposed Three-Year Rate Schedule

Table 6-9 shows the current and proposed rate schedule for CUE. Rates are calculated by applying the revenue adjustments in Table 6-7 to the current rates. All rates are rounded to the nearest penny. PWA proposes a three-year rate adoption which corresponds with CUE's treatment provider, CSD's, rate adoption horizon.

Table 6-9: Proposed 3-year Rate Schedule

	Current	FY 2026-27	FY 2027-28	FY 2028-29
Effective Date		July 1, 2026	July 1, 2027	July 1, 2028
Monthly Service Charge (per Connection)	\$43.04	\$49.93	\$57.92	\$67.19
Use Rate (per HCF)	\$22.22	\$25.78	\$29.90	\$34.69

6.4.2. Customer Bill Impacts

Figure 6-6 shows current (FY 2025-26) and proposed CUE bills over the three-year rate setting period for a customer with 5 HCF of wastewater generation which is the median average winter/highest four months of precipitation for all customers.

Figure 6-6: CUE 3-Year Customer Bills (5 HCF)

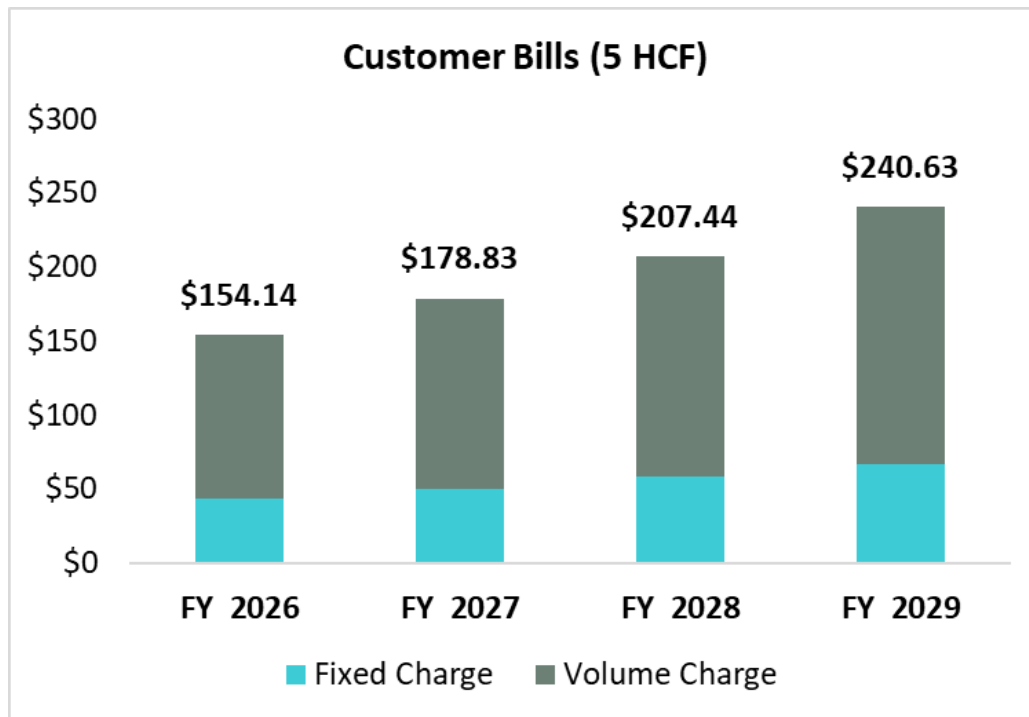
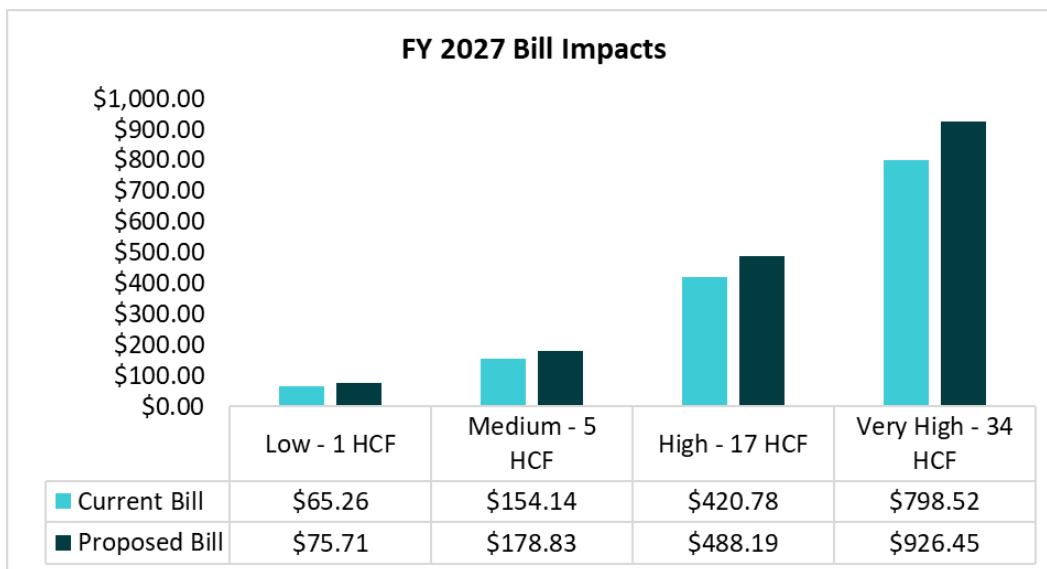


Figure 6-7 shows bill impacts for CUE from proposed FY 2026-27 rates for a variety of usage from low, medium, high, and very high which represent the 25th, 50th (median), 75th, and 90th percentile average winter consumption/highest four months of precipitation.

Figure 6-7: CUE Proposed Bills Impacts



7. North Coast (CSA 29)

7.1. District Overview and Background

North Coast County Service Area No. 29 (North Coast) serves Solimar Beach, Faria Beach, Seacliff, and Mussel Shoals areas. CSA No. 29 includes approximately 300 service connections. Wastewater is discharged to the City of Ventura for treatment and disposal.

7.2. Key Inputs and Assumptions

7.2.1. Current Service Charges

The current wastewater rate for North Coast is shown in Table 7-1. Each connection pays a fixed equivalent residential unit (ERU) charge.

Table 7-1: Current Wastewater Rates

Description	FY 2025-26
Monthly per ERU	\$274.14

7.2.2. 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 North Coast rate analysis are shown in Table 4-2 and are discussed in more detail in subsequent sub-sections. Planned debt terms used for North Coast are presented in Table 4-3.

7.2.3. Projected Billing Units of Service

Table 7-2 contains the current and projected count of ERUs for North Coast. Wastewater ERUs for FY 2025-26 were provided by Ventura County PWA staff and are necessary to estimate wastewater rate revenues over the forecast period. No growth in ERUs is projected in future years.

Table 7-2: Projected Wastewater 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
ERUs						
Residential	286	286	286	286	286	286
Other	102	102	102	102	102	102
County	33	33	33	33	33	33
Total	421	421	421	421	421	421

7.3. Financial Plan

This section details the development of a multi-year financial plan for North Coast. 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 wastewater rate revenues required to achieve sufficient cash flow, maintain adequate reserves, and meet debt coverage requirements.

7.3.1. Operations and Maintenance Expenses

Table 7-3 shows a summary of all North Coast O&M expenses over the forecast period. O&M expenditures include the cost of operating and maintaining the wastewater collection, conveyance, and treatment system. 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 a preliminary budget for North Coast 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. It is projected that O&M expenses will increase by approximately 6% to 8.5% per year on average over the forecast period.

Table 7-3: North Coast O&M Expenses

O&M Expenses	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
	Prelim. Budget	Projected	Projected	Projected	Projected
Services and Supplies (20)					
Voice Data ISF	\$800	\$824	\$849	\$874	\$900
General Insurance Allocation ISF	\$2,100	\$2,258	\$2,427	\$2,609	\$2,804
Equipment Maintenance	\$0	\$0	\$0	\$0	\$0
Equipment Maintenance Contracts	\$125,000	\$131,250	\$137,813	\$144,703	\$151,938
Maintenance Supplies And Parts	\$105,000	\$111,300	\$117,978	\$125,057	\$132,560
Buildings And Improvements Maintenance	\$110,000	\$113,300	\$116,699	\$120,200	\$123,806
Cost Allocation Plan Charges	\$4,900	\$5,268	\$5,663	\$6,087	\$6,544
Miscellaneous Expense	\$8,000	\$8,240	\$8,487	\$8,742	\$9,004
Printing And Binding Non ISF	\$100	\$103	\$106	\$109	\$113
Mail Center ISF	\$200	\$206	\$212	\$219	\$225
Purchasing Charges ISF	\$2,000	\$2,060	\$2,122	\$2,185	\$2,251
Graphics Charges ISF	\$700	\$721	\$743	\$765	\$788
Engineering And Technical Surveys	\$44,400	\$46,620	\$48,951	\$51,399	\$53,968
Attorney Services	\$4,000	\$4,200	\$4,410	\$4,631	\$4,862
Lab Services – Non-Medical	\$8,000	\$8,400	\$8,820	\$9,261	\$9,724
Collection And Billing Services	\$2,000	\$2,060	\$2,122	\$2,185	\$2,251
Software Maintenance Agreements	\$5,000	\$5,250	\$5,513	\$5,788	\$6,078
Other Professional And Specialized Services Non ISF	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000
Management And Admin Survey ISF	\$123,300	\$126,999	\$130,809	\$134,733	\$138,775
Public Works ISF Charges	\$493,500	\$530,513	\$570,301	\$613,074	\$659,054
Rent And Leases Equipment Noncounty Owned	\$20,000	\$0	\$0	\$0	\$0
Software Subscriptions Non ISF	\$500	\$515	\$530	\$546	\$563
Minor Equipment	\$17,200	\$17,716	\$18,247	\$18,795	\$19,359
Water And Sewer System Power	\$32,000	\$33,600	\$35,280	\$37,044	\$38,896
Other Financing Uses (50)					
Transfers Out To Other Funds	\$7,200	\$7,416	\$7,638	\$7,868	\$8,104
Total O&M Expenses	\$1,295,900	\$1,338,818	\$1,405,719	\$1,476,873	\$1,552,567

7.3.2. Capital Improvement Plan

Ventura County PWA staff provided a five-year CIP for North Coast. The CIP prioritized each individual project as either low, medium, or high priority. To moderate higher increases, and based on the direction of PWA staff, the capital projects included in this study for North Coast were five high priority projects and one medium priority project. The CIP provided is escalated by the capital inflationary factor from Table 4-1 with the inflation-adjusted CIP shown in Table 7-4.

Table 7-4: North Coast Capital Improvement Program

Capital Improvement Program	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Sewer System Modernization Program	\$0	\$139,300	\$530,000	\$558,000	\$588,000
Master Plan and Facilities Assessment	\$300,000	\$0	\$0	\$0	\$0
Mussel Shoals Lift Station Generator	\$0	\$50,000	\$100,000	\$0	\$0
Solimar Lift Station Electrical Improvements	\$0	\$0	\$50,000	\$204,000	\$0
Mobile Generator Procurement	\$0	\$20,000	\$0	\$0	\$0
SCADA Improvements	\$0	\$0	\$50,000	\$0	\$0
Total CIP	\$300,000	\$209,300	\$730,000	\$762,000	\$588,000

7.3.3. Existing Debt Service

North Coast has two existing debt obligations with debt service in the study's forecast period. Both debts are General Fund Loans, but they were executed on two separate timelines and are being used for different projects and are being executed as two loans. Table 7-5 shows the existing debt service for North Coast.

Table 7-5: North Coast Existing Debt Service

Existing Debt Service	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
General Fund Loan - Draw #1 (Repay CSA 30 & 34 Loans - 3260-ST Inter Fd Rec)					
Principal	\$43,333	\$43,333	\$43,333	\$43,333	\$43,333
Interest	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
Annual Debt Service	\$67,333	\$67,333	\$67,333	\$67,333	\$67,333
General Fund Loan - Draw #2 (4210-ST Loan)					
Principal					
Interest					
Annual Debt Service	\$0	\$26,982	\$26,982	\$26,982	\$26,982
Total Existing Debt Service	\$67,333	\$94,315	\$94,315	\$94,315	\$94,315

7.3.4. 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. North Coast's target debt coverage ratio is 1.25, which means its 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 outside debt.

7.3.5. Cash Reserve Target

Prudent fiscal management recommends that North Coast maintain reserve balances to provide sufficient working capital and 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 7-6 reiterates the reserve targets and translates the targets into FY 2026-27 dollars (and before any planned rate increases). North Coast's total reserve target is approximately \$483,003.

