

# Supplemental Information Packet

Water Commission Meeting  
April 25, 2023

Agenda Item 2 – Presentation

Supplemental Packet Date: April 25, 2023

Posted by A. DeLeon at 1pm

**Supplemental Information:** Any Agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available in the City Clerk's Office, 501 Poli Street, Room 204, Ventura, during normal business hours as well as on the City's Website - <https://www.cityofventura.ca.gov/716/Water-Commission>.

Agenda Item 2

# Ventura Water

## City of Ventura

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Annual Water & Wastewater Financial Plan Update

Water Commission - April 25, 2023



# Agenda

- Key financial plan changes since last year's update
- Updated financial plan results
- Discussion & next steps

# Goals of Tonight's Presentation

- Provide an annual update of the Water and Wastewater enterprise financial outlook, as requested as part of the 2021 Rate Study
- Present preliminary updated financial plan results
- Receive feedback from the Commission
- Convey the need to implement year three rate increases (effective July 2023) as proposed in the Rate Study and as adopted by City Council

# 2021 Water & Wastewater Rate Study

- Ten-year financial plan horizon (FYE 2021 through FYE 2030)
- Annual gross rate revenue increases: 7% Water / 6% Wastewater
- Five-year adoption: FYE 2022 through FYE 2026
  - › All rate increases beyond FYE 2026 are for planning purposes only and will be determined during the next cost of service study

# VenturaWaterPure Financing Update



# Ventura WaterPure (VWP) & Membrane Bioreactor (MBR) CIP

- 6.3% increase in total VWP/MBR CIP due to increased costs for pump stations and advanced water purification facility

VWP/MBR CIP	Prior Year Update			Current Update		
	Water Enterprise	Wastewater Enterprise	Total	Water Enterprise	Wastewater Enterprise	Total
Injection Wells	\$48,974,790	\$0	<b>\$48,974,790</b>	\$48,974,790	\$0	<b>\$48,974,790</b>
Pump Stations	\$7,935,093	\$7,935,093	<b>\$15,870,186</b>	\$9,600,093	\$9,600,093	<b>\$19,200,186</b>
Advanced Water Purification Facility	\$55,763,224	\$55,763,224	<b>\$111,526,447</b>	\$67,902,174	\$67,902,174	<b>\$135,804,347</b>
Pipeline	\$23,282,906	\$11,467,700	<b>\$34,750,606</b>	\$22,230,336	\$10,949,270	<b>\$33,179,606</b>
Wetlands	\$0	\$172,562	<b>\$172,562</b>	\$0	\$172,562	<b>\$172,562</b>
Outfall	\$25,695,564	\$25,695,564	<b>\$51,391,127</b>	\$25,695,564	\$25,695,564	<b>\$51,391,127</b>
Land	\$2,649,488	\$2,649,488	<b>\$5,298,975</b>	\$2,649,488	\$2,649,488	<b>\$5,298,975</b>
Membrane Bioreactor	\$15,341,781	\$128,158,219	<b>\$143,500,000</b>	\$3,202,831	\$140,297,169	<b>\$143,500,000</b>
<b>Total</b>	<b>\$179,642,845</b>	<b>\$231,841,848</b>	<b>\$411,484,693</b>	<b>\$180,255,275</b>	<b>\$257,266,318</b>	<b>\$437,521,593</b>

# VWP & MBR Capital Financing Assumptions

## Prior Year Update

Funding Summary	Water Enterprise	WW Enterprise	Total	% of Total
Grants	\$10,591,072	\$9,408,929	<b>\$20,000,000</b>	4.9%
WIFIA Loan	\$73,542,756	\$108,044,246	<b>\$181,587,002</b>	44.1%
SRF Loans	\$65,953,430	\$103,045,286	<b>\$168,998,716</b>	41.1%
Bonds	\$26,906,100	\$8,693,900	<b>\$35,600,000</b>	8.7%
PAYGO	\$2,649,488	\$2,649,488	<b>\$5,298,975</b>	1.3%
<b>Total</b>	<b>\$179,642,845</b>	<b>\$231,841,848</b>	<b>\$411,484,693</b>	<b>100.0%</b>

## Current Update

Funding Summary	Water Enterprise	WW Enterprise	Total	% of Total
Grants	\$25,814,265	\$19,185,735	<b>\$45,000,000</b>	10.3%
WIFIA Loan	\$63,609,074	\$110,268,463	<b>\$173,877,538</b>	39.7%
SRF Loans	\$0	\$0	<b>\$0</b>	0.0%
Bonds	\$40,391,098	\$95,583,482	<b>\$135,974,580</b>	31.1%
PAYGO	\$50,440,838	\$32,228,638	<b>\$82,669,475</b>	18.9%
<b>Total</b>	<b>\$180,255,275</b>	<b>\$257,266,318</b>	<b>\$437,521,593</b>	<b>100.0%</b>



