

VENTURA WATER COMMISSION AGENDA

Grant Burton
Commissioner Chair

Susan Mulligan
Commissioner Vice-Chair

Nova Clite
Commissioner
Gerhardt Hubner
Commissioner

William Ackerman
Commissioner

Suzanne McCombs
Commissioner
Robert McCord
Commissioner

Susan Rungren, Ventura Water General Manager
Miles Hogan, Assistant City Attorney
Debra Gallegos, Recording Secretary



REGULAR MEETING

TUESDAY, NOVEMBER 17, 2020, 5:30 P.M.

IN ACCORDANCE WITH THE CALIFORNIA GOVERNOR'S EXECUTIVE STAY AT HOME ORDER AND THE COUNTY OF VENTURA HEALTH OFFICER DECLARED LOCAL HEALTH EMERGENCY AND BE WELL AT HOME ORDER RESULTING FROM THE NOVEL CORONAVIRUS (COVID-19), CITY HALL IS CLOSED TO THE PUBLIC. TO FIND OUT HOW YOU MAY ELECTRONICALLY ATTEND THE WATER COMMISSION MEETING AND PROVIDE PUBLIC COMMENT PLEASE REFER TO PAGE 2 OF THIS AGENDA.

PUBLIC PARTICIPATION OPTIONS to help reduce the spread of COVID-19:

NEW – ZOOM MEETING FOR WATER COMMISSION MEETING

Sign-up if you wish to speak and receive an email with instructions on how to join the meeting

WATCH THE MEETING:

Watch a **live stream of the meeting** at <https://www.cityofventura.ca.gov/718/Videos> . **Cable TV - Channel 15**, or <https://www.youtube.com/cityofventura/live> .

SUBMIT PUBLIC COMMENT VIA EMAIL:

Submit your comments via email **by 3:00 p.m. on the Water Commission meeting day**. Please submit your comment to the Water Commission Secretary using this form www.cityofventura.ca.gov/publicinput or send an email to dgallegos@cityofventura.ca.gov (up to 1000 characters) When sending an email, please indicate the Agenda item number (i.e. Item No. 2). Your form/email will be read by Water Commissioners and placed into the item's record at the meeting.

TO PROVIDE PUBLIC COMMENT LIVE AT THE MEETING USING ZOOM:

To speak on an agenda item, complete the online [Speaker Registration Form](#) by 4:00 p.m. on the Water Commission Meeting date. . If you wish to speak at the meeting, you will be asked to provide an email address and telephone number to allow the City to email you the Zoom meeting/connection instructions. You can select an audio only connection (telephone call) or connect with audio and video (join the Zoom meeting on your device).

You will receive an email about 1 hour before the meeting with instructions on how to join the meeting.

When connecting to the Zoom meeting to speak, you will be placed in a virtual “waiting area,” with your audio and video disabled, until it is your turn to speak.

Individuals may speak for a maximum of 3 minutes per agenda topic.

Staff Reports relating to this agenda are available on the City's website – <https://www.cityofventura.ca.gov/AgendaCenter/Water-Commission-22>.

Any materials related to an agenda item submitted to the Water Commission after distribution of the agenda packet are available on the City's website as a Supplemental Packet at – <https://www.cityofventura.ca.gov/1843/Water-Commission-Public-Hearing-NoticesS>

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the Debra Gallegos at (805) 654-4587 or the California Relay Service at (866) 735-2929. Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

CALL TO ORDER – REGULAR MEETING SESSION – 5:30 PM

ROLL CALL – WATER COMMISSION

1. MINUTES

Staff: Susan Rungren, General Manager

RECOMMENDATION

Approve the minutes of the October 27, 2020 regular session.

2. GROUNDWATER SUSTAINABILITY AGENCIES AND SANTA PAULA BASIN TECHNICAL ADVISORY COMMITTEE UPDATE

Staff: Jennifer Tribo, Management Analyst II

RECOMMENDATION

Staff recommends the Water Commission receive an oral update on the status and activities of local Groundwater Sustainability Agencies and the Santa Paula Basin Technical Advisory Committee.

3. 2020 WATER AND WASTEWATER RATE STUDY – REVISED FINANCIAL PLANS & RATE STRUCTURE MODIFICATION OPTIONS

Staff: Akbar Alikhan, Assistant City Manager
Consultant: Raftelis Financial Consultants

RECOMMENDATION

It is recommended that the Water Commission:

- a) Receive this written report and oral presentation by Raftelis Financial Consultants Inc.
- b) Review changes to the Financial Plan Scenario and approve moving forward with a 5-Year rate adjustment schedule.
- c) Establish annual rate check-in each Spring of the study period to authorize rate adjustment necessary for upcoming July increase.

PUBLIC COMMENT

Refer to Page 2 of the Agenda on how to submit your Public Comments electronically to the Recording Secretary or how to provide live Public Comment.

COMMISSIONER COMMUNICATIONS

Per Government Code Section 54954.2(a), the Commissioner Communications section of the agenda provides the Water Commission the opportunity to ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities.

GENERAL MANAGER REPORT

ADJOURNMENT

CITY OF VENTURA
VENTURA WATER COMMISSION MINUTES

Grant Burton
Commissioner Chair

Susan Mulligan
Commissioner Vice-Chair

Nova Clite
Commissioner

Suzanne McCombs
Commissioner

Gerhard Hubner
Commissioner

William Ackerman
Commissioner

Robert McCord
Commissioner

Susan Rungren, Ventura Water General Manager
Miles Hogan, Assistant City Attorney
Debra Gallegos, Recording Secretary

REGULAR MEETING

TUESDAY, OCTOBER 27, 2020, 5:30 P.M.

IN ACCORDANCE WITH THE CALIFORNIA GOVERNOR'S EXECUTIVE STAY AT HOME ORDER AND THE COUNTY OF VENTURA HEALTH OFFICER DECLARED LOCAL HEALTH EMERGENCY AND BE WELL AT HOME ORDER RESULTING FROM THE NOVEL CORONAVIRUS (COVID-19), CITY HALL IS CLOSED TO THE PUBLIC.

Water Commission conducted this meeting in accordance with California Governor Newsom's Executive Orders N-20-20 and N-35-20 and COVID-19 pandemic protocols.

Commission Chair Burton called the meeting to order at 5:35 p.m.

ROLL CALL – WATER COMMISSION

Present: Commissioners Ackerman, Clite, McCombs, Mulligan and Burton. (all via teleconference/video conference)

Absent: Commissioners Hubner and McCord.

SPECIAL PRESENTATION

Explanation of Upcoming Meeting Technology Changes
Staff: Debra Gallegos, Recording Secretary

WATER COMMISSION ITEMS

1. MINUTES

Approve the minutes of the October 06, 2020 Special meeting.

Members of the Public: None.

Commissioner McCombs moved to approve the recommendation. Commissioner Burton seconded the motion. The vote was as follows:

AYES: Commissioners Ackerman, Clite, Mulligan and Burton.

NOES: None.

(Commissioner McCombs lost connection during this item)

Commissioner Vice Chair Mulligan declared the motion carried, 4-0.

**Commissioner McCord joined the meeting at 5:40 p.m.*

**Commissioner McCombs rejoined the meeting at 5:41 p.m.*

4. **COMMUNICATIONS AND OUTREACH FOR WATER AND WASTEWATER RATES**

Staff recommends that the Water Commission receive this written report and oral presentation on communications and outreach efforts for the Water and Wastewater Rate Study.

No Vote.

2. **ADOPTED 2020-2026 CAPITAL IMPROVEMENT PLAN AND WASTEWATER PROJECTS UPDATE**

Staff recommends the Water Commission receive an oral presentation on an update of the Adopted 2020-2026 Capital Improvement Plan (CIP) Water and Wastewater Projects recommended to be included in the 2020 Cost of Service Study.

Members of the Public: Burt Handy

No Vote.

3. **2020 WATER AND WASTEWATER RATE STUDY – REVISED FINANCIAL PLAN SCENARIOS**

- a) Receive this written report and oral presentation by Raftelis Financial Consultants Inc. on the 2020 Water and Wastewater Rate Study – Revised Financial Plan Scenarios
- b) Provide direction on the financial plan scenario to use as a basis for the Cost of Service Analysis. Staff recommends selection of Scenario 3a: Reduced CIP (including VWP) for the water and wastewater enterprises.

Members of the Public: Burt Handy verbal and email comment.

Commissioner Mulligan moved to approve the recommendation selecting Scenario 3a for a period of 3 years. Commissioner McCord seconded the motion. The vote was as follows:

AYES: Commissioners Ackerman, Clite, McCombs, McCord, Mulligan.
NOES: Commissioner Burton.