Table 7-6: North Coast Cash Reserve Target

Description	Target	FY 2026-27
Operating Reserve	90 days of O&M Expense	\$319,537
Rate Stabilization Reserve	10% of Rate Revenues	\$163,466
Total Cash Reserve		\$483,003

7.3.6. Status Quo Financial Plan

Raftelis conducted a status quo cash flow analysis to evaluate whether existing sewer service charges adequately fund North Coast's 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, an analysis of contributions from other agencies and development, and informed estimates on cost escalation. Table 7-7 shows the projected North Coast financial plan and source/use of funds without revenue increases and debt issuance, and Figure 8-1 shows the projected reserve ending balances in a graphical form. Raftelis projects that with no rate increases over the study period, North Coast will draw down its reserve balance below zero by FY 2028-29. The results demonstrate a need for revenue adjustments⁶ (i.e., sewer rate revenue increases relative to the status quo).

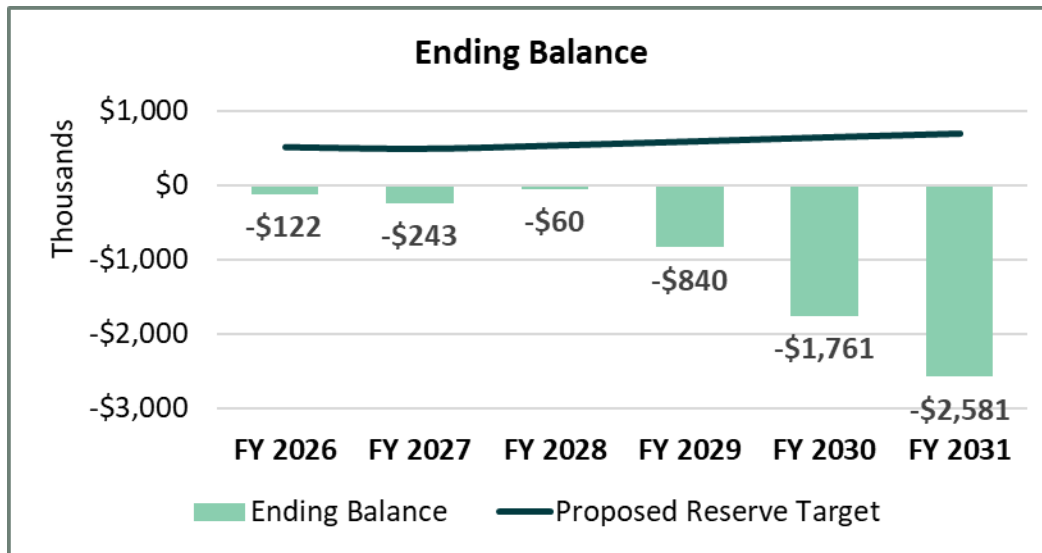
In both Table 7-7 and Figure 7-1, the reserve ending balance is projected to become negative in FY 2026-27 and each year thereafter demonstrating that current rate revenue is insufficient, supporting the need for rate increases that are discussed in the next section and shown in Table 7-8.

⁶ The term revenue adjustment is used to describe the overall change to rate revenues required.

Table 7-7: North Coast 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	Rate Revenues (Sanitation Services)	\$1,385,301	\$1,385,301	\$1,385,301	\$1,385,301	\$1,385,301
3	Other Charges for Services	\$154,300	\$154,300	\$154,300	\$154,300	\$154,300
4	Other Revenue (88,89,97)	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100
5	Interest Income	\$12,700	\$219	\$193	\$0	\$0
6	Transfers In	\$0	\$300,000	\$0	\$0	\$0
7	Total Revenue	\$1,554,401	\$1,841,920	\$1,541,894	\$1,541,701	\$1,541,701
8						
9	O&M Expenses	\$1,295,900	\$1,338,818	\$1,405,719	\$1,476,873	\$1,552,567
10						
11	Debt Service					
12	Existing Debt Service	\$67,333	\$94,315	\$94,315	\$94,315	\$94,315
13	Proposed Debt Service	\$0	\$0	\$0	\$0	\$0
14	Total Debt Service	\$67,333	\$94,315	\$94,315	\$94,315	\$94,315
15						
16	Rate-Funded Capital Expense	\$312,000	\$226,379	\$821,151	\$891,432	\$715,392
17						
18	Net Cashflow	(\$120,832)	\$182,409	(\$779,291)	(\$920,919)	(\$820,573)
19						
20	Calculated Debt Coverage	384%	533%	144%	69%	(12%)
21	Target Debt Coverage	125%	125%	125%	125%	125%
22						
23	Beginning Balance	(\$121,956)	(\$242,788)	(\$60,379)	(\$839,670)	(\$1,760,589)
24						
25	Sources of Funds					
26	Sewer Service Charges (Existing Rates)	\$1,385,301	\$1,385,301	\$1,385,301	\$1,385,301	\$1,385,301
27	Other Revenues	\$156,400	\$156,400	\$156,400	\$156,400	\$156,400
28	Interest Income	\$12,700	\$219	\$193	\$0	\$0
29	Transfer In	\$0	\$300,000	\$0	\$0	\$0
30	Debt and Loan Proceeds	\$0	\$0	\$0	\$0	\$0
31	Total – Source of Funds	\$1,554,401	\$1,841,920	\$1,541,894	\$1,541,701	\$1,541,701
32						
33	Use of Funds					
34	O&M Expenses	\$1,295,900	\$1,338,818	\$1,405,719	\$1,476,873	\$1,552,567
35	Debt Service	\$67,333	\$94,315	\$94,315	\$94,315	\$94,315
36	Capital Improvement Program	\$312,000	\$226,379	\$821,151	\$891,432	\$715,392
37	Total – Use of Funds	\$1,675,233	\$1,659,511	\$2,321,185	\$2,462,621	\$2,362,274
38						
39	Ending Balance	(\$242,788)	(\$60,379)	(\$839,670)	(\$1,760,589)	(\$2,581,163)

Figure 7-1: Projected Ending Cash Balance, without Rate Increases



7.3.7. Proposed Financial Plan and Revenue Adjustments

Raftelis worked with Ventura County staff to develop the following proposed revenue adjustments over the one-year rate setting period and proposed debt in Table 7-8. The proposed revenue adjustments were selected to provide financial sufficiency for North Coast while minimizing impacts on its customers.

Table 7-8: North Coast Proposed Rate Adjustments and Financing

	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
	Proposed	<i>Planned*</i>	<i>Planned*</i>	<i>Planned*</i>	<i>Planned*</i>
Effective Date	July 2026	<i>July 2027</i>	<i>July 2028</i>	<i>July 2029</i>	<i>July 2030</i>
Revenue Adjustment	18%	<i>14%</i>	<i>14%</i>	<i>14%</i>	<i>9%</i>
City of Ventura Treatment Costs	18%	<i>TBD</i>	<i>TBD</i>	<i>TBD</i>	<i>TBD</i>
Proposed Debt Service (Internal Financing)	\$0	<i>\$300,000</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>

*For Planning Purposes Only

Key factors influencing the need for proposed revenue adjustments include:

- » **Inflationary pressure on operations and maintenance costs:** Operating costs for collection system maintenance, labor, and contracted services continue to increase consistently with regional inflation, requiring ongoing revenue adjustments to maintain adequate funding levels.
- » **Significant planned capital expenditures:** As shown in Table 7-4, North Coast has approximately \$3 million in five-year capital needs (inflation-adjusted), primarily related to the Sewer System Modernization Program and smaller collection system improvement projects. Rate revenues are required to fund a portion of these investments.
- » **City of Ventura (Ventura Water) treatment cost pass-through:** Treatment services for North Coast customers are provided by the City of Ventura. Treatment costs are set by the City of Ventura and passed through directly to CSA 29 customers in their Ventura County bill. Ventura Water has discussed five years of double-digit rate increases; final treatment costs for FY 2027-28 through FY 2030-31 remain pending

and will be incorporated as annual pass-through adjustments as they are confirmed. Due to this uncertainty, only the FY 2026-27 treatment rate adjustment of 18% is proposed at this time.

Table 7-4 summarizes the projected CIP for North Coast over the forecast period. The CIP is planned to be funded entirely through rates and debt. CIP costs are shown in inflation-adjusted dollars.

Figure 7-2: Proposed North Coast Capital Financing Plan

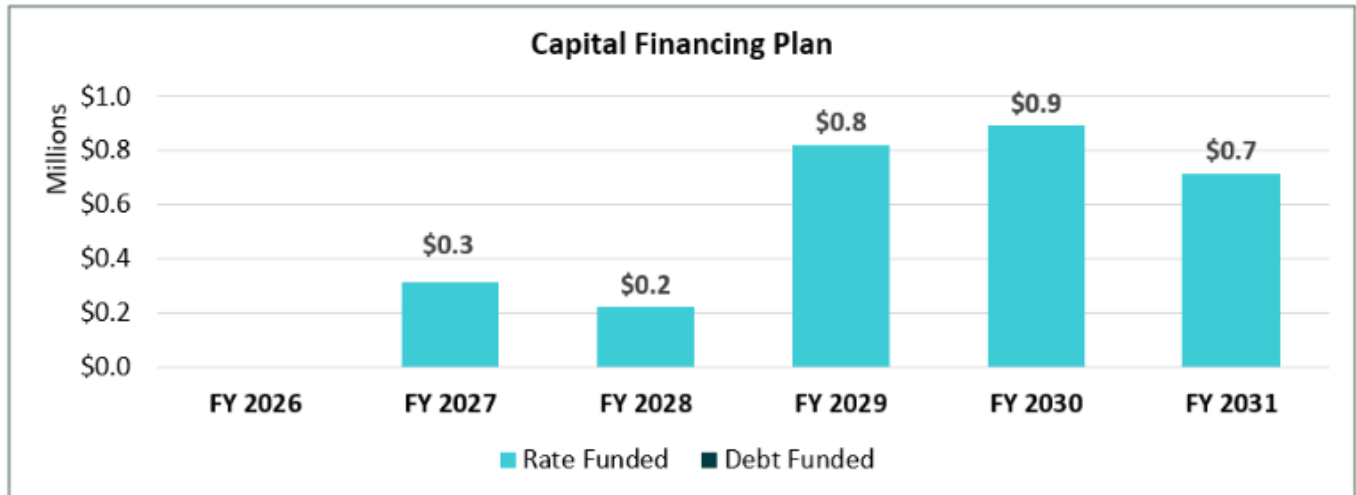


Table 7-9 shows the North Coast proposed financial plan cash flow projection over the forecast period. The cash flow assumes the revenue adjustments from Table 7-8.

Table 7-9: North Coast 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	Rate Revenues (Sanitation Services)	\$1,385,301	\$1,385,301	\$1,385,301	\$1,385,301	\$1,385,301
3	Revenue from Rate Increases	\$249,354	\$478,206	\$739,097	\$1,036,513	\$1,254,476
4	Other Charges for Services	\$154,300	\$154,300	\$154,300	\$154,300	\$154,300
5	Other Revenue (88,89,97)	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100
6	Interest Income	\$12,700	\$12,585	\$28,281	\$30,838	\$36,346
7	Transfers In	\$0	\$300,000	\$0	\$0	\$0
8	Total Revenue	\$1,803,755	\$2,332,492	\$2,309,079	\$2,609,052	\$2,832,523
9						
10	O&M Expenses	\$1,295,900	\$1,338,818	\$1,405,719	\$1,476,873	\$1,552,567
11						
12	Debt Service					
13	Existing Debt Service	\$67,333	\$94,315	\$94,315	\$94,315	\$94,315
14	Proposed Debt Service	\$0	\$0	\$0	\$0	\$0
15	Total Debt Service	\$67,333	\$94,315	\$94,315	\$94,315	\$94,315
16						
17	Rate-Funded Capital Expense	\$312,000	\$226,379	\$821,151	\$891,432	\$715,392
18						
19	Net Cashflow	\$128,522	\$672,981	(\$12,106)	\$146,431	\$470,249
20						
21	Calculated Debt Coverage	754%	1054%	958%	1200%	1357%
22	Target Debt Coverage	125%	125%	125%	125%	125%
23						
24	Beginning Balance	(\$121,956)	\$6,566	\$679,547	\$667,441	\$813,872
25						
26	Sources of Funds					
27	Sewer Service Charges (Existing Rates)	\$1,634,655	\$1,863,507	\$2,124,398	\$2,421,814	\$2,639,777
28	Other Revenues	\$156,400	\$156,400	\$156,400	\$156,400	\$156,400
29	Interest Income	\$12,700	\$12,585	\$28,281	\$30,838	\$36,346
30	Transfer In	\$0	\$300,000	\$0	\$0	\$0
31	Debt and Loan Proceeds	\$0	\$0	\$0	\$0	\$0
32	Total – Sources of Funds	\$1,803,755	\$2,332,492	\$2,309,079	\$2,609,052	\$2,832,523
33						
34	Uses of Funds					
35	O&M Expenses	\$1,295,900	\$1,338,818	\$1,405,719	\$1,476,873	\$1,552,567
36	Debt Service	\$67,333	\$94,315	\$94,315	\$94,315	\$94,315
37	Capital Improvement Program	\$312,000	\$226,379	\$821,151	\$891,432	\$715,392
38	Total – Uses of Funds	\$1,675,233	\$1,659,511	\$2,321,185	\$2,462,621	\$2,362,274
39						
40	Ending Balance	\$6,566	\$679,547	\$667,441	\$813,872	\$1,284,121

Figure 7-3 shows the North Coast 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 in Table 7-8.