# VWP & MBR - Discussion

- Significant refinement over the past year to VWP/MBR financing assumptions
- WIFIA: Closed on loan this month
  - › Interest rate: 3.66%
  - › Final repayment structure still to be determined
- SRF: Currently reevaluating potential SRF Loan based on borrowing requirements

# Water Financial Plan Update



# Key Changes Since Prior Water Financial Plan Update (from May 2022)

- Net Zero Fee revenue: \$1.7M average annual decrease due to more conservative estimates (52.7% decrease)
- O&M expenses: \$610K average annual decrease partly due to decreased groundwater pumping charges (1.4% decrease)

# Key Changes Since Prior Water Financial Plan Update (from May 2022)

- Key Water CIP Changes:

Significant changes to CIP (FYE 2023-FYE 2030)	Prior Year Update	Current Year Update
State Water Interconnection	\$32,759,277	\$43,566,000
State Water Blending Station	\$2,953,657	\$5,702,000
Waterline - Eastside to Midtown Interconnection	\$9,678,948	\$13,627,460
Waterline - Midtown to Westside Interconnection	\$12,559,712	\$13,756,497
210/260 Boundary Adjustment	\$2,977,600	\$6,105,077
Repair and Restoration of Intake Structure	\$4,400,120	\$6,120,264
Saticoy Well 4	\$8,324,357	\$5,180,702
Waterline Replacement - Main St/Valentine Ave	\$2,515,000	\$7,748,411
Waterline Replacement - Alley, Wells to Campanula	\$2,252,000	\$4,273,211
Kalorama Pump Station Relocation	\$4,666,414	\$6,770,168
Day Road Booster Station Relocation	\$2,081,000	\$3,564,898
<b>Total</b>	<b>\$85,168,085</b>	<b>\$116,414,688</b>

# Water Financial Plan Projections

## **1) Rate Study Projections (from March 2021):**

- Adopted financial plan
- 7% annual revenue adjustments through FY 2030
- No use of Rate Stabilization Fund to aid debt coverage

## **2) Prior Year Update (from May 2022):**

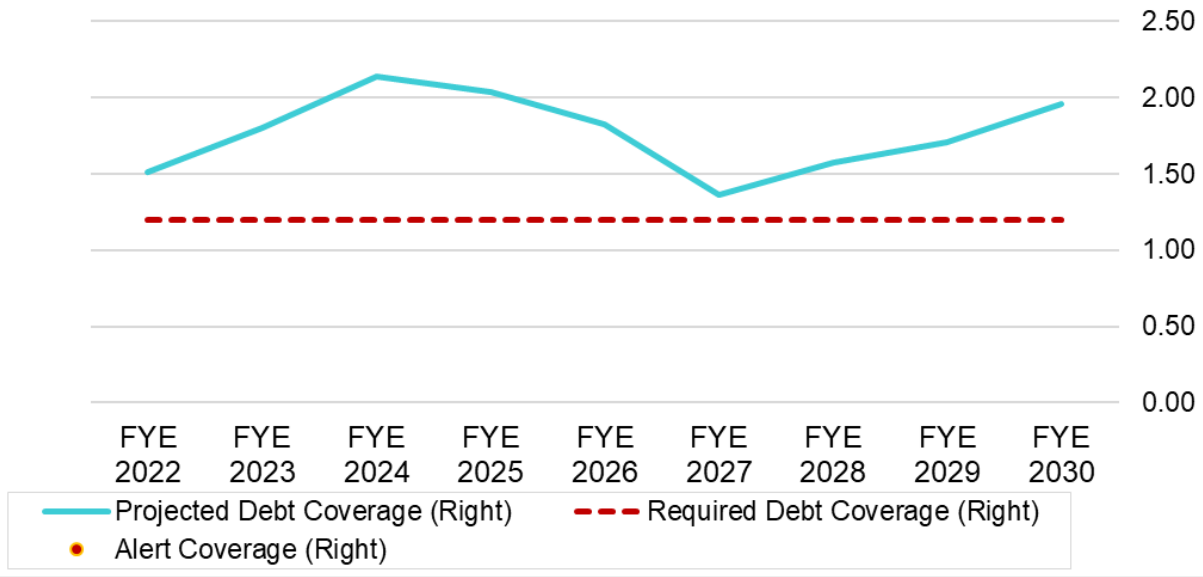
- Updated financial plan
- 7% annual revenue adjustments through FY 2030
- Inclusion of Rate Stabilization Fund to aid debt coverage