Commission Chair Burton declared the motion carried, 5-1.

5. CONSIDERATION OF CALIFORNIA STATE WATER PROJECT DELTA CONVEYANCE FACILITY, DELTA CONVEYANCE AGREEMENT IN PRINCIPLE, AND DEPARTMENT OF WATER RESOURCES DELTA CONVEYANCE FUNDING AGREEMENT

1. Staff recommends that Water Commission recommend a level of participation in the Delta Conveyance Project/Delta Conveyance Facility:
 - a) Opt-Out
 - b) Opt-In at 100%
 - c) Opt-In at greater than 100%

2. Staff recommends the Water Commission recommend that City Council adopt a resolution directing the Ventura County Watershed Protection District to execute the Department of Water Resources Funding Agreement for Preliminary Planning and Design costs related to a potential Delta Conveyance Project on behalf of the City of San Buenaventura.

Members of the Public: None.

Commissioner McCombs moved to approve option “b”. Commissioner Mulligan seconded the motion. The vote was as follows:

AYES: Commissioners Ackerman, Clite, McCombs, Mulligan and Burton.
NOES: Commissioner McCord.

Commission Chair Burton declared the motion carried, 5-1.

6. RESOLUTION MODIFYING UPCOMING REGULAR MEETING SCHEDULE

It is recommended that the Commission approve a Resolution modifying the Water Commission Regular Meeting dates for the November and December meetings to the following dates:

Tuesday, November 17, 2020
Tuesday, December 15, 2020

Members of the Public: None.

Commissioner McCombs moved to approve the recommendation.
Commissioner Burton seconded the motion. The vote was as follows:

AYES: Commissioners Ackerman, Clite, McCombs, McCord, Mulligan and
Burton.

NOES: None.

Commission Chair Burton declared the motion carried, 6-0.

COMMISSIONER COMMUNICATIONS: None.

GENERAL MANAGER REPORT – No updates.

PUBLIC COMMENT: None.

ADJOURNMENT: 8:40 P.M.

VENTURA WATER COMMISSION

STAFF REPORT

Date: November 11, 2020

Agenda Item No: 2

Meeting Date: November 17, 2020

To: Ventura Water Commission

From: Susan Rungren, Ventura Water General Manager

**Subject: Groundwater Sustainability Agencies and Santa Paula Basin
Technical Advisory Committee Update**

RECOMMENDATIONS

Staff recommends the Water Commission receive an oral update on the status and activities of local Groundwater Sustainability Agencies and the Santa Paula Basin Technical Advisory Committee.

PREVIOUS MEETINGS

August 27, 2019 - the Water Commission received an update on the Groundwater Sustainability Agencies and the Santa Paula Basin Technical Advisory Committee.

May 28, 2019 - the Water Commission received an update on the Groundwater Sustainability Agencies and the Santa Paula Basin Technical Advisory Committee.

October 30, 2018 - the Water Commission received an update on the Groundwater Sustainability Agencies and the Santa Paula Basin Technical Advisory Committee.

August 28, 2018 - the Water Commission received an update on the Groundwater Sustainability Agencies and the Santa Paula Basin Technical Advisory Committee.

DISCUSSION

In 2014, the State legislature passed the Sustainable Groundwater Management Act (SGMA) to improve management of groundwater basins and give local agencies a chance to manage the basins as Groundwater Sustainability Agencies (GSAs). The legislation is critical in bridging land use and groundwater management through coordination of General Plans and Groundwater Sustainability Plans (GSPs).

The City participated in the formation of the Upper Ventura River Groundwater Basin GSA and the Mound Basin GSA and is a member of both GSAs. The City participates in GSA activities for the Oxnard Plain Basin, but Fox Canyon Groundwater Management Agency (FCGMA) is named in the legislation as the GSA. The City also extracts groundwater from the Santa Paula Basin, but it is considered adjudicated for the purposes of this legislation.

Upper Ventura River Basin

On December 12, 2016, Casitas Municipal Water District, Ventura River Water District, Meiners Oaks Water District, City of San Buenaventura (City), and the County of Ventura executed a Joint Powers Agreement (JPA) forming the Upper Ventura River Groundwater Agency (UVRGA). The Board of Directors is composed of five Member Directors and two Stakeholder Directors which includes an Agricultural Director and an Environmental Director. The Member Directors are chosen by the respective governing bodies of each local agency that is a member of the JPA. Each Member Director also has an alternate. The Ventura Water General Manager is the designated Director and the Assistant General Manager is currently the designated alternate for the City.

The UVRGA has until January 31, 2022 to submit its Groundwater Sustainability Plan (GSP) to DWR. The UVRGA submitted its initial notification to develop a GSP to DWR on December 20, 2017. Development of the Groundwater Sustainability Plan (GSP) began in late 2019. The UVRGA Board of Directors has approved contracts with three consultants who will team to prepare the GSP. The GSP development team is led by Bryan Bondy, Bondy Groundwater Consulting, Inc. who also serves as the Agency's Executive Director. Mr. Bondy is assisted by Rincon Consultants and Intera, Inc. Rincon Consultants is focused on field data collection efforts and Intera, Inc. will assist with data analysis and quantitative evaluations of groundwater conditions.

A significant portion of the GSP development costs are covered by a Proposition 1 Groundwater Sustainability Planning Grant from the State.

The UVRGA continues to make progress towards the development of the GSP. UVRGA hosted an on-line public workshop on July 20, 2020 that provided an overview of the Sustainable Groundwater Management Act, described what must be included in the Groundwater Sustainability Plan (GSP), and described the UVRGA process and schedule for developing the GSP. The UVRGA adopted the Sustainability Goal on August 13, 2020. The hydrogeologic conceptual model and groundwater conditions of the Upper Ventura River Basin are now available in the preliminary draft form to provide an early opportunity for stakeholder feedback and comments.

The UVRGA is currently funded through member contributions, a DWR grant, and the collection of extraction fees. In 2019 the City of Ventura, Ventura River Water District, and Meiners Oak Water District agreed to provide a total of \$90,000 (\$30,000 each) in loaned contributions for Fiscal Year 2019-20 in order to keep the estimated annual extraction fees reasonable. Contributions will be repaid in Fiscal Year 2022-23 with no interest. UVRGA was awarded approximately \$630,000 through DWR's Sustainable Groundwater Planning Grant Program to complete a GSP by January 2022. The cost share requirement for

UVRGA is approximately \$200,000. On June 13, 2019, the Board adopted an extraction fee of \$77.89/acre foot. The fee will fluctuate over the next five years as the GSP is developed. The fee for fiscal year 2020-2021 is \$79.16/acre foot. The fee is expected to decrease over the next five years. The City's annual extraction fee payment is based on its past five-year average pumping of 2,384 AFY.

The UVRGA Board meets every 2nd Thursday of the month at 1 pm. Additional information on meeting agendas and progress towards GSP development can be found on the UVRGA website at <https://uvrgroundwater.org/>.

Mound Groundwater Basin

On June 14, 2017, the City, the County of Ventura, and United Water Conservation District (UWCD) executed a Joint Powers Agreement (JPA) forming the Mound Basin Groundwater Sustainability Agency (MBGSA). The Board of Directors is composed of three Member Directors and two Stakeholder Directors which includes an Agricultural Director and an Environmental Director. The Member Directors are chosen by the respective governing bodies of each local agency that is a member of the JPA. The Ventura Water General Manager is the designated Director for the City of Ventura.

The MBGSA has until January 31, 2022 to submit its Groundwater Sustainability Plan (GSP) to DWR. The MBGSA submitted its initial notification to develop a GSP to DWR on September 17, 2018. At its March 21, 2019 meeting, the Board authorized the Chair to execute a professional services agreement with Intera, Inc. for GSP as-needed support services. The Basin Boundary modification for the Mound Basin was approved by DWR on February 11, 2019. DWR's final 2019 basin prioritization designates the Mound Basin as a high priority basin. The MBGSA is making progress towards the development of the GSP. It hosted an on-line public workshop on September 3, 2020. The UVRGA adopted the Sustainability Goal on September 17, 2020. MBGSA intends to utilize United Water Conservation District's updated groundwater flow model to prepare the required elements of its GSP. Under a DWR grant program, MBGSA is coordinating with the City to install a new groundwater monitoring well on City property to save costs.