Figure 7-3: Projected North Coast Fund End Balances

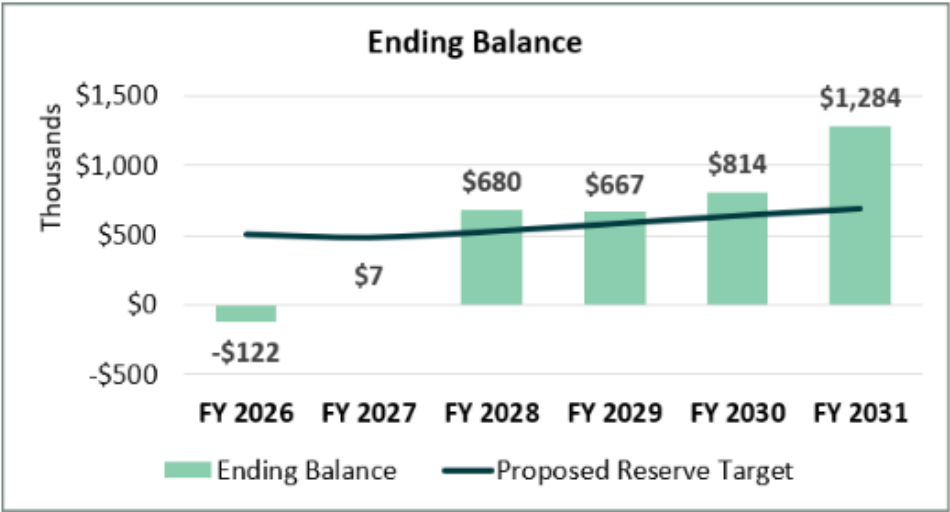
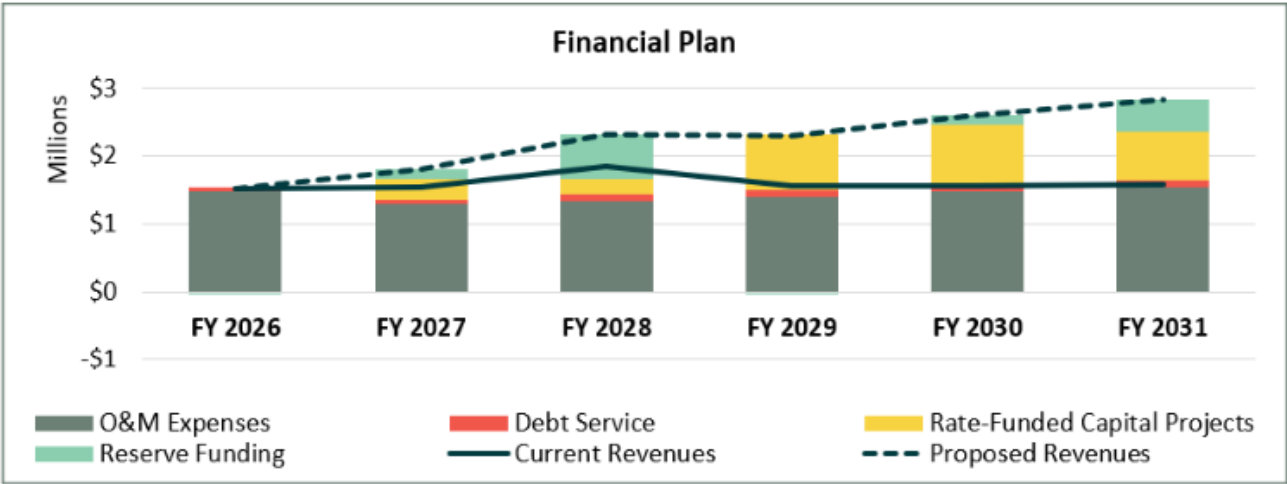


Figure 7-4 graphically illustrates the proposed financial plan, which compares existing (current) and proposed revenues with projected expenses. The stacked bars show expenses including O&M expenses, debt service, rate-funded capital projects, and cash to/from reserves. Total revenues at current and 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 green. If the green portion of the bar is below the x-axis, it signifies North Coast is expected to use reserves in that year. If the green portion is above the x-axis, North Coast is replenishing reserves in that year.

Figure 7-4: Proposed North Coast Financial Plan



7.4. 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. The first year of rates is proposed for implementation FY 2026-27 (effective July 1, 2026).

7.4.1. Proposed Five Year Rate Schedule

Table 7-10 shows the current and proposed one-year rate schedule for North Coast. Rates are calculated by applying the revenue adjustment in Table 7-8 to the current rates. All rates are rounded to the nearest penny. For this District, Raffelis proposes a one-year rate adoption due to uncertainty around future treatment costs from the City of Ventura. As shown in Table 7-8, treatment cost adjustments for all years beyond FY 2026-27 are reflected as TBD and will be incorporated as annual pass-through adjustments to North Coast customers as they are confirmed by the City of Ventura. The District believes that in one year it will have longer-term estimates on the cost of treatment and will then be positioned to make more informed long-term estimates of revenue requirements.

Table 7-10: Proposed Five-Year Rate Schedule

	Current	Proposed FY 2026-27	Proposed FY 2027-28	Proposed FY 2028-29	Proposed FY 2029-30	Proposed FY 2030-31
Effective Date		July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
Monthly Service Charge (per ERU)	\$274.14	\$287.87	\$328.18	\$374.13	\$426.51	\$464.90
City of Ventura Treatment (\$/ERU)	Included	\$35.62	Pass- Through	Pass- Through	Pass- Through	Pass- Through
Annual Assessment Collection (per ERU)¹	\$3,289.72	\$3,454.43	\$3,938.16	\$4,489.56	\$5,118.12	\$5,578.80
<i>Bi-annual Assessment Collection (per ERU)¹</i>	<i>\$1,644.86</i>	<i>\$1,727.21</i>	<i>\$1,969.08</i>	<i>\$2,244.78</i>	<i>\$2,559.06</i>	<i>\$2,789.40</i>
Annual Assessment – Treatment	N/A	\$427.44	TBD	TBD	TBD	TBD
<i>Assessment Biannual Installment - Treatment</i>	<i>N/A</i>	<i>\$213.72</i>	<i>TBD</i>	<i>TBD</i>	<i>TBD</i>	<i>TBD</i>

1. Due to rounding the monthly charge x 12 may not equal the annual/ bi-annual charges

7.4.2. Customer Bill Impacts

Figure 7-5 shows current (FY 2025-26) and proposed (FY 2026-27) monthly North Coast bills for a customer with one ERU over the one-year rate-setting period.

Figure 7-5: North Coast 1-Year Customer Bill Comparison

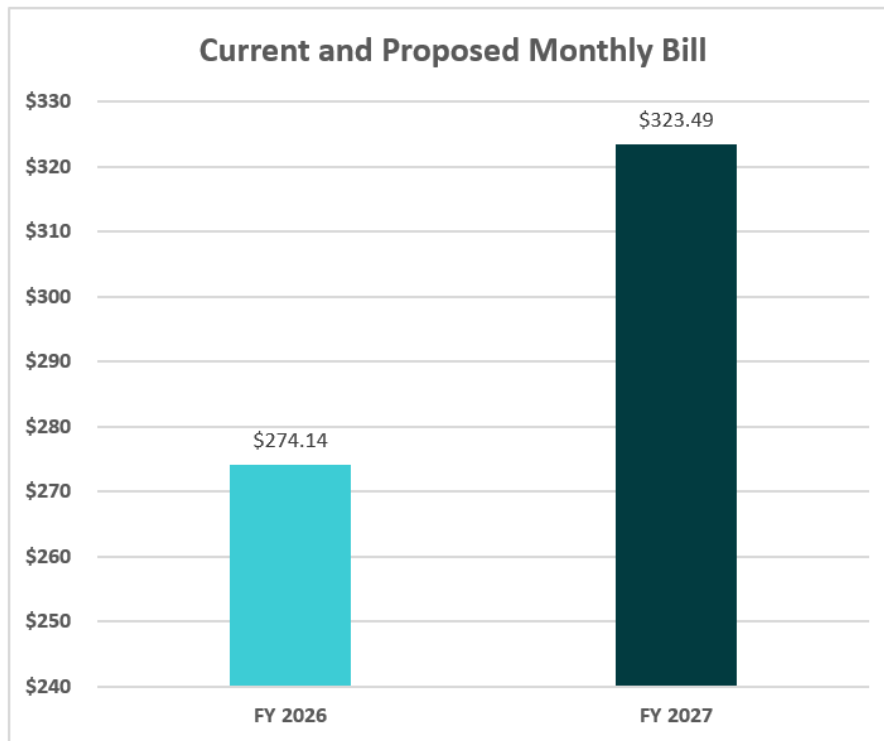
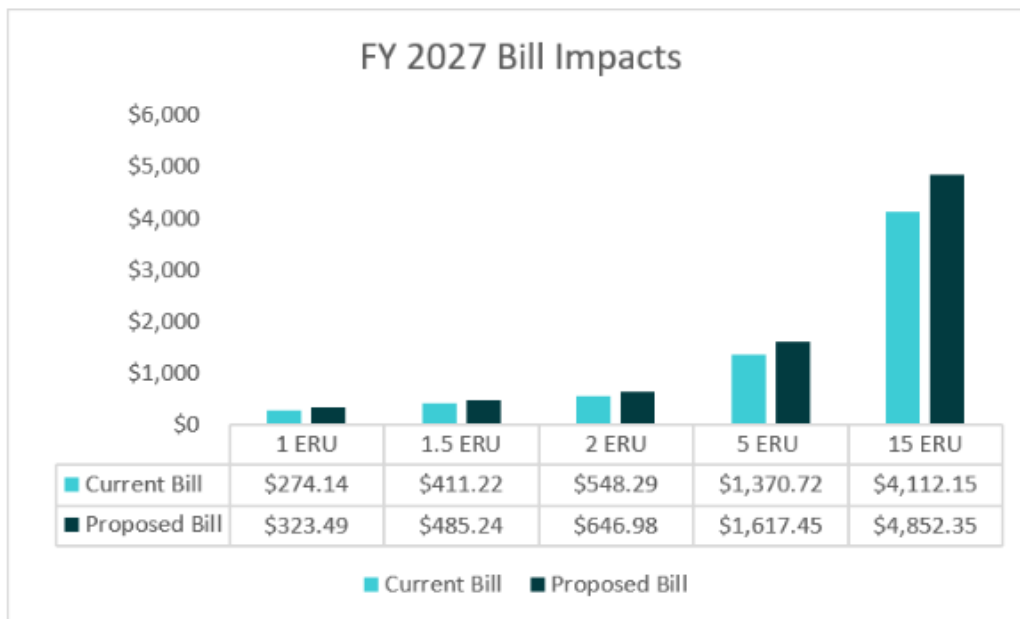


Figure 8-7 shows bill impacts for North Coast from proposed FY 2026-27 rates for a variety of customer ERU counts.

Figure 7-6: North Coast Proposed Bills Impacts



8. Nyeland Acres (CSA No. 30)

8.1. District Overview and Background

The Nyeland Acres County Service Area No. 30 serves approximately 520 ERUs. Wastewater is discharged to the City of Oxnard for treatment and disposal, and the Ventura County Water and Sanitation Department manages the daily operations and maintenance of the wastewater system.

8.2. Key Inputs and Assumptions

8.2.1. Current Service Charges

The current wastewater rates for Nyeland Acres are shown in Table 8-1. Each connection pays a fixed equivalent residential unit (ERU) charge.

Table 8-1: Current Wastewater Rates

Description	FY 2025-26
Monthly per ERU	\$56.15

8.2.2. 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 Nyeland Acres rate analysis are shown in Table 4-2 and are discussed in more detail in subsequent sub-sections. Planned debt terms used for Nyeland Acres are presented in Table 4-3.

8.2.3. Projected Billing Units of Service

Table 8-2 contains the current and projected count of ERUs for Nyeland Acres. Wastewater ERUs for FY 2025-26 were provided by Ventura County PWA staff and are necessary to estimate wastewater rate revenues over the forecast period. No growth in ERUs is projected in future years.

Table 8-2: Projected Wastewater 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
ERUs						
Residential	119	119	119	119	119	119
Nonresidential	401	401	401	401	401	401
Total	520	520	520	520	520	520

8.3. Financial Plan

This section details the development of a multi-year financial plan for Nyeland Acres. 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 wastewater rate revenues required to achieve sufficient cash flow, maintain adequate reserves, and meet debt coverage requirements.