## **3) Current Update (as of April 2023):**

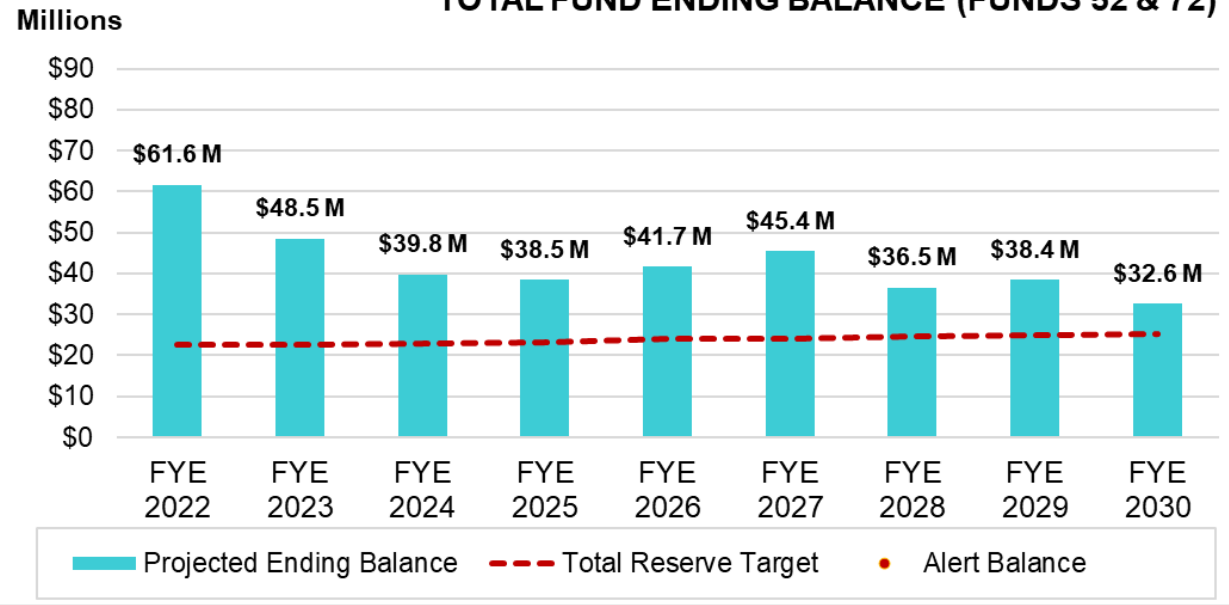
- Updated financial plan
- 7% annual revenue adjustments through FY 2030
- Inclusion of Rate Stabilization Fund to aid debt coverage