The MBGSA is currently funded through a DWR grant and the collection of extraction fees. MBGSA was awarded grant funding through DWR's Sustainable Groundwater Planning Grant Program to complete a GSP by January 2022. In 2018, the MBGSA authorized a grant agreement with DWR for the 2017 Prop 1 SGWP Grant for an award of up to \$583,100. The cost share requirement will be \$204,873. The Board adopted a groundwater extraction fee of \$40/acre foot on August 23, 2018. Extraction fees are adjusted annually with the approval of the budget. On June 18, 2020, the Agency approved the Fiscal Year 2020-2021 budget and adopted an extraction fee of \$28/acre foot for the period of July 1-December 31, 2020 and \$19/acre foot for the period of January 1 – June 30, 2021. The City's fee is based on actual pumping during each time period.

Additional information on meeting agendas and progress towards GSP development can be found on the MBGSA website at <https://www.moundbasingsa.org/>.

Oxnard Plain Groundwater Basin

The Fox Canyon Groundwater Management Agency (FCGMA) was named in SGMA as the GSA for the Oxnard Plain, Pleasant Valley, and Las Posas Groundwater Basins. Final Groundwater Sustainability Plans (GSPs) for the Oxnard Subbasin, Pleasant Valley Basin, and Las Posas Valley Basin were prepared in compliance with the Sustainable Groundwater Management Act (SGMA) and adopted by the Fox Canyon GMA Board at a public hearing on December 13, 2019. The GSPs for the Oxnard and Pleasant Valley Basins calculated a combined sustainable yield of approximately 50,600 acre feet per year.

FCGMA staff has been working with stakeholders since October 2015 to develop a new pumping allocation system for the Oxnard and Pleasant Valley (OPV) Basins consistent with SGMA. The intent was to implement a new allocation system by October 1, 2018. In June 2018, the Board directed that the Emergency Ordinance E allocation system continue through 2018 with the goal of transitioning to a new fixed allocation system on January 1, 2019. Throughout 2019, multiple versions of the ordinance were considered by the Board, but action was repeatedly deferred to address various stakeholder concerns. An Ordinance to Establish an Allocation System for the Oxnard and Pleasant Valley Groundwater Basins was finally adopted by the FCGMA Board on October 23, 2019, but with an effective date of October 1, 2020. Key provisions of the ordinance are as follows:

- Initial extraction allocations are assigned to each extraction facility based on the average annual extraction during the 2005 through 2014 base period, excluding any extractions that incurred surcharges.
 - Based on average pumping from 2005 through 2014, the City's initial groundwater extraction allocation for the Oxnard Plain is 5,304 acre feet starting on October 1, 2020.
- Pleasant Valley County Water District's (PVCWD) initial extraction allocation is increased by the amount of Conejo Creek Project water deliveries during the base period. PVCWD is required to reduce its extraction allocation on a one-to-one basis for each acre foot it receives from the Conejo Creek Project under the proposed ordinance.
- To encourage the coordinated use of groundwater and surface water from the Santa Clara River, UWCD and PVCWD may increase groundwater extraction in years available surface water deliveries to the Pumping Trough Pipeline (PTP) and Pleasant Valley (PV) systems are less than base-period deliveries, provided that a corresponding reduction in extractions occurs in years when these surface water supplies are greater than base period deliveries.
 - UWCD must submit an annual report on its diversion of Santa Clara River water during the preceding year. The report must include the total volume of SCR diversions and the amount of surface water made available for PTP and PV deliveries.
 - At five-year periods, the Agency will review the cumulative extractions by UWCD and PVCWD over the previous five years against cumulative allocations. UWCD or PVCWD extractions over the five-year period exceeding allocation are subject to surcharges.

In part to address concerns from municipal pumpers about the delay in implementation of the allocation ordinance, FCGMA voted on December 13, 2019 to repeal Article 2.C. of Emergency Ordinance E with respect to groundwater extractions subject to temporary extraction allocations beginning on January 1, 2020. This action had the effect of removing the 20% reduction requirement from the TEA base period of 2003-2012. As of January 1, 2020, the City's extraction allocation for the Oxnard Plain was restored to 4,827 AFY.

The Groundwater Sustainability Plan establishes a sustainable yield for the Oxnard and Pleasant Valley Basins of 50,600 acre feet per year. Pumping during the 2005-2014 base period that establishes initial allocations was equal to 90,200 acre feet per year. Meeting the sustainable yield without implementing additional water supply projects will require approximately a 45% reduction in pumping throughout the Basins, however, neither the GSP nor the allocation ordinance include an implementation strategy or proposed ramp down to reduce allocations. The FCGMA Board is expected to develop those implementation strategies over the next 1-2 years following GSP adoption.

Following the adoption of the Groundwater Sustainability Plans and the Allocation Ordinance for the Oxnard and Pleasant Valley Basins, various stakeholders either filed lawsuits or threatened legal action. In order to avoid or at least delay legal action from one group of stakeholders, the FCGMA Board agreed to initiate a facilitated stakeholder process to assist the FCGMA in implementing the GSPs and ordinance in a way that is acceptable to all parties. FCGMA was successful in obtaining a grant from the Department of Water Resources and the Consensus Building Institute (CBI) was hired as the Facilitator. The process consists of a Core Stakeholder group and two ad hoc committees (legal and projects). The City is represented in the core group as well as both ad hoc committees. Additional information and meeting materials are available here: <http://fcgmasustainability.org/>.

Santa Paula Basin

In March 1996, the Superior Court of the State of California for the County of Ventura entered a stipulated judgment to establish pumping allocations and a management plan for the Santa Paula Groundwater Basin (United Water Conservation District vs. City of San Buenaventura, original March 7, 1996, amended August 24, 2010 [hereinafter "Judgment"]). The Judgment provides for the creation of a Santa Paula Basin Technical Advisory Committee (TAC) with equal representation from UWCD, the Santa Paula Basin Pumpers Association (SPBPA), and the City of San Buenaventura. The TAC is charged with establishing a program to "monitor conditions in the basin, including but not necessarily limited to verification of future pumping amounts, measurements of groundwater levels, estimates of inflow to and outflow from the basin, increases and decreases in groundwater storage, and analyses of groundwater quality." The Judgment also allows for the development of a management plan for the operation of the basin and empowers the TAC to determine the safe yield of the basin.

The Judgment requires annual reports to be prepared summarizing results of the monitoring program. The latest annual report (The 2019 Santa Paula Basin Annual Report) was completed and submitted to the Court on October 13, 2020.

In addition to the TAC, a Santa Paula Basin TAC Working Group was established in 2010 consisting of technical experts from United, the SPBPA, and the City. Since its formation, the Working Group has completed a series of specialty studies to better understand the factors that affect safe yield in the Basin. The Working Group is currently evaluating metrics (“triggers”) that will be used to evaluate whether and to what extent the basin might be negatively affected by future pumping and considering options to enhance safe yield of the basin. A draft study entitled, “Groundwater Elevation Triggers for the Santa Paula Basin” has been prepared.

The primary groundwater management objective in the Santa Paula Basin is to ensure that production from the basin does not exceed the long-term sustainable yield of the suitable-quality groundwater for current and anticipated future uses. The TAC’s specialty studies and annual monitoring reports provide data and analysis intended to support this objective.

Prepared by Jennifer Tribo, Management Analyst II

VENTURA WATER COMMISSION

STAFF REPORT

Date: November 5, 2020

Agenda Item No: 3

Meeting Date: November 17, 2020

To: Ventura Water Commission

From: Susan Rungren, Ventura Water General Manager

Subject: 2020 Water and Wastewater Rate Study - Revised Financial Plans & Rate Structure Modification Options

RECOMMENDATIONS

It is recommended that the Water Commission:

- a) Receive this written report and oral presentation by Raftelis Financial Consultants Inc.
- b) Review changes to the Financial Plan Scenario and approve moving forward with a 5-Year rate adjustment schedule.
- c) Establish annual rate check-in each Spring of the study period to authorize rate adjustment necessary for upcoming July increase.

PREVIOUS MEETINGS

October 27, 2020 – The Water Commission received a written and oral presentation on the revised financial plan scenarios. Water Commission selected scenario 3A and approved a three year rate schedule.

October 6, 2020 – The Water Commission received a written and oral presentation on the preliminary financial plans to be used as the basis for the Cost of Service analysis in the 2020 Water and Wastewater Rate Study.

June 23, 2020 – The Water Commission received a written and oral presentation on the allocation of costs for VenturaWaterPure Projects included in the Adopted Fiscal Year 2020-2026 Capital Improvement Plan.