8.3.1. Operations and Maintenance Expenses

Table 8-3 shows a summary of all Nyeland Acres Operating and Maintenance (O&M) expenses over the forecast period. O&M expenditures include the cost of operating and maintaining the wastewater collection, conveyance, and treatment system. 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 a preliminary budget for Nyeland Acres 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. It is projected that O&M expenses will increase by approximately 6% to 8.5% per year on average over the forecast period.

Table 8-3: Nyeland Acres O&M Expenses

O&M Expenses	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
	Prelim. Budget	Projected	Projected	Projected	Projected
Services and Supplies (20)					
Voice Data ISF	\$600	\$618	\$637	\$656	\$675
General Insurance Allocation ISF	\$1,900	\$2,043	\$2,196	\$2,360	\$2,537
Equipment Maintenance	\$1,000	\$1,050	\$1,103	\$1,158	\$1,216
Equipment Maintenance Contracts	\$40,000	\$40,500	\$42,525	\$44,651	\$46,884
Maintenance Supplies And Parts	\$6,500	\$6,890	\$7,303	\$7,742	\$8,206
Buildings And Improvements Maintenance	\$118,000	\$36,500	\$37,595	\$38,723	\$39,885
Cost Allocation Plan Charges	\$2,500	\$2,688	\$2,889	\$3,106	\$3,339
Miscellaneous Expense	\$14,000	\$14,420	\$14,853	\$15,298	\$15,757
Printing And Binding Non ISF	\$100	\$103	\$106	\$109	\$113
Mail Center ISF	\$100	\$103	\$106	\$109	\$113
Purchasing Charges ISF	\$600	\$618	\$637	\$656	\$675
Graphics Charges ISF	\$0	\$0	\$0	\$0	\$0
Engineering And Technical Surveys	\$4,000	\$4,200	\$4,410	\$4,631	\$4,862
Roads Wpd Ws Construction And Maintenance	\$0	\$0	\$0	\$0	\$0
Noncapitalizable					
Attorney Services	\$5,000	\$5,250	\$5,513	\$5,788	\$6,078
Lab Services – Non-Medical	\$14,500	\$15,225	\$15,986	\$16,786	\$17,625
Collection And Billing Services	\$1,000	\$1,030	\$1,061	\$1,093	\$1,126
Software Maintenance Agreements	\$2,000	\$2,100	\$2,205	\$2,315	\$2,431
Other Professional And Specialized Services Non ISF	\$80,000	\$84,000	\$88,200	\$92,610	\$97,241
Management And Admin Survey ISF	\$62,900	\$64,787	\$66,731	\$68,733	\$70,795
Public Works ISF Charges	\$235,700	\$127,719	\$137,298	\$147,595	\$158,665
Rent And Leases Equipment Noncounty Owned	\$2,000	\$2,060	\$2,122	\$2,185	\$2,251
Software Subscriptions Non ISF	\$500	\$515	\$530	\$546	\$563
Minor Equipment	\$2,200	\$2,266	\$2,334	\$2,404	\$2,476
Water Supply Cost	\$300	\$315	\$331	\$347	\$365
Water And Sewer System Power	\$7,000	\$7,350	\$7,718	\$8,103	\$8,509
Sewage Treatment Costs	\$172,426	\$186,220	\$201,118	\$217,207	\$234,584
Other Charges (30)					
Bad Debts	\$0	\$0	\$0	\$0	\$0
Other Financing Uses (50)					
Transfers Out To Other Funds	\$0	\$0	\$0	\$0	\$0
Total O&M Expenses	\$774,826	\$608,569	\$645,504	\$684,911	\$726,967

8.3.2. Capital Improvement Plan

Ventura County PWA staff provided a five-year CIP for Nyeland Acres. The CIP prioritized each individual project as either low, medium, or high priority. Based on the direction of PWA staff, the capital projects included in this study for Nyeland Acres were two high priority projects. The CIP provided is escalated by the capital inflationary factor from Table 4-1 with the inflation-adjusted CIP shown in Table 8-4.

Table 8-4: Nyeland Acres Capital Improvement Program

Capital Improvement Program	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
General System Improvements	\$104,000	\$0	\$0	\$0	\$0
Nyeland Lift Station Improvements	\$0	\$162,240	\$168,730	\$1,485,720	\$0
Total CIP	\$104,000	\$162,240	\$168,730	\$1,485,720	\$0

8.3.3. Existing Debt Service

Nyeland Acres does not currently carry any debt obligations.

8.3.4. 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. Nyeland Acres' target debt coverage ratio is 1.25, which means its 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 outside debt.

8.3.5. Cash Reserve Target

Prudent fiscal management recommends that Nyeland Acres maintain reserve balances to provide sufficient working capital and 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 8-5 reiterates the reserve targets and translates the targets into FY 2026-27 dollars (and before any planned rate increases). Nyeland Acres' total reserve target is approximately \$226,108.

Table 8-5: Nyeland Acres Cash Reserve Target

Description	Target	FY 2026-27
Operating Reserve	90 days of O&M Expense	\$191,053
Rate Stabilization Reserve	10% of Rate Revenues	\$35,055
Total Cash Reserve		\$226,108

8.3.6. Status Quo Financial Plan

Raftelis conducted a status quo cash flow analysis to evaluate whether existing sewer service charges adequately fund Nyeland Acres' 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, an analysis of contributions from other agencies and development, and informed estimates on cost escalation.

Table 8-6 shows the projected Nyeland Acres financial plan and source/use of funds without revenue increases and debt issuance, and Figure 8-1 shows the projected reserve ending balances in a graphical form. Raftelis projects that with no rate increases over the study period, Nyeland Acres will draw down its reserve balance below zero by FY 2029-30. The results demonstrate a need for revenue adjustments⁷ (i.e., sewer rate revenue increases relative to the status quo).

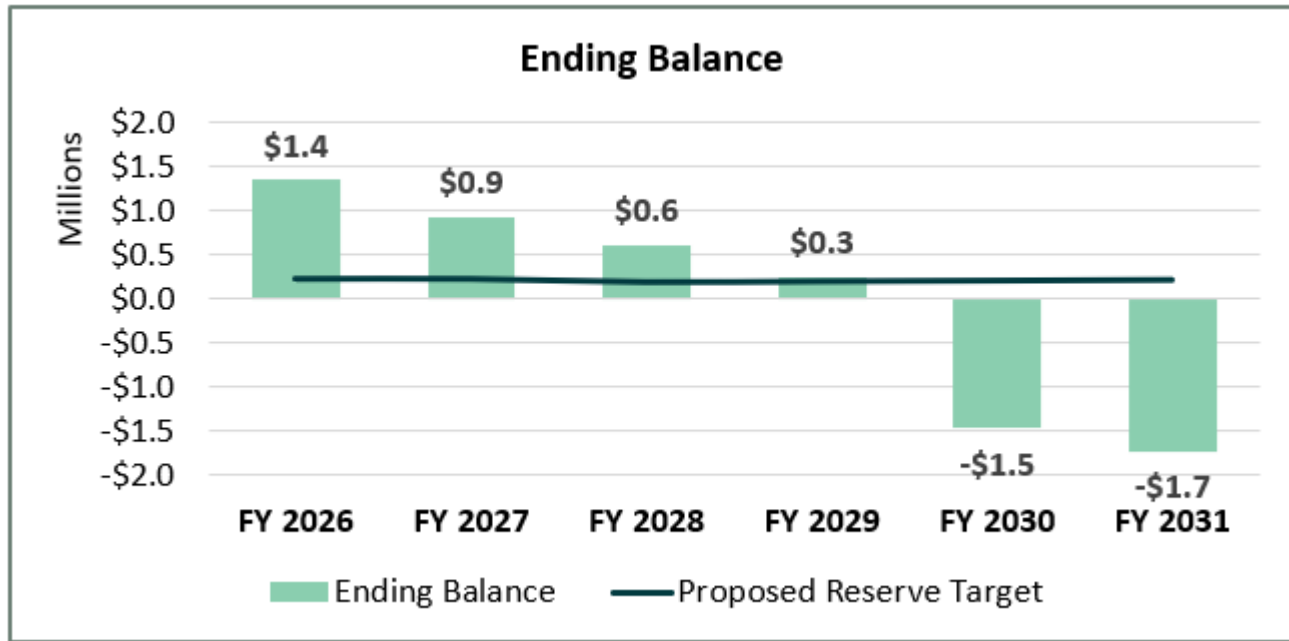
In both Table 8-6 and Figure 8-1, the reserve ending balance is projected to become negative in FY 2029-30 and each year thereafter demonstrating that current rate revenue is insufficient, supporting the need for rate increases that are discussed in the next section.

⁷ The term revenue adjustment is used to describe the overall change to rate revenues required.

Table 8-6: Nyeland Acres Status Quo Financial Plan Pro Forma - Without Revenue Increases & Debt

Line	Description	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
1	Revenues					
2	Sewer Service Charges (Existing Rates)	\$350,551	\$350,551	\$350,551	\$350,551	\$350,551
3	Other Revenues	\$15,000	\$15,420	\$15,853	\$16,298	\$16,757
4	Interest Income	\$36,700	\$36,715	\$36,730	\$36,746	\$36,763
5	Transfer In	\$51,700	\$52,993	\$54,317	\$55,675	\$57,067
6	Debt and Loan Proceeds	\$0	\$0	\$0	\$0	\$0
7	Total Revenue	\$453,951	\$455,679	\$457,452	\$459,271	\$461,138
8						
9						
10	O&M Expenses	\$774,826	\$608,569	\$645,504	\$684,911	\$726,967
11						
12	Debt Service					
13	Existing Debt Service	\$0	\$0	\$0	\$0	\$0
14	Proposed Debt Service	\$0	\$0	\$0	\$0	\$0
15	Total Debt Service	\$0	\$0	\$0	\$0	\$0
16						
17	Rate-Funded Capital Expense	\$104,000	\$162,240	\$168,730	\$1,485,720	\$0
18						
19	Net Cashflow	(\$424,875)	(\$315,131)	(\$356,782)	(\$1,711,361)	(\$265,829)
20						
21	Calculated Debt Coverage	N/A	N/A	N/A	N/A	N/A
22	Target Debt Coverage	125%	125%	125%	125%	125%
23						
24	Beginning Balance	\$1,350,729	\$925,854	\$610,723	\$253,941	(\$1,457,419)
25						
26	Source of Funds					
27	Sewer Service Charges (Existing Rates)	\$350,551	\$350,551	\$350,551	\$350,551	\$350,551
28	Other Revenues	\$51,700	\$52,135	\$52,583	\$53,045	\$53,520
29	Interest Income	\$51,700	\$52,993	\$54,317	\$55,675	\$57,067
30	Transfer In	\$0	\$0	\$0	\$0	\$0
31	Debt and Loan Proceeds	\$0	\$0	\$0	\$0	\$0
32	Total – Source of Funds	\$453,951	\$455,679	\$457,452	\$459,271	\$461,138
33						
34	Use of Funds					
35	O&M Expenses	\$774,826	\$608,569	\$645,504	\$684,911	\$726,967
36	Debt Service	\$0	\$0	\$0	\$0	\$0
37	Capital Improvement Program	\$104,000	\$162,240	\$168,730	\$1,485,720	\$0
38	Total – Use of Funds	\$878,826	\$770,809	\$814,234	\$2,170,632	\$726,967
39						
40	Ending Balance	\$925,854	\$610,723	\$253,941	(\$1,457,419)	(\$1,723,248)

Figure 8-1: Projected Ending Cash Balance, without Rate Increases



8.3.7. Proposed Financial Plan and Revenue Adjustments

Raftelis worked with Ventura County staff to develop the following proposed revenue adjustments over the one-year rate setting period and proposed debt in Table 8-7. The proposed revenue adjustments were selected to provide financial sufficiency for Nyeland Acres while minimizing impacts on Nyeland Acres' customers.

Table 8-7: Nyeland Acres Proposed Rate Adjustments and Financing

	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
	Proposed	<i>Planned*</i>	<i>Planned*</i>	<i>Planned*</i>	<i>Planned*</i>
Effective Date	July 2026	July 2027	July 2028	July 2029	July 2030
Revenue Adjustment	15%	15%	15%	15%	15%
Proposed Debt Service (Internal Financing)	\$0	\$0	\$0	\$1,400,000	\$0
<i>*For Planning Purposes Only</i>					

Key factors influencing the need for proposed revenue adjustments include:

- » **Inflationary pressure:** Nyeland Acre'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.
- » **Planned capital expenditures:** The Nyeland Lift Station Improvements project totals approximately \$1.5M in inflation-adjusted terms. Executing this high-priority project will require cash reserves, a rate increase, and a bond issuance to provide additional revenue for project funding.
- » **City of Oxnard treatment cost pass-through:** Treatment services for Nyeland Acres customers are provided by the City of Oxnard. Treatment costs are set by the City of Oxnard and passed through to Nyeland Acres customers in their Ventura County bill. Currently, the Agency does not know future treatment charges from the City of Oxnard. Due to this uncertainty, only a one year rate is proposed.