# 1) Water Rate Study Projections (from March 2021)

**DEBT COVERAGE**

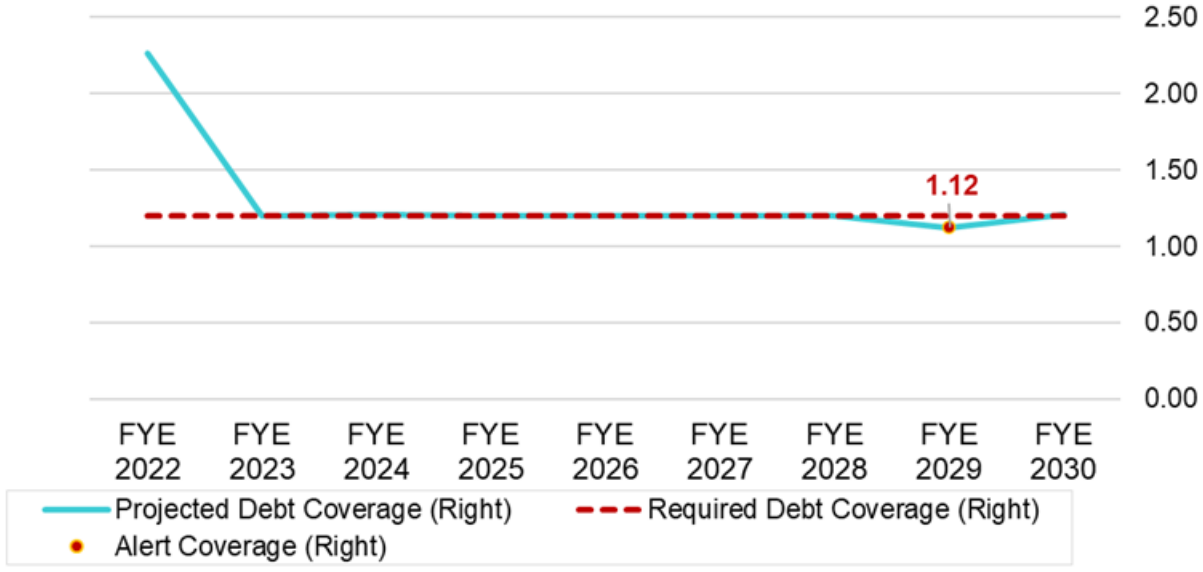


**TOTAL FUND ENDING BALANCE (FUNDS 52 & 72)**

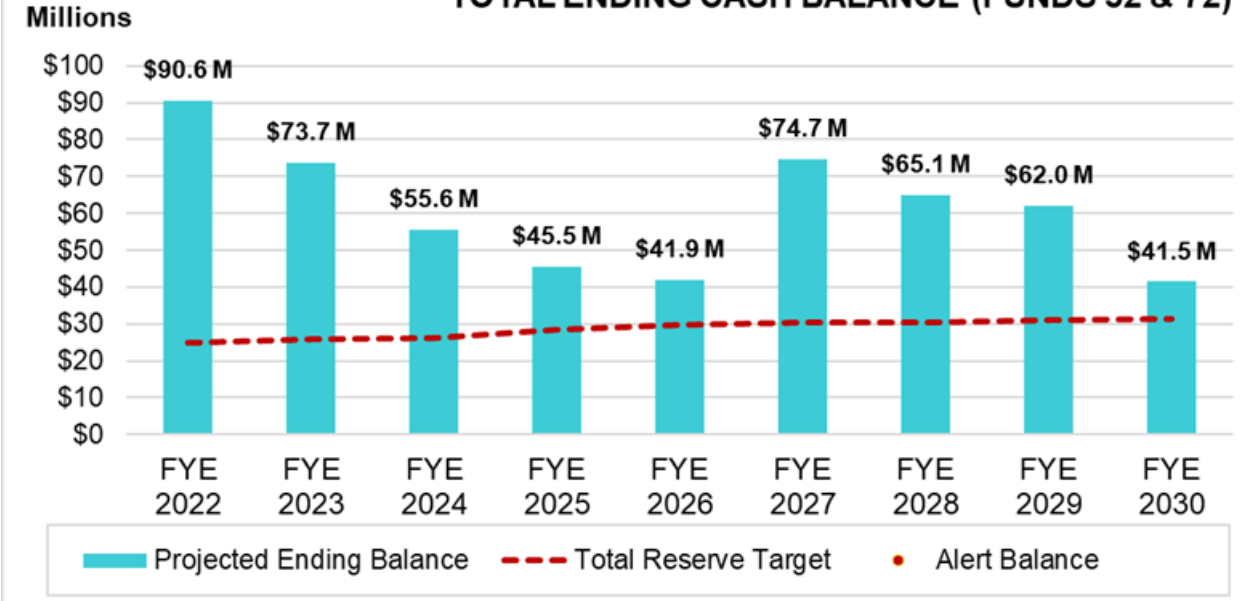


# 2) Prior Year Water Financial Plan Update (from May 2022)

**DEBT COVERAGE**

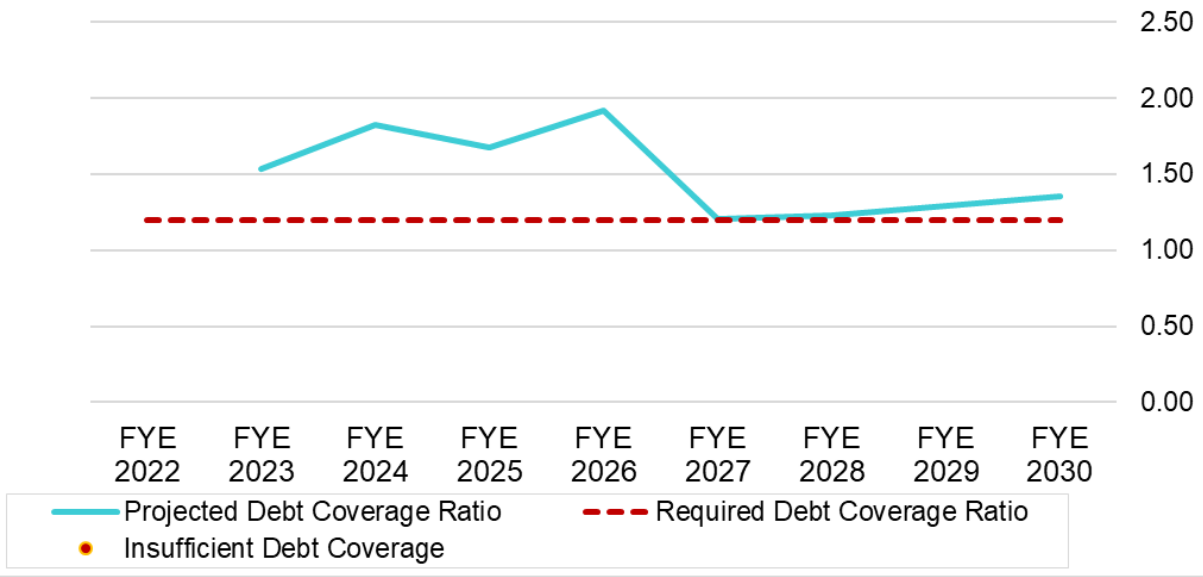


**TOTAL ENDING CASH BALANCE (FUNDS 52 & 72)**

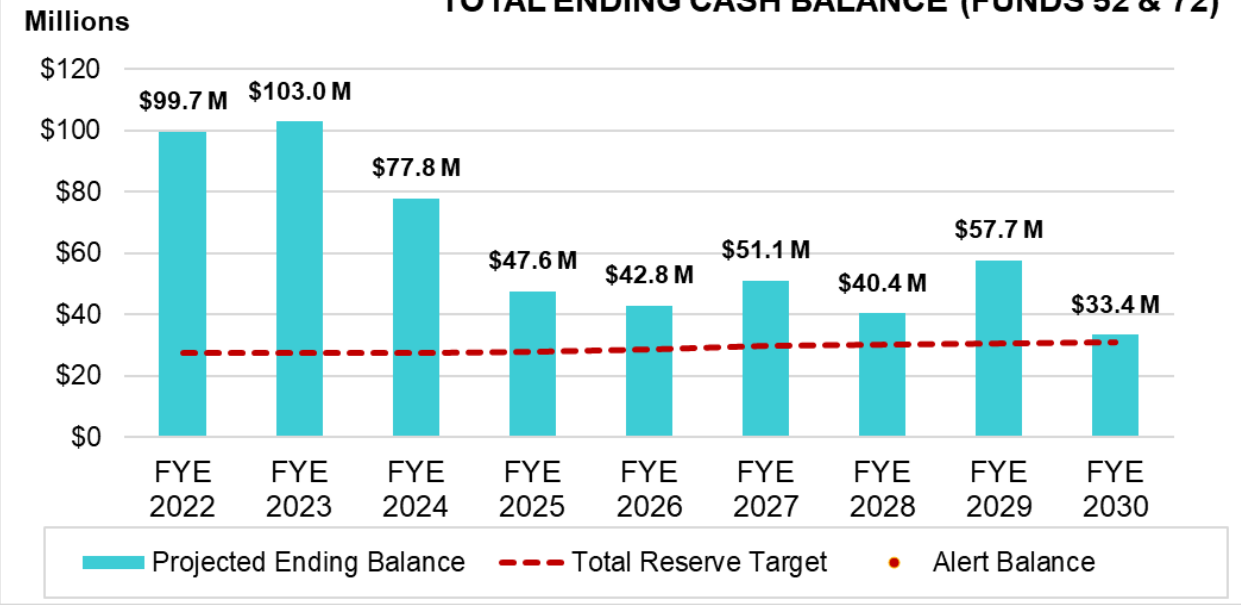


# 3) Current Water Financial Plan Update (as of April 2023)

**BOND DEBT COVERAGE**



**TOTAL ENDING CASH BALANCE (FUNDS 52 & 72)**





# Water Financial Plan - Discussion

- Comparison to prior year update:
  - › Decrease in reserve levels in FYE 2030
  - › Improvement in debt coverage
- Overall financial forecast remains similar to prior year

# Wastewater Financial Plan Update



# Changes Since Prior Wastewater Financial Plan Update (from May 2022)

- Rate revenue projections: \$1.4M average annual decrease (3.6% decrease)
- O&M expenses: \$308K average annual increase (1.0% increase)

# Key Changes Since Prior Wastewater Financial Plan Update (from May 2022)

- Key Wastewater CIP Changes:

Significant changes to CIP (FYE 2023-FYE 2030)	Prior Year Update	Current Year Update
VWP/MBR	\$223,044,369	\$235,314,506
Pierpoint Force Main (Added)	\$0	\$5,500,000
Sewerline Replacement/Repair - Westside (Added)	\$0	\$2,000,000
Sewerline Realignment - Channel Drive (Added)	\$0	\$3,240,000
Sewerline Replacement - Eastman Ave (Deleted)	\$4,435,000	\$0
Sewerline Replacement/Repair - S. Victoria Ave (Deleted)	\$6,509,654	\$0
Upgrade of Co-generation System (Placed On-Hold)	\$5,284,000	\$0
Seaside Transfer Station Land Acquisition	\$1,661,600	\$210,000
<b>Total</b>	<b>\$240,934,623</b>	<b>\$246,264,506</b>

# Wastewater Financial Plan Projections

## **1) Rate Study Projections (from March 2021):**

- Adopted financial plan
- 6% annual revenue adjustments through FY 2030
- Pre-MBR
- No use of Rate Stabilization Fund to aid debt coverage