May 26, 2020 – The Water Commission received an oral presentation on an overview of the Fiscal Year 2020-2026 Adopted Water and Wastewater Capital Improvement Plan Projects and Rate Study Discussion.

April 28, 2020 – The Water Commission received a written and oral presentation by Raftelis Financial Consultants, Inc. on the 2020 Rate Study Overview for the Water and Wastewater Enterprise Funds.

BACKGROUND

Every five years, a Cost of Service and Rate Design Study is conducted for the water and wastewater enterprises to ensure fair and equitable rates for all City users and to generate sufficient revenue to meet operating and capital costs.

Staff has worked with Raftelis to provide necessary data including a five-year operations and maintenance budget estimate, a long-term Capital Improvement Plan identifying funding sources, debt service payment schedules, projected water demands, billed water and wastewater revenues, and water and wastewater asset lists. Data validation was conducted by Raftelis for information received in addition to confirming number of customer accounts, verifying fund balances, clarifying inflationary assumptions, etc.

On April 28, 2020, Raftelis provided an overview of the various stages and information involved in the rate study process. The main objective of the 2020 Cost of Service Study is to continue to ensure fair and equitable water and wastewater rates among different customer classes during drought and non-drought years, consistent with applicable rate-making principles and legal requirements, including Proposition 218, and to develop a long-term financial plan for financial stability, meet operating and capital costs, debt coverage and reserve requirements, promote conservation and ensure public acceptance, and provide for successful implementation of a five-year rate schedule (FY 21-22 thru FY 25-26).

Additionally, the Water Commission and members of the public were tasked with completing a survey to prioritize eight policy objectives (defensibility, customer understanding, rate stability, conservation, administration, equity, financial stability, and affordability) to identify the most appropriate rate structures each enterprise. These policy objectives and the rate structure options will be discussed at the November 17 Water Commission meeting.

On October 6, 2020, Raftelis presented preliminary financial plan options for the water and wastewater enterprises. Additional data was requested by the Commission and presented at the October 27 Meeting. Staff along with Raftelis presented four financial plan scenarios and the Commission selected the recommended option 3A. Option 3A assumes 75% completion of \$20M CIP annually to account for unanticipated issues, with Ventura Water Pure on the current schedule. The motion to approve financial plan

scenario 3A included direction to move forward with only three years instead of five years of approved rates.

DISCUSSION

Since the October 27 Water Commission Meeting, staff has further refined a few key financial plan assumptions (shown in greater detail in Attachment A) that have had material affects on the recommended revenue adjustments based on Water Commission questions and feedback. The key corrections are as follows:

- The entirety of the cost for the Ventura Water Pure construction team of -10 FTEs had previously been included in the O&M Budget. However, about 70% of each of these positions had already been included in the capital costs for Ventura Water Pure. The remaining 30% of the personnel costs are included in O&M in the revised Financial Plan. Furthermore the team of 10 was adjusted down to 9 to match the team identified in the September 28, 2020 City Council report titled VenturaWaterPure Workshop Presentation and Approval of VenturaWaterPure Positions.
- The number of personnel required to the run the Ventura Water Pure system once operational has been revised downward and all positions are anticipated be financed in FY 2027. The revised FTE count is assumed to be 16 staff members in lieu of the original estimate of 25 staff members once the system is operational.
- Costs for Phase 1B of Ventura Water Pure were previously omitted since they were not included in the current FY 2020-2026 Capital Improvement Plan (CIP).. These costs, totaling \$30.4M, have been included in the Financial Plan from FY 2027 to FY 2030.

Overall, these changes have reduced the revenue necessary to support operational and capital needs during the proposed five-year study period. The table below summarizes the revenue adjustments shown at the October 27 Water Commission Meeting and the newly recommended revenue adjustments. The revenue adjustment for the Water Enterprise has been reduced by 1% and similarly the Wastewater Enterprise adjustment has reduced by 2%.

Water Enterprise

Fiscal Year	Prior Scenario (Oct 27)	Revised Scenario
FY 2022	8%	7%
FY 2023	8%	7%
FY 2024	8%	7%
FY 2025	8%	7%
FY 2026	8%	7%

Wastewater Enterprise

Fiscal Year	Prior Scenario (Oct 27)	Revised Scenario
FY 2022	8%	6%
FY 2023	8%	6%
FY 2024	8%	6%
FY 2025	8%	6%
FY 2026	8%	6%

In light of the revised revenue adjustments and the additional analysis of the Financial Plan assumptions, staff is recommending that the Commission revisit their prior direction to only move forward with a 3-year rate schedule and instead approve moving forward with a 5-year rate schedule.

To address Water Commission’s comments at the last meeting, staff suggests the Water Commission consider an annual rate check-in each Spring of the study period to authorize the rate adjustment necessary for the upcoming July increase. Per Proposition 218, the approved rate schedule sets a ceiling up to which the agency may raise rates up to for each year of the study period. The annual check-in would allow the Water Commission to receive a report on capital expenditures during the fiscal year and assess whether the full rate adjustment is necessary for the upcoming July. Staff anticipates this measure would provide the Water Commission with greater comfort in moving forward with the longer 5-year study period.

Prepared by: Susan Rungren, General Manager
Akbar Alikhan, Assistant City Manager

Attachments:

- A. PowerPoint Presentation

DRAFT

Ventura Water

City of Ventura

**Water and Wastewater Rate Study –
Revised Financial Plans and Rate Modification Options**

Water Commission Meeting - November 17, 2020



Agenda

- Revised Financial Plans
- Rate Structure Modification Options
 - Water
 - Drought
 - Wastewater



Meeting Goals

- Provide updated financial plans and request direction for Scenario 3A
 - › Revised VWP O&M projections
 - › VWP Phase 1B capital
- Discuss rate structure modification options for evaluation
 - › Receive feedback from the Commission
 - › Narrow options for Raftelis to model

DRAFT

Financial Plans



Financial Plan Revisions

- Revisions to VWP O&M Projections
 - › 9 FTEs during pre-operations partially allocated to existing capital projects
 - › 16 VWP Operations FTEs post-construction completion
 - › Revisions result in significant savings over the rate setting period
 - › Revisions increase each utility's future debt capacity
- Inclusion of Phase 1B VWP Capital Costs
 - › \$30.4 million in FYE 2027-2030
 - › Allocated to water/wastewater based on specific projects
 - › Similar financing assumption as Phase 1A

Financial Plan Revisions – VWP O&M

- Change in Ventura Water Pure O&M projections from Oct. 27 Water Commission Meeting

Change in Ventura Water Pure from Oct. 27 Water Commission Meeting						
Description	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026
PERSONNEL EXPENSES	(\$200,629)	(\$791,827)	(\$1,241,439)	(\$2,300,442)	(\$4,698,008)	(\$2,503,594)
VENTURA WATER GM (63051)	\$0	(\$7,000)	(\$23,700)	(\$23,900)	(\$23,700)	(\$11,400)
VENTURA WATER SUPPORT (63052)	\$0	(\$22,100)	(\$16,700)	(\$17,100)	(\$16,700)	(\$17,100)
VENTURA WATER SCADA (63102)	\$0	\$0	\$0	(\$295,000)	(\$107,600)	\$65,000
WATER RESOURCE PLANNING (63170)	(\$132,500)	(\$9,400)	\$5,000	\$20,400	\$20,000	\$20,400
WASTEWATER OPERATIONS (64101)	\$0	(\$741,600)	(\$998,709)	(\$1,729,656)	(\$2,048,851)	(\$1,252,235)
WASTEWATER MAINTENANCE (64111)	\$0	\$0	\$0	(\$1,143,900)	(\$969,400)	\$170,600
WASTEWATER ENVIRONMENTAL COMPLIANCE (64115)	\$0	\$0	\$0	\$0	(\$218,200)	(\$152,200)
WASTEWATER TREATMENT (64121)	\$0	\$0	\$0	(\$1,621,200)	(\$1,971,450)	(\$1,027,700)
WASTEWATER LABORATORY (64131)	(\$5,700)	(\$5,700)	(\$5,700)	(\$353,800)	(\$178,800)	(\$100,400)
TOTAL ADDITIONAL O&M EXPENSES	(\$338,829)	(\$1,577,627)	(\$2,281,248)	(\$7,464,598)	(\$10,212,709)	(\$4,808,629)