Table 8-4 summarizes the projected CIP for Nyeland Acres over the forecast period. It is proposed that the CIP is funded through a combination of cash reserves, rates, and a bond issue in FY 2029-30, as shown in Figure 8-2. CIP costs are shown in inflation-adjusted dollars.

Figure 8-2: Proposed Nyeland Acres Capital Financing Plan

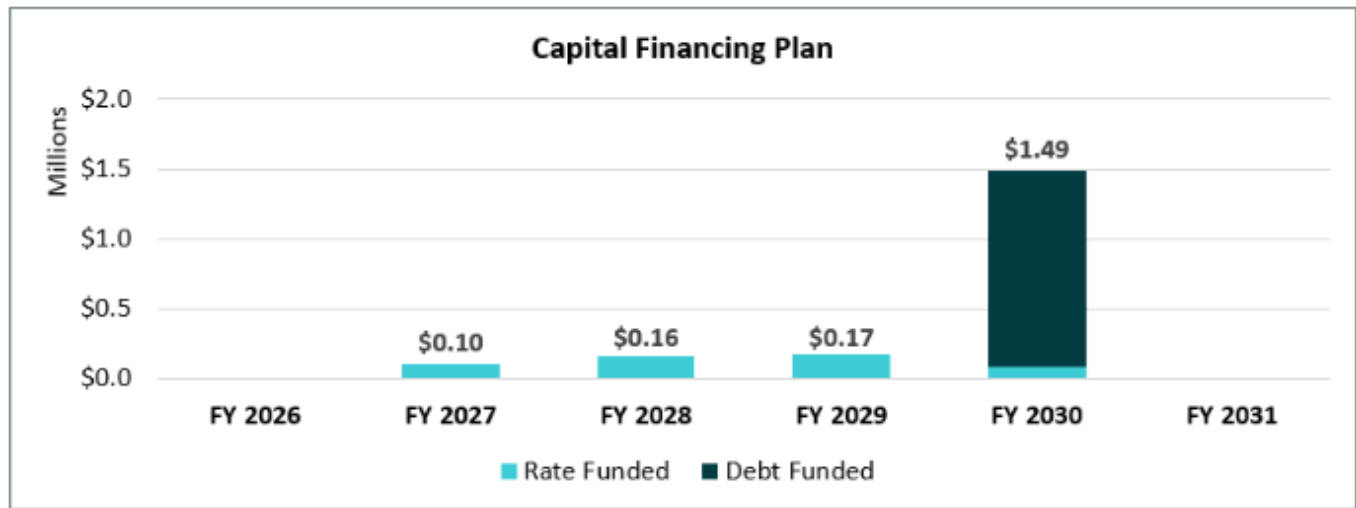


Table 8-8 shows the Nyeland Acres proposed financial plan cash flow projection over the forecast period. The cash flow assumes the revenue adjustments outlined in Table 9-7. The net cash flow is negative until FY 2030-31 due to planned spending of the reserve balance.

Table 8-8: Nyeland Acres Proposed Financial Plan Pro Forma - With Revenue Increases and Debt

Line	Description	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
1	Revenues					
2	Sewer Service Charges	\$350,551	\$350,551	\$350,551	\$350,551	\$350,551
3	Revenue from Rate Increases	\$52,583	\$113,053	\$182,593	\$262,565	\$354,532
4	Other Charges for Services (94)	\$15,000	\$15,420	\$15,853	\$16,298	\$16,757
5	Other Revenue (88,89)	\$36,700	\$36,715	\$36,730	\$36,746	\$36,763
6	Interest Income	\$51,700	\$52,993	\$54,317	\$55,675	\$57,067
7	Transfers In	\$0	\$0	\$0	\$0	\$0
8	Total Revenue	\$506,534	\$568,731	\$640,045	\$721,836	\$815,671
9						
10	O&M Expenses	\$774,826	\$608,569	\$645,504	\$684,911	\$726,967
11						
12	Debt Service					
13	Existing Debt Service	\$0	\$0	\$0	\$0	\$0
14	Proposed Debt Service	\$0	\$0	\$0	\$87,702	\$87,702
15	Total Debt Service	\$0	\$0	\$0	\$87,702	\$87,702
16						
17	Rate-Funded Capital Expense	\$104,000	\$162,240	\$168,730	\$85,720	\$0
18						
19	Net Cashflow	(\$372,292)	(\$202,078)	(\$174,189)	(\$136,498)	\$1,002
20						
21	Calculated Debt Coverage	N/A	N/A	N/A	42%	101%
22	Target Debt Coverage	125%	125%	125%	125%	125%
23						
24	Beginning Balance	\$1,350,729	\$978,437	\$776,359	\$602,170	\$465,672
25						
26	Source of Funds					
27	Sewer Service Charges	\$403,134	\$463,604	\$533,145	\$613,116	\$705,084
28	Other Revenues	\$51,700	\$52,135	\$52,583	\$53,045	\$53,520
29	Interest Income	\$51,700	\$52,993	\$54,317	\$55,675	\$57,067
30	Transfer In	\$0	\$0	\$0	\$0	\$0
31	Debt and Loan Proceeds	\$0	\$0	\$0	\$1,400,000	\$0
32	Total – Source of Funds	\$506,534	\$568,731	\$640,045	\$2,121,836	\$815,671
33						
34	Use of Funds					
35	O&M Expenses	\$774,826	\$608,569	\$645,504	\$684,911	\$726,967
36	Debt Service	\$0	\$0	\$0	\$87,702	\$87,702
37	Capital Improvement Program	\$104,000	\$162,240	\$168,730	\$1,485,720	\$0
38	Total – Use of Funds	\$878,826	\$770,809	\$814,234	\$2,258,334	\$814,669
39						
40	Ending Balance	\$978,437	\$776,359	\$602,170	\$465,672	\$466,674

Figure 8-3 shows the projected debt coverage ratio in blue, and the target coverage of 125% in the dashed black line. Nyeland Acres does not have any planned debt in years FY 2025-26 through FY 2028-29, so there is no target coverage during those years. Once Nyeland Acres assumes debt, it will build up to the target debt service coverage ratio.

Figure 8-3: Projected Nyeland Acres Debt Coverage Ratio

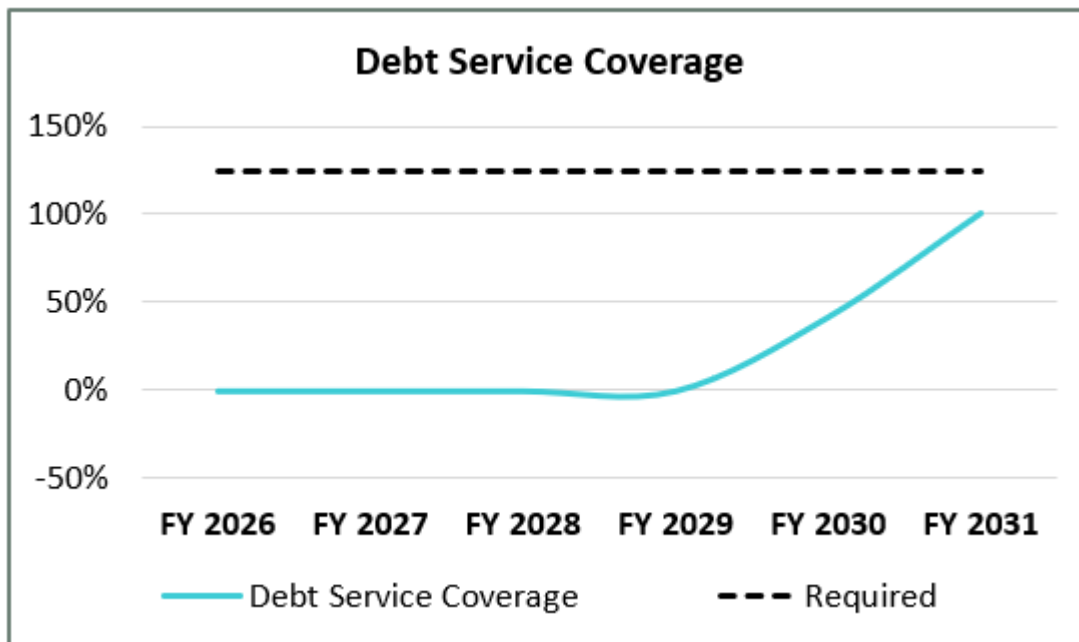


Figure 8-4 shows the Nyeland Acres projected ending cash reserve balance in green bars. The total cash reserve target is shown by the dark green line. Projected ending cash reserves assume the rate revenue adjustments as proposed in Table 8-7.

Figure 8-4: Projected Nyeland Acres Fund End Balances

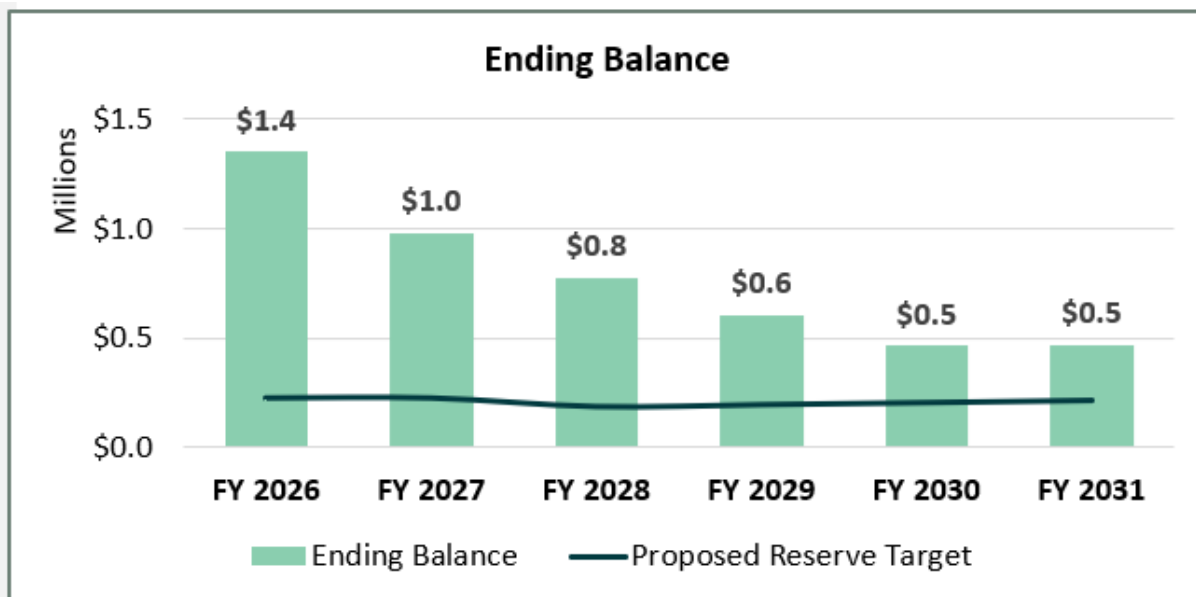
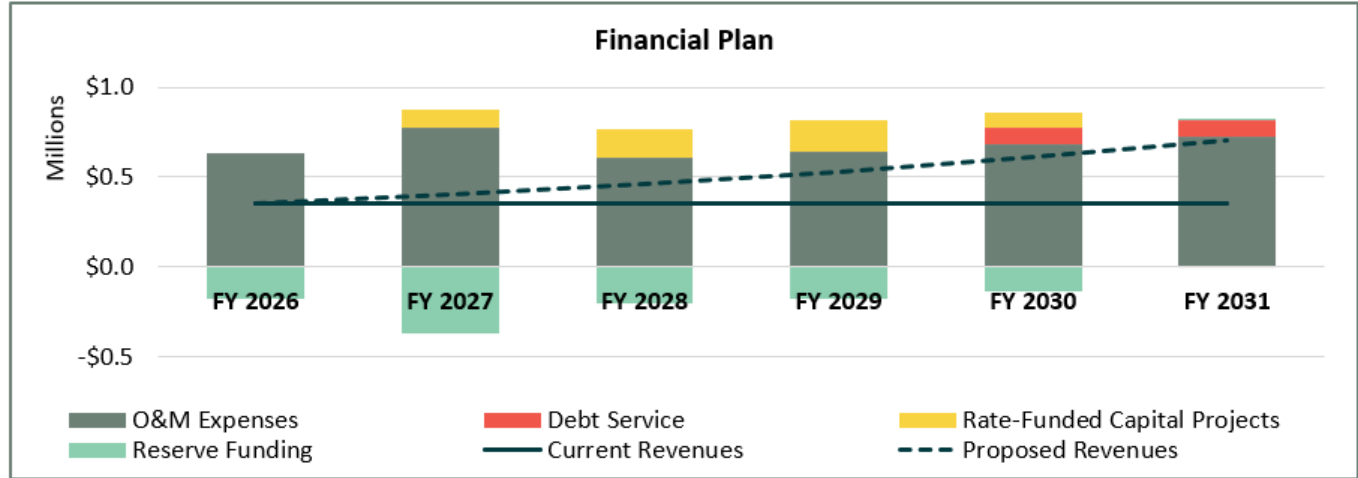


Figure 8-5 graphically illustrates the proposed financial plan, which compares existing (current) and proposed revenues with projected expenses. The stacked bars show expenses including O&M expenses, debt service, rate-funded capital projects, and cash to/from reserves. Total revenues at current and 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 light green. If the green portion of the bar is below the x-axis, it indicates Nyeland Acres is expected to use reserves in that year. If the green portion is entirely above the x-axis, Nyeland Acres is replenishing reserves in that year.