## **2) Prior Year Update (from May 2022):**

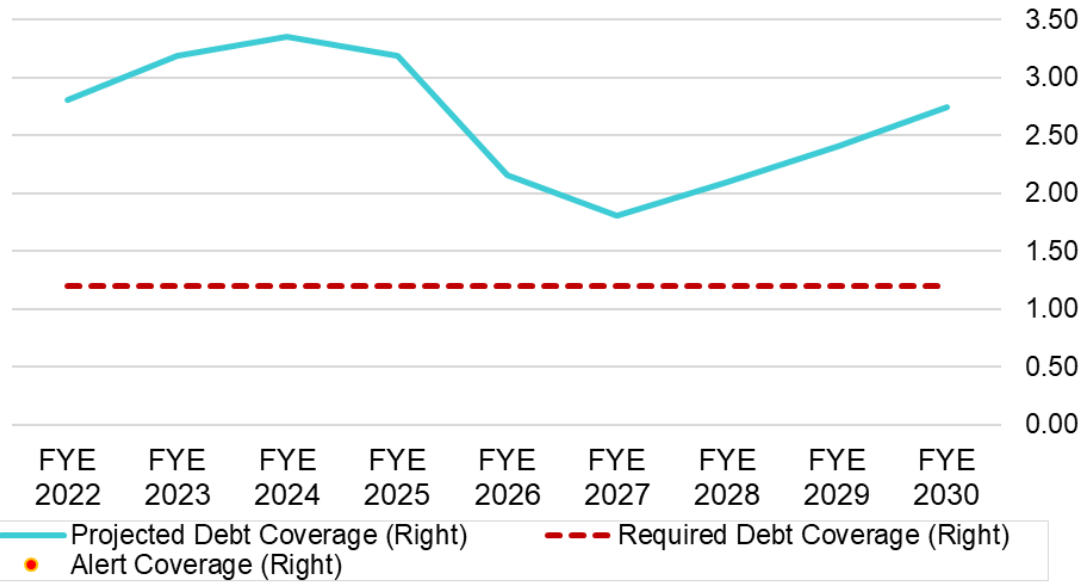
- Updated financial plan
- 6% annual revenue adjustments through FY 2030
- Includes MBR
- Inclusion of Rate Stabilization Fund to aid debt coverage

## **3) Current Update (as of April 2023):**

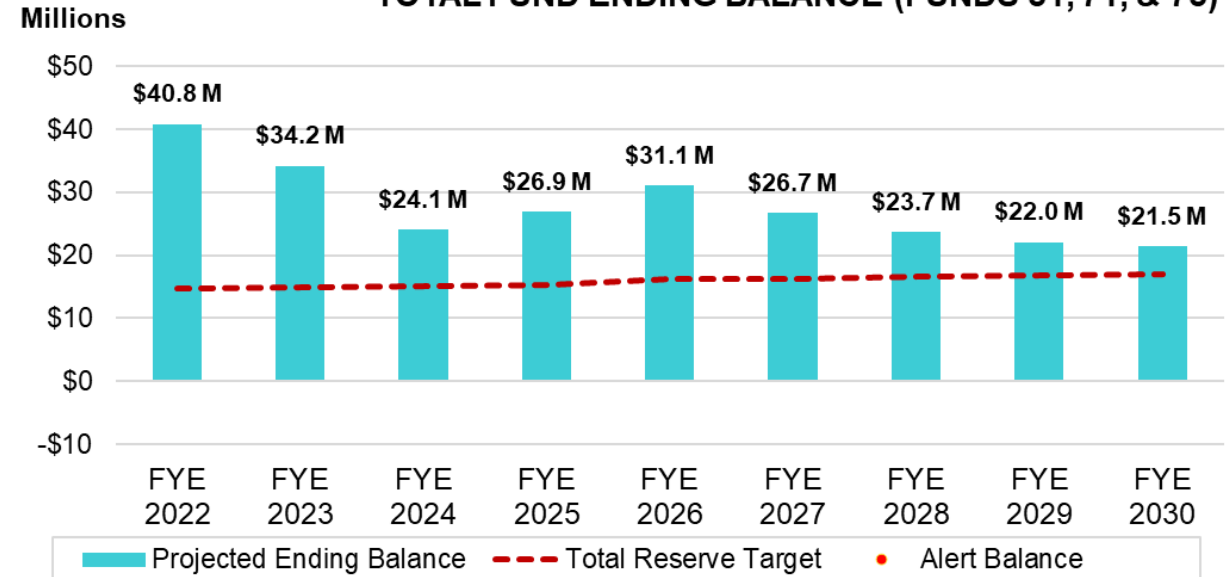
- Updated financial plan
- 6% annual revenue adjustments through FY 2030
- Includes MBR
- Inclusion of Rate Stabilization Fund to aid debt coverage