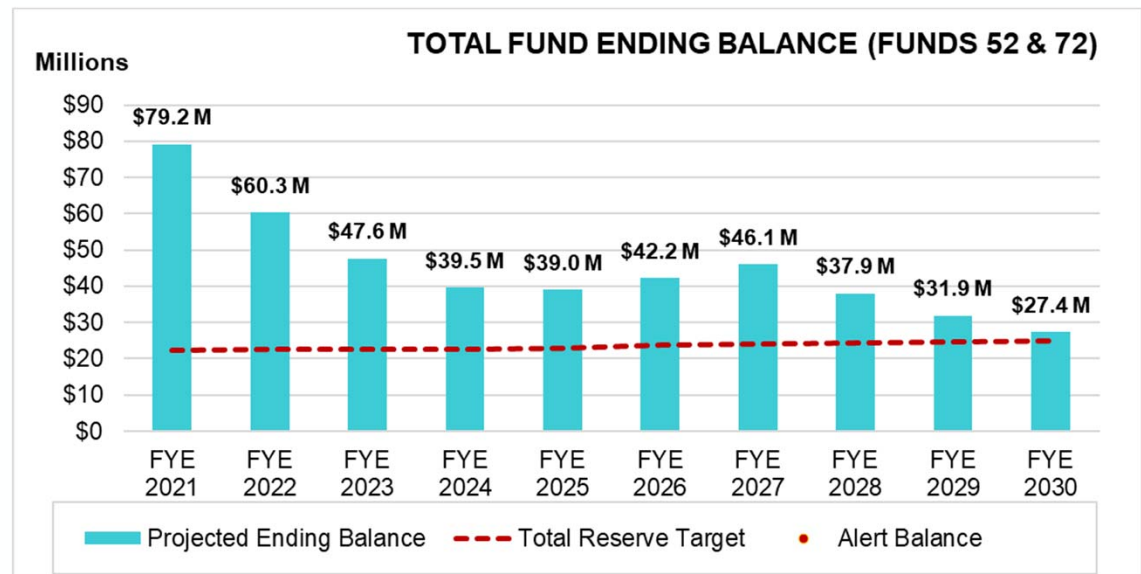
Financial Plan Revisions – Phase 1B Capital

- Uncertain if Phase 1B will be considered a separate project by WIFIA
- For modeling purposes we assume a separate project financed with a combination of WIFIA, SRF, and Revenue Bonds
 - › 3.5% rate, 30-year term, 2% issuance costs, interest only payments through FY 2030
 - › Adds approximately \$1.1 million in annual debt service beyond FYE 2027

Water Scenario 3a: Adjusted CIP w/ VWP

(Non-Ventura Water Pure CIP adjusted to \$14.2 M per year)

Fiscal Year	Revenue Adjustment	New VWP Debt	New Non-VWP Debt
FYE 2022	7.0%	\$6M	N/A
FYE 2023	7.0%	\$8M	N/A
FYE 2024	7.0%	\$9M	N/A
FYE 2025	7.0%	\$44M	N/A
FYE 2026	7.0%	\$44M	N/A
FYE 2027	7.0%	\$23M	\$15M
FYE 2028	7.0%	N/A	N/A
FYE 2029	7.0%	N/A	N/A
FYE 2030	7.0%	N/A	N/A

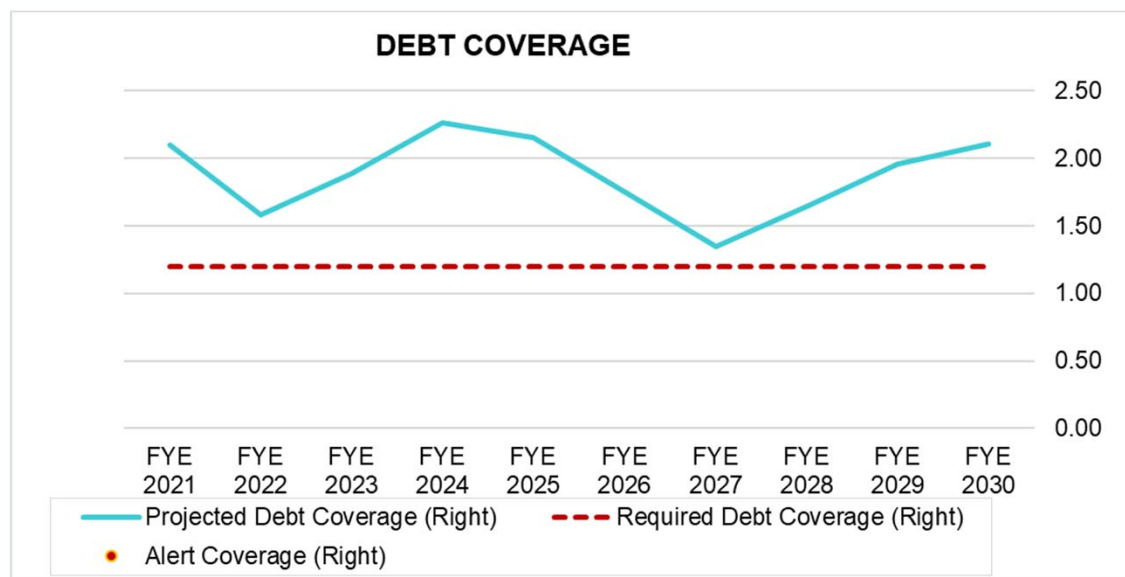


*53% of total 10-year CIP funded by debt

Water Scenario 3a: Adjusted CIP w/ VWP

(Non-Ventura Water Pure CIP adjusted to \$14.2 M per year)

Fiscal Year	Revenue Adjustment	New VWP Debt	New Non-VWP Debt
FYE 2022	7.0%	\$6M	N/A
FYE 2023	7.0%	\$8M	N/A
FYE 2024	7.0%	\$9M	N/A
FYE 2025	7.0%	\$44M	N/A
FYE 2026	7.0%	\$44M	N/A
FYE 2027	7.0%	\$23M	\$15M
FYE 2028	7.0%	N/A	N/A
FYE 2029	7.0%	N/A	N/A
FYE 2030	7.0%	N/A	N/A



*53% of total 10-year CIP funded by debt

Scenario Comparison – Water Utility

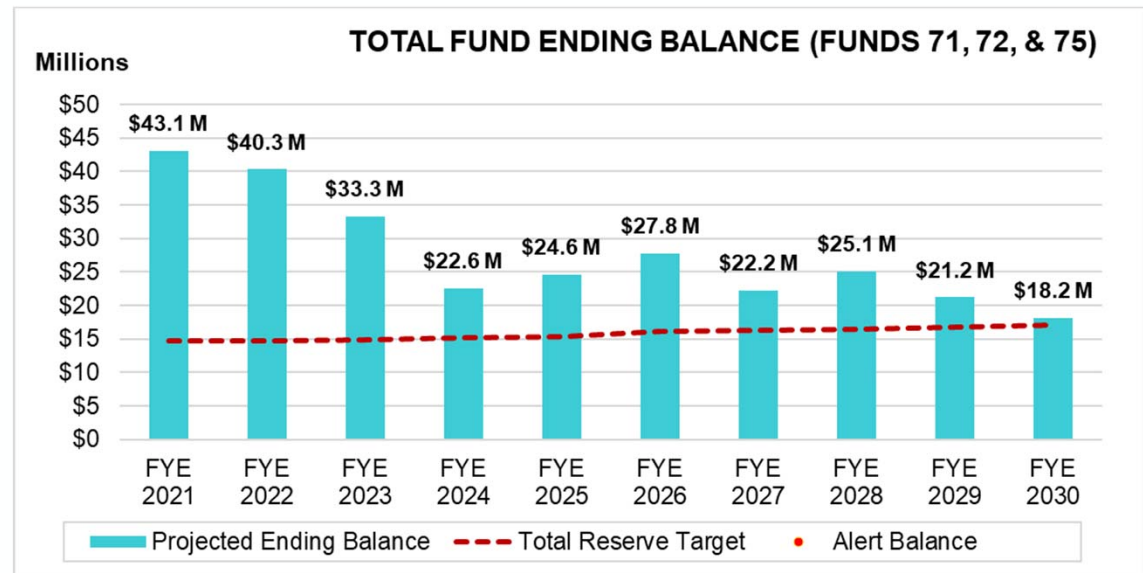
	Annual Revenue Adjustments	
Fiscal Year	Prior Scenario 3A	Revised Scenario 3A
FY 2022	8.0%	7.0%
FY 2023	8.0%	7.0%
FY 2024	8.0%	7.0%
FY 2025	8.0%	7.0%
FY 2026	8.0%	7.0%
FY 2027	8.0%	7.0%
FY 2028	8.0%	7.0%
FY 2029	8.0%	7.0%
FY 2030	8.0%	7.0%
Cumulative total (nominal)	72.0%	63.0%
<i>Cumulative total (compounded)</i>	99.9%	83.8%