Figure 8-5: Proposed Nyeland Acres Financial Plan



8.4. 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. The first year of rates is proposed for implementation FY 2026-27 (July 1, 2026).

8.4.1. Proposed One-Year Rate Schedule

Table 8-9 shows the current and proposed one-year rate schedule for Nyeland Acres. Rates are calculated by applying the revenue adjustments in Table 8-7 to the current rates. All rates are rounded to the nearest penny. For this District, Raftelis proposes a one-year rate adoption due to uncertainty around Oxnard’s cost of treatment. The District believes that in one year it will have longer-term estimates on the cost of treatment and will then be positioned to make longer-term estimates of revenue requirements.

Table 8-9: Proposed 1-year Rate Schedule

	Current	Proposed FY 2026-27
Effective Date		July 1, 2026
Monthly Service Charge (per ERU)	\$56.15	\$64.58
Annual Assessment (per ERU) ¹	\$673.80	\$774.96
Bi-annual Assessment (per ERU) ¹	\$336.90	\$387.48
1. Due to rounding the monthly charge x 12 may not equal the annual/ bi-annual charges		

8.4.2. Customer Bill Impacts

Figure 8-6 shows current (FY 2025-26) and proposed (FY 2026-27) monthly Nyeland Acres bills for a customer with one ERU over the one-year rate setting period.

Figure 8-6: Nyeland Acres 1-Year Customer Bill Comparison

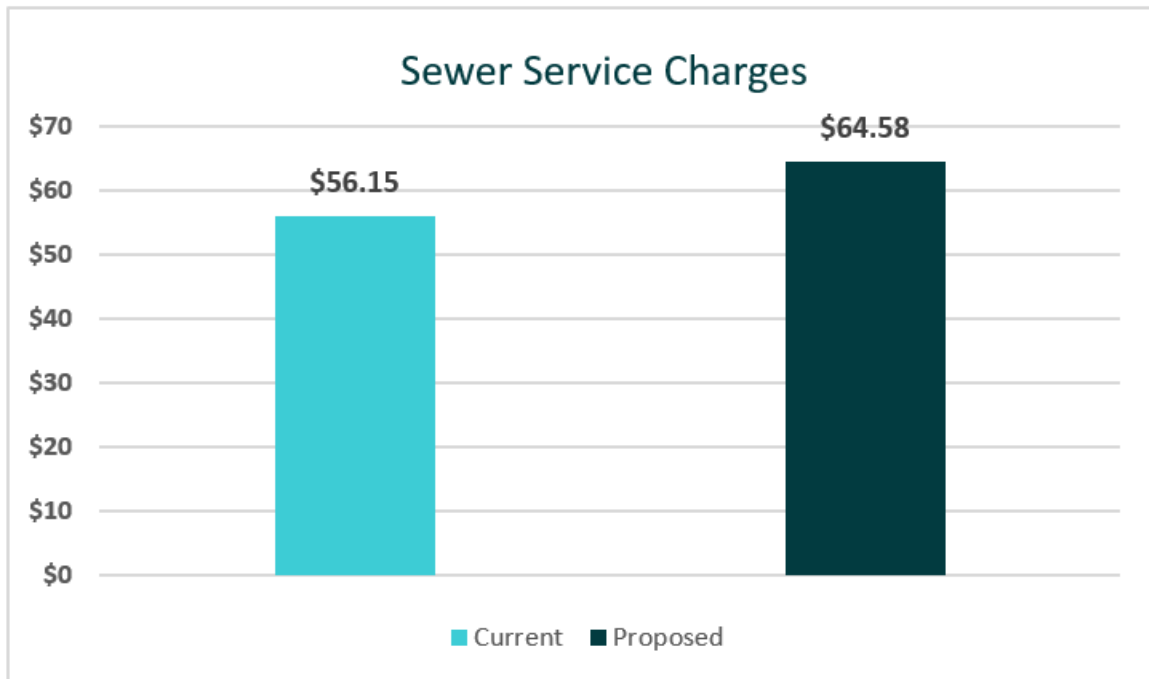
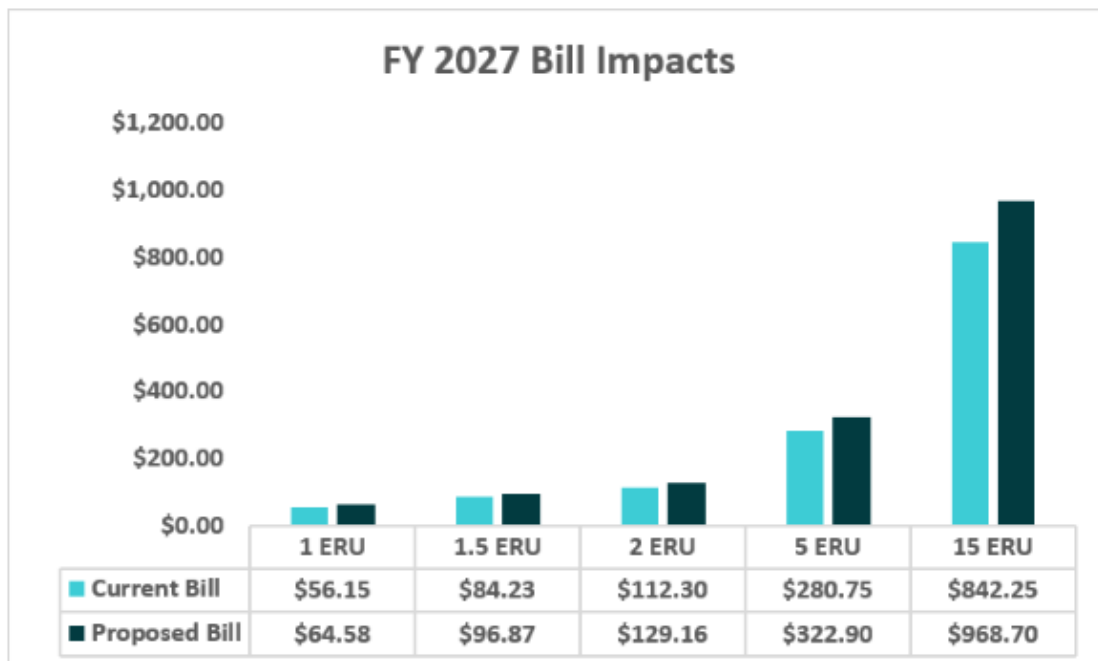


Figure 8-7 shows bill impacts for Nyeland Acres from proposed FY 2026-27 rates for a variety of customer ERU counts.

Figure 8-7: Nyeland Acres Proposed Bills Impacts



9. El Rio (CSA No. 34)

9.1. District Overview and Background

El Rio County Service Area No. 34 (El Rio) serves approximately 1,670 ERUs. Wastewater is discharged to the City of Oxnard for treatment and disposal, and the Ventura County Water and Sanitation Department manages the daily operations and maintenance of the wastewater system.

9.2. Key Inputs and Assumptions

9.2.1. Current Service Charges

The current wastewater rate for El Rio is shown in Table 9-1. Each connection pays a fixed equivalent residential unit (ERU) charge.

Table 9-1: Current Wastewater Rates

Description	FY 2025-26
Monthly per ERU	\$42.25

9.2.2. 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 El Rio rate analysis are shown in Table 4 2 and are discussed in more detail in subsequent sub-sections. Planned debt terms used for El Rio are presented in Table 4 3.

9.2.3. Projected Billing Units of Service

Table 10-2 contains the current and projected count of ERUs for El Rio, as well as the charge per unit from the City of Oxnard for treatment and the charge per unit for system maintenance from County of Ventura. Wastewater ERUs for FY 2025-26 were provided by Ventura County PWA staff and are necessary to estimate wastewater rate revenues over the forecast period. No growth in ERUs is projected in future years.

Table 9-2: El Rio Current and Projected Wastewater Billing Units in Equivalent Residential Units (ERU)

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
Sanitation ERUs						
Residential	1,209	1,209	1,209	1,209	1,209	1,209
Non-Residential	464	464	464	464	464	464
Total	1,673	1,673	1,673	1,673	1,673	1,673

9.3. Financial Plan

This section details the development of a multi-year financial plan for El Rio. 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 wastewater rate revenues required to achieve sufficient cash flow, maintain adequate reserves, and meet debt coverage requirements.

9.3.1. Operations and Maintenance Expenses

Table 10-3 shows a summary of all El Rio O&M expenses over the forecast period. O&M expenditures include the cost of operating and maintaining the wastewater collection, conveyance, and treatment system. 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 a preliminary budget for El Rio 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. It is projected that O&M expenses will increase by approximately 6% to 8.5% per year on average over the forecast period.

Table 9-3: El Rio O&M Expenses

O&M Expenses	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
	Prelim. Budget	Projected	Projected	Projected	Projected
Services and Supplies (20)	\$9,400	\$9,870	\$10,364	\$10,882	\$11,426
General Insurance Allocation ISF	\$0	\$0	\$0	\$0	\$0
Equipment Maintenance	\$20,000	\$21,000	\$22,050	\$23,153	\$24,310
Equipment Maintenance Contracts	\$11,000	\$11,330	\$11,670	\$12,020	\$12,381
Maintenance Supplies and Parts	\$60,000	\$61,800	\$63,654	\$65,564	\$67,531
Buildings and Improvements Maintenance	\$6,900	\$7,107	\$7,320	\$7,540	\$7,766
Cost Allocation Plan Charges	\$11,000	\$11,330	\$11,670	\$12,020	\$12,381
Miscellaneous Expense	\$0	\$0	\$0	\$0	\$0
Printing And Binding Non ISF	\$800	\$824	\$849	\$874	\$900
Mail Center ISF	\$9,400	\$9,870	\$10,364	\$10,882	\$11,426
Purchasing Charges ISF	\$400	\$412	\$424	\$437	\$450
Graphics Charges ISF	\$0	\$0	\$0	\$0	\$0
Engineering And Technical Surveys	\$100,100	\$103,103	\$106,196	\$109,382	\$112,663
Maintenance Noncapitalizable	\$0	\$0	\$0	\$0	\$0
Attorney Services	\$600	\$630	\$662	\$695	\$729
Lab Services – Non-Medical	\$17,500	\$18,375	\$19,294	\$20,258	\$21,271
Collection And Billing Services	\$3,000	\$3,150	\$3,308	\$3,473	\$3,647
Software Maintenance Agreements	\$0	\$0	\$0	\$0	\$0
Other Professional And Specialized Services Non ISF	\$0	\$0	\$0	\$0	\$0
Management And Admin Survey ISF	\$112,910	\$116,297	\$119,786	\$123,380	\$127,081
Public Works ISF Charges	\$290,800	\$312,610	\$336,056	\$361,260	\$388,354
Rent And Leases Equipment Noncounty Owned	\$2,000	\$2,060	\$2,122	\$2,185	\$2,251
Software Subscriptions Non ISF	\$0	\$0	\$0	\$0	\$0
Minor Equipment	\$900	\$927	\$955	\$983	\$1,013
Water Supply Cost (Water Purchases)	\$500	\$525	\$551	\$579	\$608
Water And Sewer System Power	\$3,500	\$3,675	\$3,859	\$4,052	\$4,254
Sewage Treatment Costs	\$500,000	\$540,000	\$583,200	\$629,856	\$680,244
Other Financing Uses (50)	\$400	\$412	\$424	\$437	\$450
Transfers Out To Other Funds	\$0	\$0	\$0	\$0	\$0
Total O&M Expenses	\$1,151,310	\$1,225,025	\$1,303,988	\$1,388,592	\$1,479,261

9.3.2. Capital Improvement Plan

Ventura County PWA staff provided a five-year CIP for El Rio. The CIP prioritized each individual project as either low, medium, or high priority. To moderate higher increases, and based on the direction of PWA staff, the capital projects included in this study for El Rio were high priority projects. The CIP provided is escalated by the capital inflationary factor from Table 4-1 with the inflation-adjusted CIP shown in Table 9-4.