# 1) Wastewater Rate Study Projections (from March 2021)

**DEBT COVERAGE**

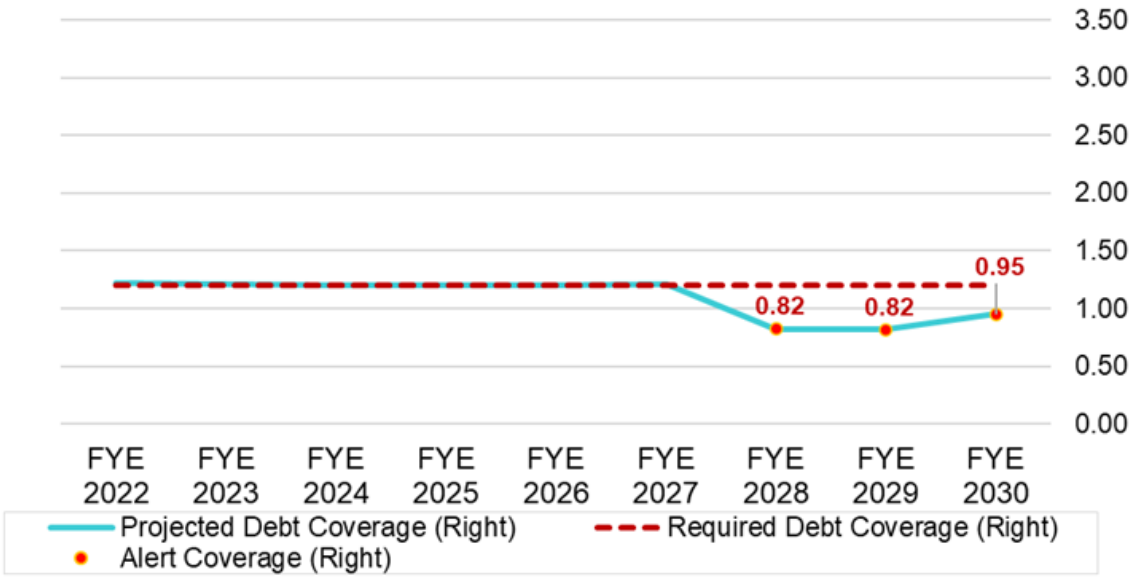


**TOTAL FUND ENDING BALANCE (FUNDS 51, 71, & 75)**

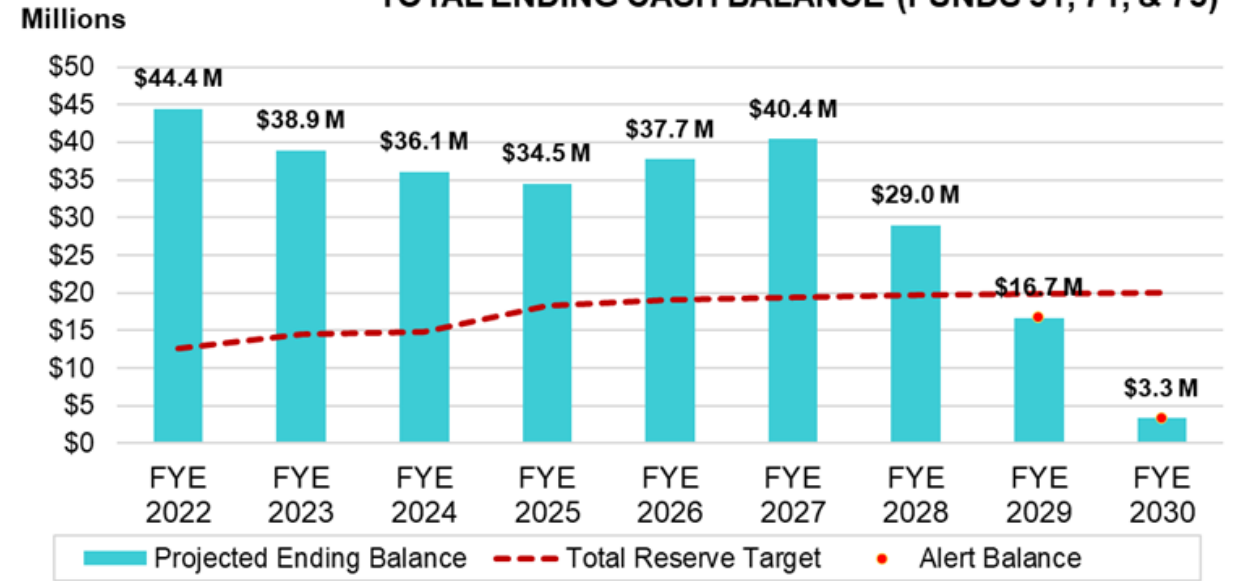


# 2) Prior Year Wastewater Financial Plan Update (from May 2022)

**DEBT COVERAGE**

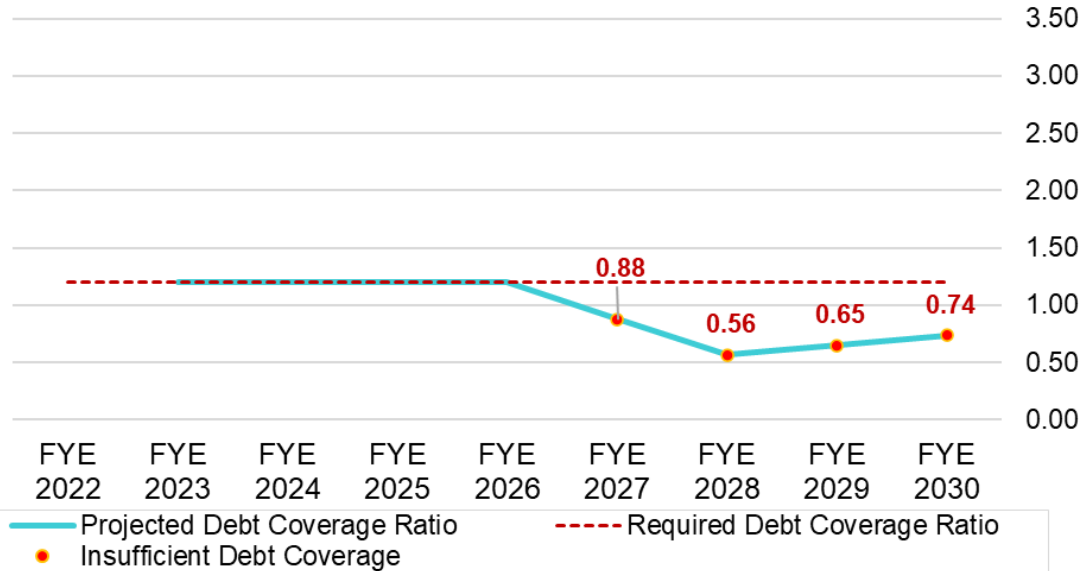


**TOTAL ENDING CASH BALANCE (FUNDS 51, 71, & 75)**

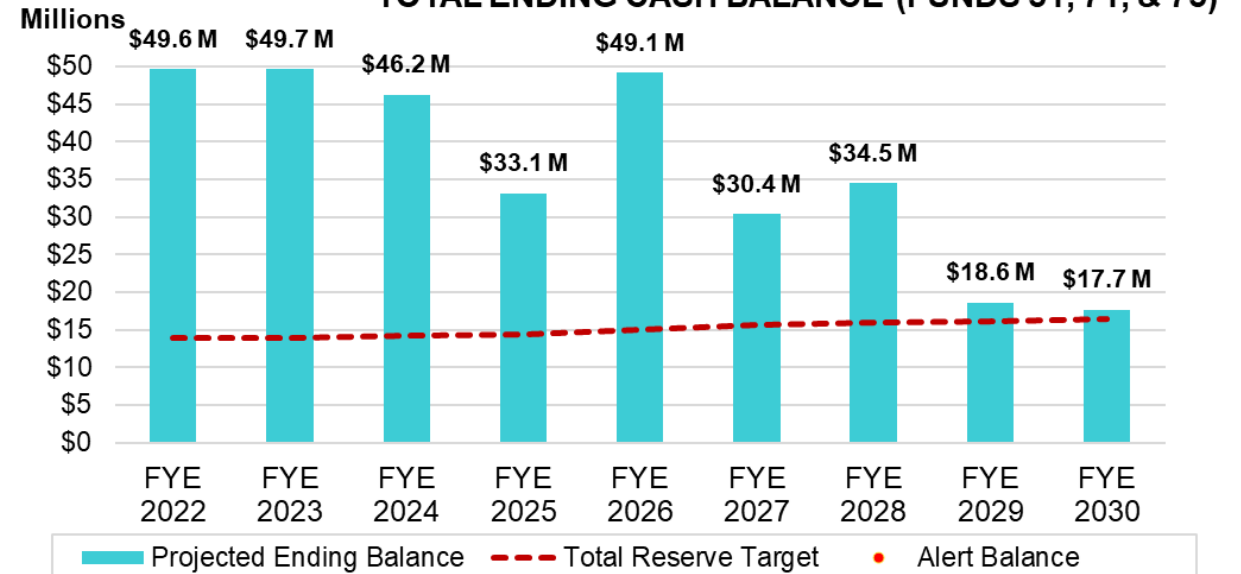


# 3) Current Wastewater Financial Plan Update (as of April 2023)

**BOND DEBT COVERAGE**



**TOTAL ENDING CASH BALANCE (FUNDS 51, 71, & 75)**





# Wastewater Financial Plan - Discussion

- Comparison to prior year update:
  - › Increase in reserve levels in FYE 2030
  - › Decrease in debt coverage
- Overall financial forecast remains similar to prior year

# Raftelis and Staff Recommendation

- Implement the FYE 2024 rate increases (effective July 2023) as proposed in the Rate Study and as adopted by City Council
  - › Water rates: 7% increase to all rates and charges
  - › Wastewater rates: 6% increase to all rates and charges

# Discussion & Next Steps

- Next Steps:
  - › Receive feedback tonight from the Commission
  - › Follow-up presentation at May Commission meeting, if necessary



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