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Wastewater Scenario 3a: Adjusted CIP w/ VWP

(Non-Ventura Water Pure CIP adjusted to \$8.9 M per year)

Fiscal Year	Revenue Adjustment	New VWP Debt	New Non-VWP Debt
FYE 2022	6.0%	\$4M	N/A
FYE 2023	6.0%	\$6M	N/A
FYE 2024	6.0%	\$6M	N/A
FYE 2025	6.0%	\$29M	N/A
FYE 2026	6.0%	\$29M	N/A
FYE 2027	6.0%	\$8M	N/A
FYE 2028	6.0%	N/A	\$8M
FYE 2029	6.0%	N/A	N/A
FYE 2030	6.0%	N/A	N/A

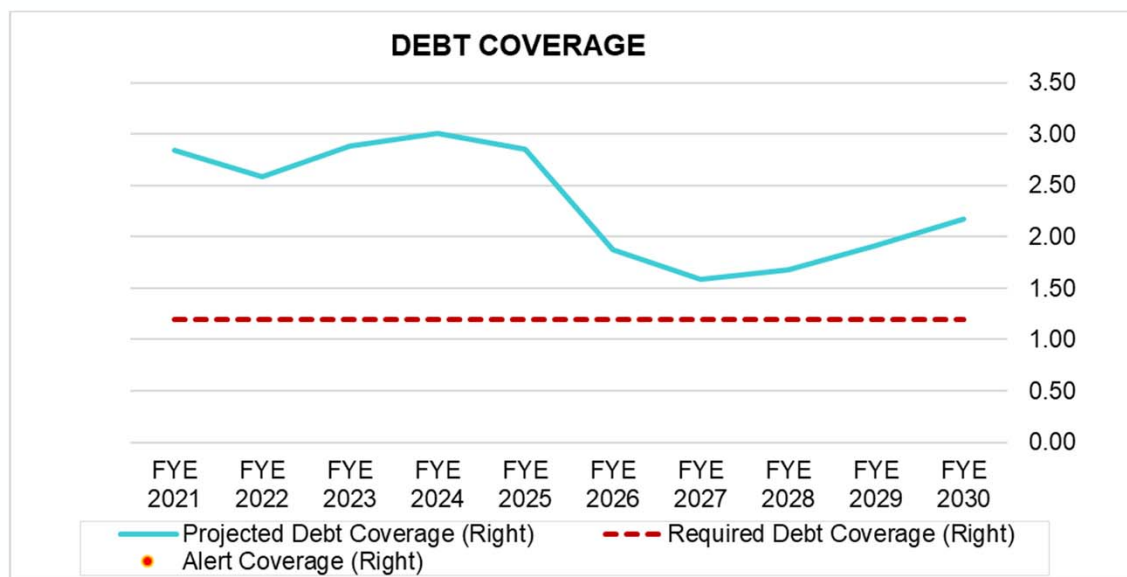


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Wastewater Scenario 3a: Adjusted CIP w/ VWP

(Non-Ventura Water Pure CIP adjusted to \$8.9 M per year)

Fiscal Year	Revenue Adjustment	New VWP Debt	New Non-VWP Debt
FYE 2022	6.0%	\$4M	N/A
FYE 2023	6.0%	\$6M	N/A
FYE 2024	6.0%	\$6M	N/A
FYE 2025	6.0%	\$29M	N/A
FYE 2026	6.0%	\$29M	N/A
FYE 2027	6.0%	\$8M	N/A
FYE 2028	6.0%	N/A	\$8M
FYE 2029	6.0%	N/A	N/A
FYE 2030	6.0%	N/A	N/A



Scenario Comparison – Wastewater Utility

	Annual Revenue Adjustments	
Fiscal Year	Prior Scenario 3A	Revised Scenario 3A
FY 2022	8.0%	6.0%
FY 2023	8.0%	6.0%
FY 2024	8.0%	6.0%
FY 2025	8.0%	6.0%
FY 2026	8.0%	6.0%
FY 2027	6.0%	6.0%
FY 2028	6.0%	6.0%
FY 2029	6.0%	6.0%
FY 2030	6.0%	6.0%
Cumulative total (nominal)	64.0%	54.0%
<i>Cumulative total (compounded)</i>	85.5%	68.9%

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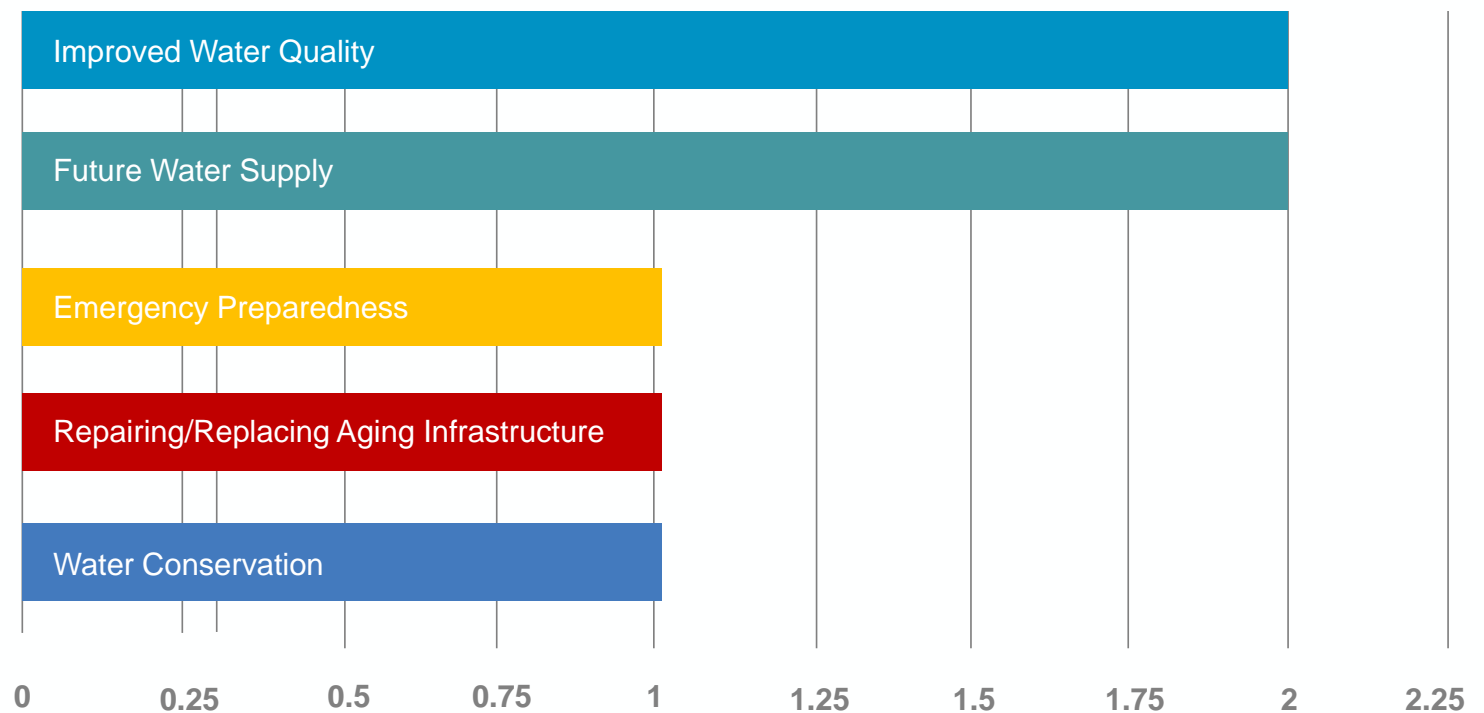
Rate Design Options Water



Policy Objectives – Water Commission

Objective	Sub-Objectives	Score
Financial Stability	Generate stable cash flow	23
Affordability	Affordability for essential use	32
Defensibility	Reduce likelihood of challenge	38
Financial Stability	Generate adequate revenues	38

Policy Objectives – Public Outreach Responses



Policy Objectives – Public Outreach Comments

Nearly **50%** say water rate structure is fair.