Table 9-4: El Rio Capital Improvement Program

Capital Improvement Program	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Montgomery Lift Station Improvements			\$523,062	\$1,235,371	
Manhole Rehabilitation	\$260,000	\$129,792			
Total CIP	\$260,000	\$129,792	\$523,062	\$1,235,371	\$0

9.3.3. Existing Debt Service

El Rio has two existing debt obligations with debt service in the study's forecast period. These debts include two SRF loans. Table 9-5 shows the existing debt service for El Rio. However, the Total Existing Debt Service reflects a \$0 balance. This is because El Rio debt service is recovered from separate charges specific to the recovery of the SRF loans for City of Ventura and City of Oxnard properties served. This is a term of the original transfer of service. For purposes of determining the sewer service charges the revenue requirement of current debt is \$0.

Table 9-5: El Rio Existing Debt Service

Existing Debt Service	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
SRF Loan #1 - Project No. 4680-110					
Principal	\$226,024	\$231,901	\$237,930	\$244,116	\$250,463
Grant Charge @ 2.6%	\$97,732	\$91,855	\$85,826	\$79,640	\$73,293
Total SRF Loan #1 (Sanitation Revenue Requirement)	\$0	\$0	\$0	\$0	\$0
SRF Loan #2 - Project No. 4680-120					
Principal	\$114,811	\$115,959	\$117,118	\$118,289	\$119,472
Interest @ 1%	\$18,481	\$17,333	\$16,173	\$15,002	\$13,819
Total SRF Loan #2 (Sanitation Revenue Requirement)	\$0	\$0	\$0	\$0	\$0
Total Existing Debt Service	\$0	\$0	\$0	\$0	\$0

9.3.4. 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 El Rio's current financial reserve targets pertaining to debt coverage and reserves. The target debt coverage ratio is 1.25, which means El Rio's net revenues from operations must amount to at least 1.25 times annual debt service. Net revenues equal gross revenue less O&M expenses. Annual debt service includes annual principal and interest payments on all outside debt.

9.3.5. Cash Reserve Target

Prudent fiscal management recommends that El Rio maintain reserve balances to provide sufficient working capital and 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 its 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 10-6 reiterates the reserve targets and translates the targets into FY 2026-27 dollars (and before any planned rate increases). El Rio's total reserve target is approximately \$375,491.

Table 9-6: El Rio Cash Reserve Target

Description	Target	FY 2026-27
Operating Reserve	90 days of O&M Expense	\$283,885
Rate Stabilization Reserve	10% of Rate Revenues	\$91,607
Total Cash Reserve		\$375,491

9.3.6. Status Quo Financial Plan

Raftelis conducted a status quo cash flow analysis to evaluate whether existing sewer service charges adequately fund El Rio's 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, an analysis of contributions from other agencies and development, and informed estimates on cost escalation.

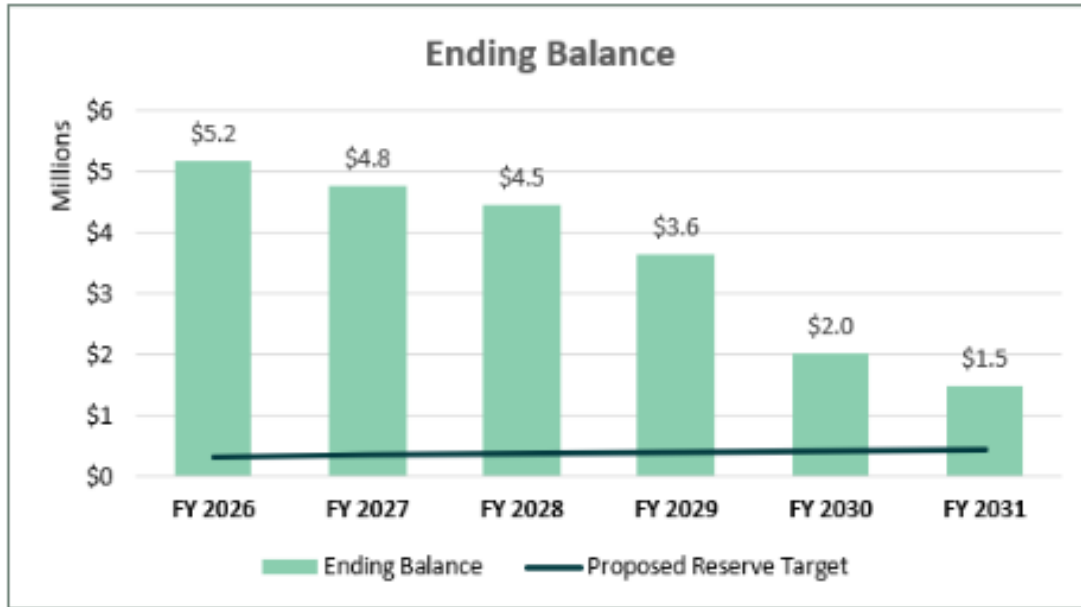
Table 9-7 shows the projected El Rio financial plan and source/use of funds without revenue increases, and Figure 9-1 shows the projected reserve ending balances in a graphical form. Raftelis projects that with no rate increases over the study period, El Rio will steadily draw down the fund balance throughout the forecast period until the fund balance is projected to be gone by ~FY 2033. The results demonstrate a need for steady revenue adjustments⁸ (i.e., sewer rate revenue increases relative to the status quo). This revenue adjustment will keep the fund positive for the duration of this forecast period and help to avoid the need for more substantial revenue increases for these customers in the future.

⁸ The term revenue adjustment is used to describe the overall change to rate revenues required.

Table 9-7: El Rio 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 Service Charges	\$848,211	\$848,211	\$848,211	\$848,211	\$848,211
3	Revenue from Rate Increases	\$0	\$0	\$0	\$0	\$0
4	Charges for Services	\$62,600	\$62,600	\$62,600	\$62,600	\$62,600
5	Other Revenue	\$0	\$0	\$0	\$0	\$0
6	Investment Income	\$106,700	\$116,972	\$107,693	\$86,152	\$43,815
7	Total Revenue	\$1,017,511	\$1,027,783	\$1,018,504	\$996,963	\$954,626
8						
9	O&M Expenses	\$1,151,310	\$1,225,025	\$1,303,988	\$1,388,592	\$1,479,261
10						
11	Debt Service					
12	Existing Debt Service	\$0	\$0	\$0	\$0	\$0
13	Proposed Debt Service	\$0	\$0	\$0	\$0	\$0
14	Total Debt Service	\$0	\$0	\$0	\$0	\$0
15						
16	Rate-Funded Capital Expense	\$260,000	\$129,792	\$523,062	\$1,235,371	\$0
17						
18	Net Cashflow	(\$393,799)	(\$327,035)	(\$808,546)	(\$1,626,999)	(\$524,635)
19						
20	Calculated Debt Coverage	N/A	N/A	N/A	N/A	N/A
21	Target Debt Coverage	125%	125%	125%	125%	125%
22						
23	Beginning Balance	\$5,171,282	\$4,777,483	\$4,450,449	\$3,641,902	\$2,014,903
24						
25	Source of Funds					
26	Sewer Service Charges	\$848,211	\$848,211	\$848,211	\$848,211	\$848,211
27	Charges for Services	\$0	\$0	\$0	\$0	\$0
28	Other Revenue	\$62,600	\$62,600	\$62,600	\$62,600	\$62,600
29	Investment Income	\$106,700	\$116,972	\$107,693	\$86,152	\$43,815
30	Total – Source of Funds	\$1,017,511	\$1,027,783	\$1,018,504	\$996,963	\$954,626
31						
32	Use of Funds					
33	O&M Expenses	\$1,151,310	\$1,225,025	\$1,303,988	\$1,388,592	\$1,479,261
34	Debt Service	\$0	\$0	\$0	\$0	\$0
35	Capital Improvement Program	\$260,000	\$129,792	\$523,062	\$1,235,371	\$0
36	Total – USE of Funds	\$1,411,310	\$1,354,817	\$1,827,050	\$2,623,963	\$1,479,261
37						
38	Ending Balance	\$4,777,483	\$4,450,449	\$3,641,902	\$2,014,903	\$1,490,268

Figure 9-1: Projected Ending Cash Balance, without Rate Increases



9.3.7. Proposed Financial Plan and Revenue Adjustments

Raftelis worked with Ventura County staff to develop the following proposed revenue adjustments over the one-year rate setting period and proposed debt in Table 9-8. The proposed revenue adjustments were selected to provide financial sufficiency for El Rio while minimizing impacts on El Rio's customers.

Table 9-8: El Rio Proposed Rate Adjustments and Financing

	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
	Proposed	<i>Planned*</i>	<i>Planned*</i>	<i>Planned*</i>	<i>Planned*</i>
Effective Date	July 2026	<i>July 2027</i>	<i>July 2028</i>	<i>July 2029</i>	<i>July 2030</i>
Revenue Adjustment	8%	<i>8%</i>	<i>8%</i>	<i>8%</i>	<i>8%</i>
Proposed Debt Service (Internal Financing)	\$0	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>
<i>*For Planning Purposes Only</i>					

Key factors influencing the need for proposed revenue adjustments include:

- » **Inflationary pressure:** El Rio's operating environment is not immune to the effects of inflation. The price of utilities, chemicals, specialized services and equipment, construction, and other expenses has 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.
- » **Planned capital expenditures:** The Montgomery Lift Station Improvements and the Manhole Rehabilitation project total approximately \$2.15M in inflation-adjusted terms. Executing the projects requires cash reserves, and rate increases provide the additional cash generation for project funding.
- » **City of Oxnard treatment cost pass-through:** Treatment services for El Rio customers are provided by the City of Oxnard. Treatment costs are set by the City of Oxnard and passed through directly to El Rio customers in their Ventura County bill. Currently, the Agency does not know future treatment charges from the City of Oxnard. Due to this uncertainty, only a one year rate is proposed.

Table 9-4 summarizes the projected CIP for El Rio over the forecast period. The CIP is planned to be funded entirely from rates, as shown in Figure 9-2. CIP costs are shown in inflation-adjusted dollars.

Figure 9-2: Proposed El Rio Capital Financing Plan

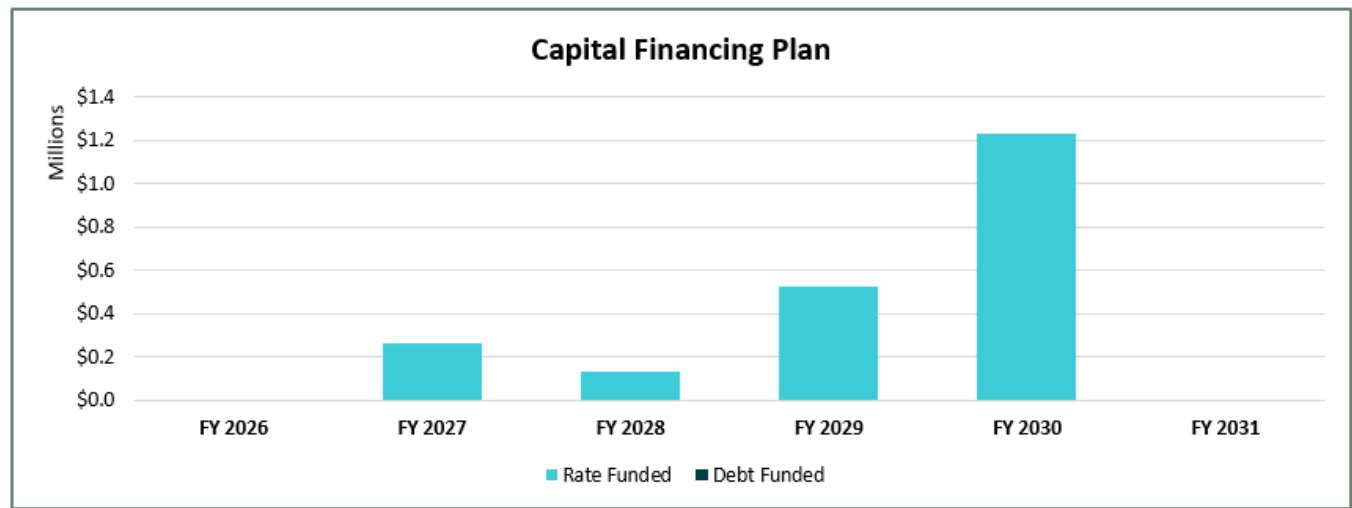


Table 9-9 shows the El Rio proposed financial plan cash flow projection over the forecast period. The cash flow assumes the revenue adjustments from Table 9-8. In this scenario it is worth noting that although the cashflow shown on line 18 is negative throughout the forecast period, the ending balance, shown on line 38, remains positive in all years of the forecast period.