Customer comments:

1. Account for **family size and property size**
2. Perception **large users** get a break
3. **Lowest tier** isn't wide enough
4. **Pandemic** means more water use for families
5. For wastewater, go away from seasonal to **monthly or quarterly**
6. Suggestions on **submetering**
7. Fair share by **business and agriculture**

Water Rate Structure Alternatives – Fixed Charges

Rate Structure Alternatives	
25% of Rate Revenues	<ul style="list-style-type: none">• Reflects historical revenue recovery• Provides some revenue stability and some customer control over their bill
25-30% of Rate Revenues	<ul style="list-style-type: none">• Modest increase over historical• Current is approx. 27.5% given reduced water demand• Provides additional revenue stability without significantly affecting affordability
>30% of Rate Revenues	<ul style="list-style-type: none">• Increases revenue stability of the utility• Impacts affordability for lower volume and low-income customers• Begins to impact conservation signaling

Current City of Ventura Water Rates: Commodity Charges (\$/HCF)

SFR Tier	Bimonthly Definition	City (\$/hcf)	County (\$/hcf)
Tier 1	0-6	\$2.77	\$3.37
Tier 2	7-14	\$3.12	\$3.72
Tier 3	15-30	\$4.62	\$5.22
Tier 4	>30	\$7.73	\$8.33

MFR Tier	Bimonthly Definition	City (\$/hcf)	County (\$/hcf)
Tier 1	0-6	\$2.77	\$3.37
Tier 2	7-10	\$3.12	\$3.72
Tier 3	11-16	\$4.62	\$5.22
Tier 4	>16	\$7.73	\$8.33

**Rates shown above are for Stage 2 Drought (currently in effect)*

Current City of Ventura Water Rates: Commodity Charges (\$/HCF)

Class	Definition	City (\$/hcf)	County (\$/hcf)
Non-Residential	Uniform	\$3.98	\$4.58
Irrigation	Uniform	\$4.25	\$4.85
Institutional/Interruptible	Uniform	\$3.29	N/A
Untreated/Raw water	Uniform	\$3.44	\$4.04
Reclaimed water	Uniform	\$0.95	N/A

**Rates shown above are for Stage 2 Drought (currently in effect)*

Water Rate Options – Single Family Residential (SFR)

- Evaluate a 3-Tier and 4-Tier structure for Single Family Residential (SFR) customers
- Update tier allotments based on new water use patterns
 - › Example:
 - Tier 1: efficient indoor or winter water use
 - Tier 2: seasonal use or average summer use
 - Tier 3:
- Potential differences between 3-Tier and 4-Tier
 - › Tier widths, pricing differential, conservation signaling

Water Rate Structure Alternatives – SFR Water Use Analysis

Tier	Tier Definition (hcf/period)
Tier 1	0-6
Tier 2	7-14
Tier 3	15-30
Tier 4	>30

Definition	Use (hcf/period)
Low Winter Use	10
Average Winter	11
Average Annual	15
Average Summer	19
Peak Summer	22

Water Rate Options – Multi-Family Residential (MFR)

- MFR rate structure:
 - › Option 1: Maintain differentiated tiers from SFR
 - › Option 2: Harmonize tiers with SFR, on a per dwelling unit basis
 - Example: Tier 1 = 6 hcf, account has 10 dwelling units, therefore Tier 1 is equal to 60 hcf
 - › Option 3: Distinct 2-Tier structure
 - › Option 4: Uniform rate (no tiers)

Water Rate Structure Alternatives – MFR Water Use Analysis

- Water use on a per dwelling unit basis

Tier	SFR Tier	SFR Tier Use (%)	MFR Tier	MFR Tier Use (%)
Tier 1	0-6	36%	0-6	52%
Tier 2	7-14	34%	7-10	25%
Tier 3	15-30	23%	11-16	18%
Tier 4	>30	7%	>16	5%

Water Rate Structure Alternatives – MFR

Alternatives	Advantages	Disadvantages
Harmonized with SFR	<ul style="list-style-type: none"> • Simplified structure for customers • Easy to explain 	<ul style="list-style-type: none"> • Does not reflect class specific water use • Perceived benefit to MFR over SFR
Differentiated from SFR	<ul style="list-style-type: none"> • Class specific water use • Equitable between residential classes 	<ul style="list-style-type: none"> • May result in very narrow MFR tiers
Separate Two-Tier Structure	<ul style="list-style-type: none"> • Reflects class use characteristics (indoor and “greater than”) • Equitable for master-metered MFR where there is also irrigation demand 	<ul style="list-style-type: none"> • May result in a relatively high Tier 2 rate
Uniform Rate Structure	<ul style="list-style-type: none"> • Simple to understand • Fair when dwelling unit information or meter service area is unknown 	<ul style="list-style-type: none"> • No benefit of tiers – water at average unit cost • Does not consider indoor versus outdoor water use for master-metered MFR

Water Rate Options – Saticoy System

- Develop commodity rates specific to Saticoy Country Club
- Reflects unique system and costs to serve
- Commodity rates will have the same tiers as all other SFR in the Ventura Water service area
- Meter-based fixed charges will be the same as all other Ventura Water customers

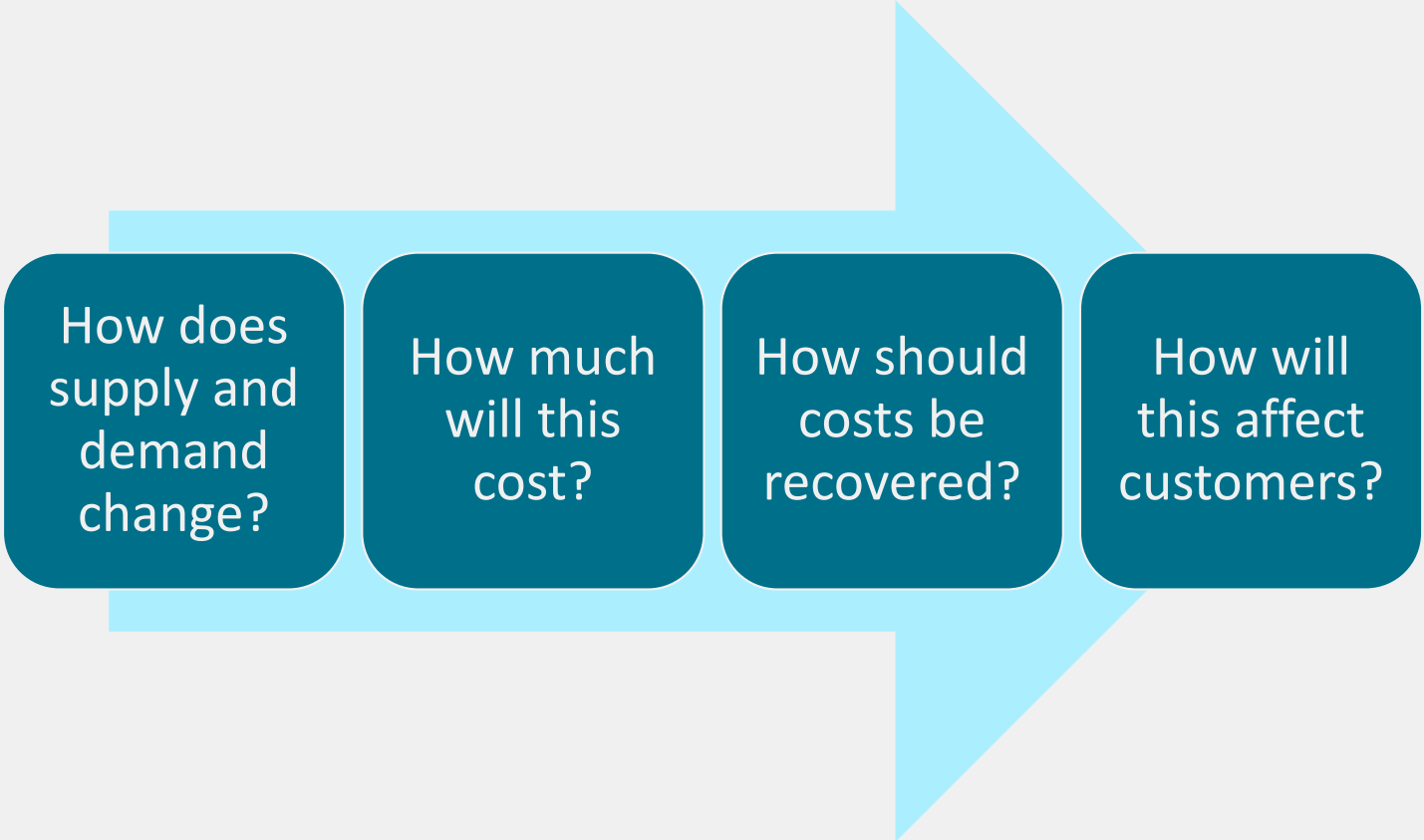
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Rate Design Options

Drought Rates



STEPS IN DEVELOPING DROUGHT RATES



How does supply and demand change?

How much will this cost?

How should costs be recovered?

How will this affect customers?

Drought Rate Options Comparison

Objectives	Monthly Fixed Charge	Uniform Commodity Charge	Uniform Percentage	Inclining Commodity Charge
Easy to understand and administer	★ ★ ★	★ ★	★ ★	★
Stability and guaranteed recovery of revenue	★ ★ ★	★ ★	★	★
Ability to change the bill	★	★ ★	★ ★ ★	★ ★ ★
Targeted use / conservation	★	★ ★	★ ★ ★	★ ★ ★
Promotes affordability	★	★ ★	★ ★	★ ★ ★

Drought Rate Options - Recommendation

- Maintain drought stage rates as a commodity rate
 - › Evaluate uniform percentage and inclining commodity rates
- Harmonize the number of tiers between base rate structure and drought rate structure
 - › E.g. if three tiers during base conditions then three tiers during all drought stages
- Maintain the same tiers during base and drought stages
 - › Easy to understand and to explain to customers

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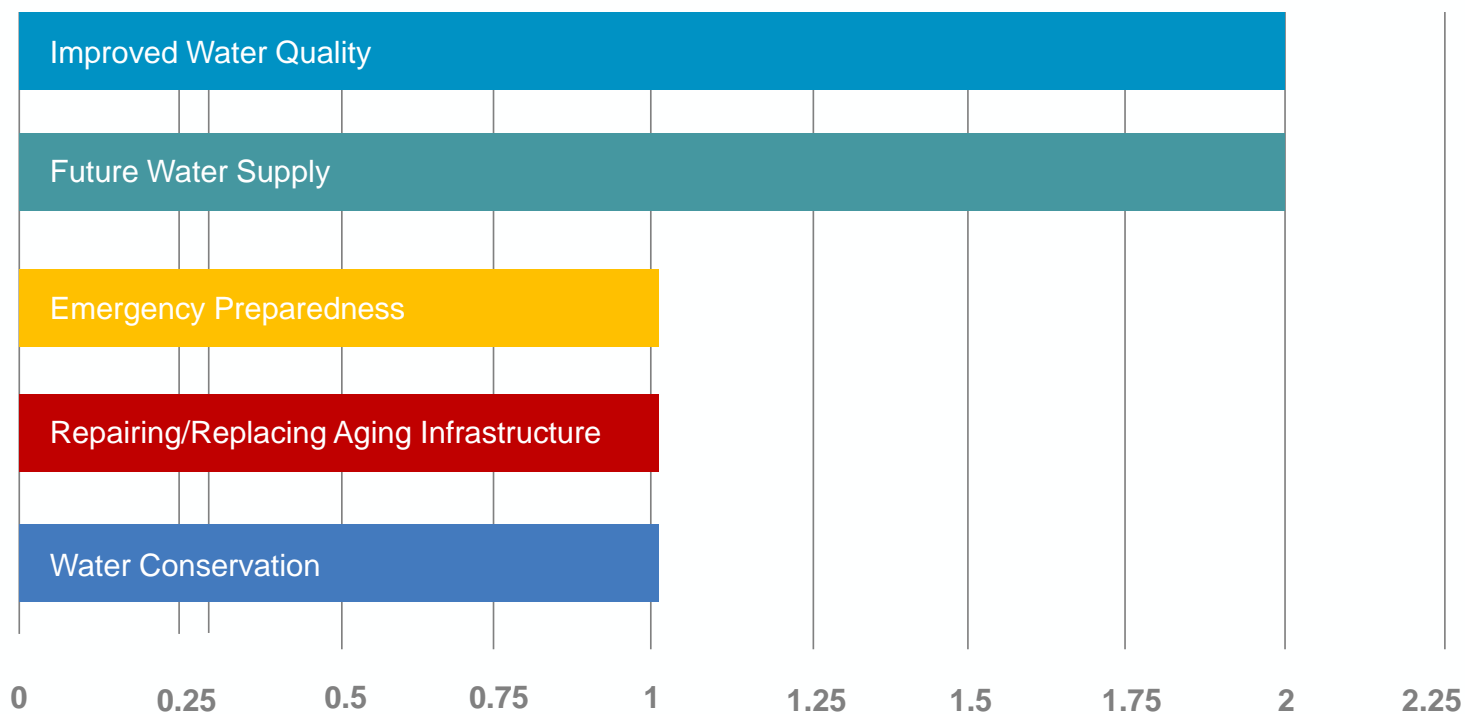
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Current Wastewater Rates: Residential

SFR	Cap (hcf)	Bi-Monthly rate (\$)
Fixed Charge		\$25.68
Flow Charge	30	\$3.76
Estuary Charge	10% of bill to 30 hcf	

MFR	Cap (hcf)	Bi-Monthly rate (\$)
Fixed Charge		\$19.01
Flow Charge	24	\$3.76
Estuary Charge	10% of bill to 24 hcf	

Wastewater Rate Options: Residential

- Existing rate revenue split
 - › Approximately 25% fixed charges and 75% variable flow charges
- Residential variable charge
 - Currently based on Feb-May determination period & subject to cap
 - Alternatives:
 - based on actual water use in each billing period & subject to cap
 - based on actual water use in each billing period with no cap
- SFR and MFR
 - › Harmonize fixed charges (or not)
 - › Harmonize flow cap (or not)

Wastewater Rate Structure Alternatives – Residential Flow

Flow Charge Alternative	Considerations
Determination Period	<ul style="list-style-type: none"> • Difficult to understand • Challenges with account turnover • Charges set for a 12-month period • Reflects average winter water use • Provides revenue stability
Actual period water use with cap	<ul style="list-style-type: none"> • Based on an account's water consumption • Acknowledges outdoor water demands within the rate structure • Flow rate will be higher than without cap (fewer sewer "units") • Solves determination period headache • Provides revenue stability
Actual period water use without cap	<ul style="list-style-type: none"> • Based on an account's water consumption • Costs allocated based on estimated wastewater generation but billed on total water use • Flow rate will be lower than without cap (more sewer "units") • Solves determination period headache • May increase revenue instability if water demand declines further

Wastewater Rate Structure Alternatives – MFR Fixed

Fixed Charge Alternative	Considerations
Same Fixed Charge	<ul style="list-style-type: none">• Everyone pays the SFR fixed charge as a minimum• On par with commercial users• MFR flow rates could be different than SFR
Differentiated Fixed Charge	<ul style="list-style-type: none">• Assumes MFR dwelling units are fractional compared to SFR• Supported by average billed sewer use and census occupancies• Flow rates could remain the same as SFR (like current structure)• Consistent with prior study

WASTEWATER RATE STRUCTURE ALTERNATIVES – MFR VARIABLE

Flow Rate Alternative	Considerations
Same Wastewater Cap as SFR	<ul style="list-style-type: none">• Discharge by dwelling unit is on par across residential classes• Not supported by available data
Differentiated Wastewater Cap from SFR	<ul style="list-style-type: none">• Assumes MFR dwelling units are fractional compared to SFR• Supported by average billed sewer use and census occupancies• Fixed charges would also be fractional (like current structure)• Consistent with prior study

Current Wastewater Rates: Non-Residential

	Bi-Monthly Fixed Charge (\$)	Flow Rate (\$/hcf)
Group 1	\$25.68	\$4.94
Group 2	\$25.68	\$5.63
Group 3	\$25.68	\$7.24
Group 4	\$25.68	\$8.94
Group 5	\$25.68	\$7.94
Group 6	\$25.68	\$1.73
Churches	\$25.68	\$3.70
Schools	-----	\$201.28 / 100 ADA
Industrial	-----	Per MG/1,000 lbs
<i>Estuary Charge (All Classes)</i>		<i>10% of bill</i>

Wastewater Rate Options: Non-Residential

- Evaluate consolidation of two non-residential rate classes
 - › Possibly consolidate Group 3 with Group 5 based on similar strengths
- Otherwise, Raftelis recommends maintaining the existing rate structure and classifications
 - › Class specific rates
 - › Groupings based on best available strength data
 - › Changes to flow rates will be dictated by new wastewater generation patterns



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Raftelis is a Registered Municipal Advisor within the meaning as defined in Section 15B (e) of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder (Municipal Advisor Rule).

However, except in circumstances where Raftelis expressly agrees otherwise in writing, Raftelis is not acting as a Municipal Advisor, and the opinions or views contained herein are not intended to be, and do not constitute “advice” within the meaning of the Municipal Advisor Rule.

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