Table 9-9: El Rio 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 Service Charges	\$848,211	\$848,211	\$848,211	\$848,211	\$848,211
3	Revenue from Rate Increases	\$67,857	\$141,142	\$220,291	\$305,771	\$398,089
4	Charges for Services	\$62,600	\$62,600	\$62,600	\$62,600	\$62,600
5	Other Revenue	\$0	\$0	\$0	\$0	\$0
6	Investment Income	\$106,700	\$120,476	\$115,861	\$101,186	\$68,139
7	Total Revenue	\$1,085,368	\$1,172,429	\$1,246,963	\$1,317,768	\$1,377,039
8						
9	O&M Expenses	\$1,151,310	\$1,225,025	\$1,303,988	\$1,388,592	\$1,479,261
10						
11	Debt Service					
12	Existing Debt Service	\$0	\$0	\$0	\$0	\$0
13	Proposed Debt Service	\$0	\$0	\$0	\$0	\$0
14	Total Debt Service	\$0	\$0	\$0	\$0	\$0
15						
16	Rate-Funded Capital Expense	\$260,000	\$129,792	\$523,062	\$1,235,371	\$0
17						
18	Net Cashflow	(\$325,942)	(\$182,388)	(\$580,087)	(\$1,306,194)	(\$102,222)
19						
20	Calculated Debt Coverage	N/A	N/A	N/A	N/A	N/A
21	Target Debt Coverage	125%	125%	125%	125%	125%
22						
23	Beginning Balance	\$5,171,282	\$4,845,340	\$4,662,952	\$4,082,865	\$2,776,671
24						
25	Source of Funds					
26	Sewer Service Charges	\$916,068	\$989,353	\$1,068,502	\$1,153,982	\$1,246,300
27	Charges for Services	\$0	\$0	\$0	\$0	\$0
28	Other Revenue	\$62,600	\$62,600	\$62,600	\$62,600	\$62,600
29	Investment Income	\$106,700	\$120,476	\$115,861	\$101,186	\$68,139
30	Total – Source of Funds	\$1,085,368	\$1,172,429	\$1,246,963	\$1,317,768	\$1,377,039
31						
32	Use of Funds					
33	O&M Expenses	\$1,151,310	\$1,225,025	\$1,303,988	\$1,388,592	\$1,479,261
34	Debt Service	\$0	\$0	\$0	\$0	\$0
35	Capital Improvement Program	\$260,000	\$129,792	\$523,062	\$1,235,371	\$0
36	Total – Use of Funds	\$1,411,310	\$1,354,817	\$1,827,050	\$2,623,963	\$1,479,261
37						
38	Ending Balance	\$4,845,340	\$4,662,952	\$4,082,865	\$2,776,671	\$2,674,449

Figure 9-3 shows the target coverage of 125% in the dashed black line. El Rio is in a unique situation with debt because although the District is carrying debt, it is entirely offset by direct customer charges to City of Oxnard and County of Ventura customers.

Figure 9-3: Projected El Rio Debt Coverage Ratio

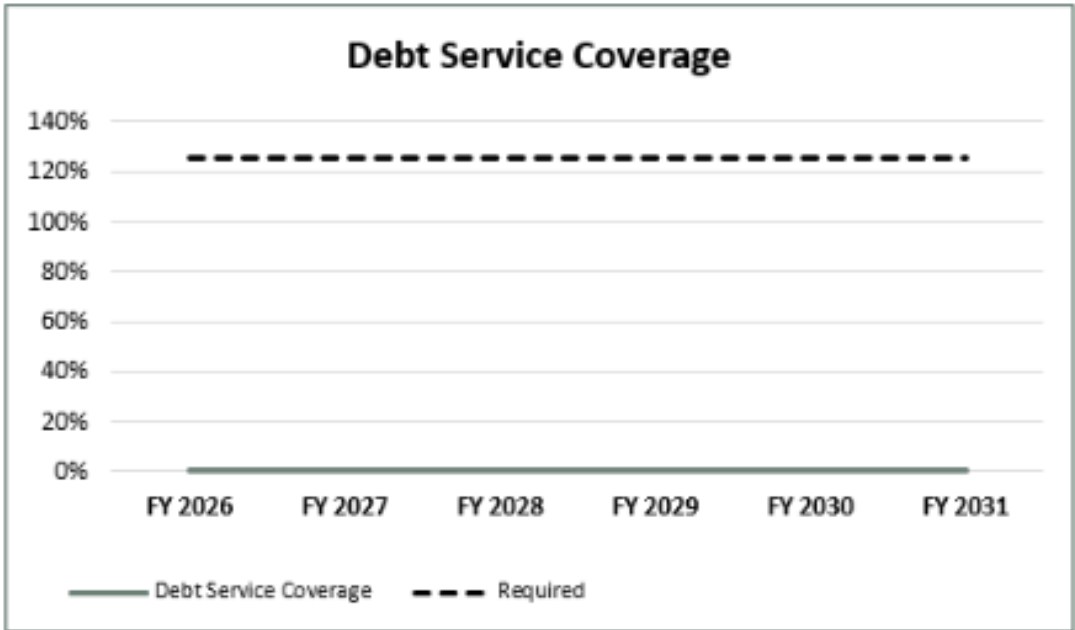


Figure 9-4 shows the El Rio projected ending cash reserve balance shown by the green bars. The total cash reserve target is shown in dark green. Projected ending cash reserves assume the proposed rate revenue adjustments in Table 9-8.

Figure 9-4: Projected El Rio Fund End Balances

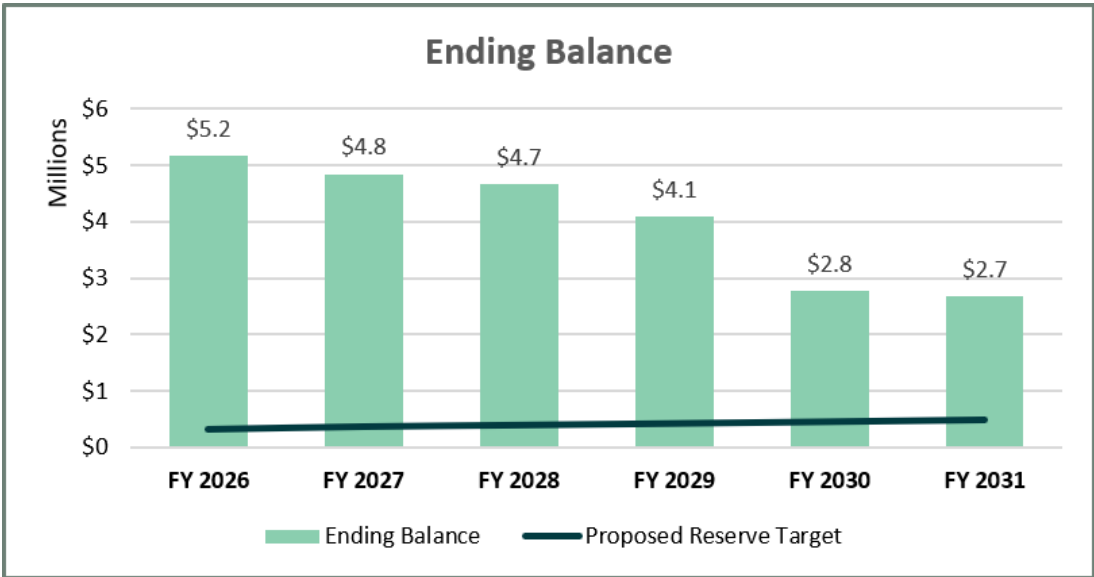
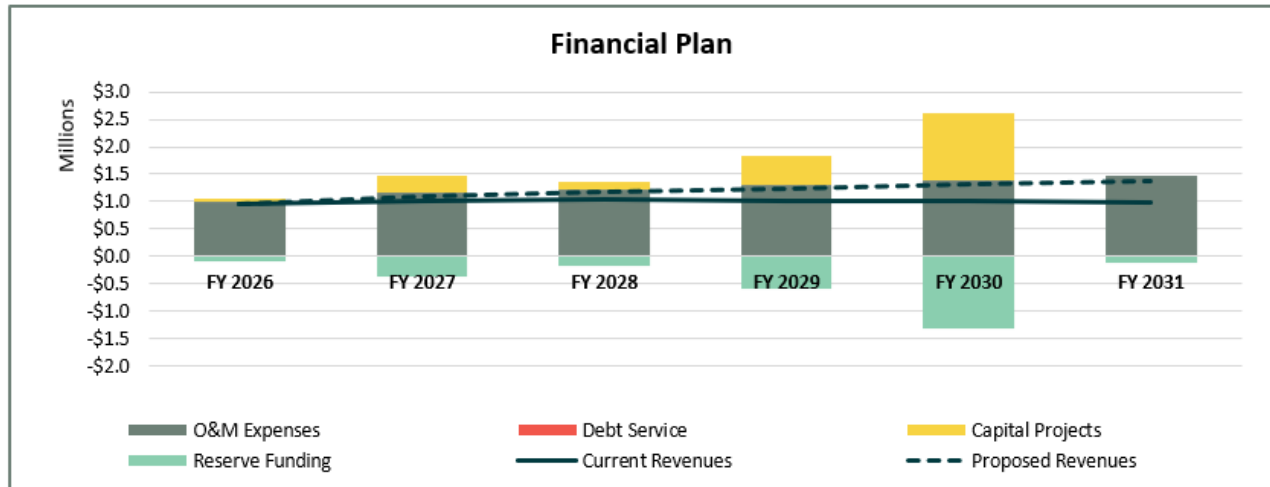


Figure 9-5 graphically illustrates the proposed financial plan, which compares existing (current) and proposed revenues with projected expenses. The stacked bars show expenses including O&M expenses, debt service, rate-funded capital projects, and cash to/from reserves. Total revenues at current and 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 green. If the green portion of the bar is below the x-axis, it signifies El Rio is expected to use reserves in that year. If the green portion is above the x-axis, El Rio is replenishing reserves in that year.

Figure 9-5: Proposed El Rio Financial Plan



9.4. 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. The first year of rates is proposed for implementation FY 2026-27 (effective July 1, 2026).

9.4.1. Proposed One-Year Rate Schedule

Table 9-10 shows the current and proposed one-year rate schedule for El Rio. Rates are calculated by applying the revenue adjustments in Table 9-8 to the current rates. All rates are rounded to the nearest penny. For this District, Raftelis proposes a one-year rate adoption due to uncertainty around Oxnard's future cost of treatment. The District believes that in one year it will have longer-term estimates on the cost of treatment and will then be positioned to make longer-term estimates of revenue requirements.

Table 9-10: Proposed 1-year Rate Schedule

	Current	Proposed FY 2026-27
Effective Date		July 1, 2026
Monthly Service Charge (per ERU)	\$42.25	\$45.63
Annual Assessment (per ERU)¹	\$507.00	\$547.56
Bi-annual Assessment (per ERU)¹	\$253.50	\$273.78
1. Due to rounding, the monthly charge x 12 may not equal the annual/ bi-annual charges.		

9.4.2.Customer Bill Impacts

Figure 9-6 shows current (FY 2025-26) and proposed (FY 2026-27) monthly El Rio bills for a customer with one ERU over the one-year rate setting period.

Figure 9-6: El Rio 1-Year Customer Bill Comparison

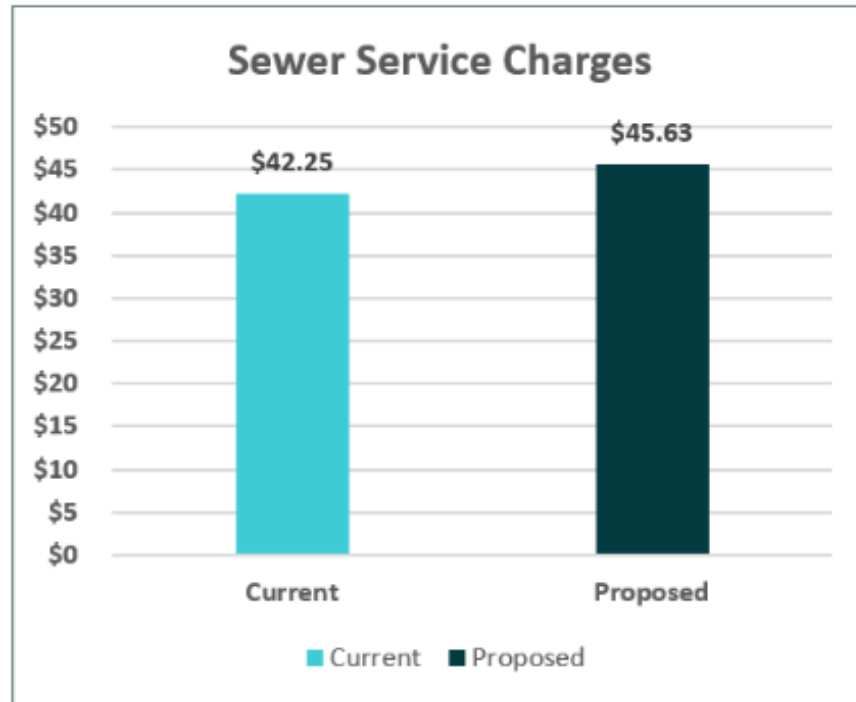


Figure 9-7 shows bill impacts for El Rio from proposed FY 2026-27 rates for one ERU.

Figure 9-7: El Rio Proposed Bills Impacts

