

**MOORPARK CITY COUNCIL  
AGENDA REPORT**

**TO:** Honorable City Council

**FROM:** Steven Kueny, City Manager  
**BY:** Teri Davis, Senior Management Analyst 

**DATE:** November 23, 2010 (CC Meeting of 12/1/10)

**SUBJECT:** Consider Proposed Water Rate Increase Being Considered by the Ventura County Waterworks District Board of Directors

**BACKGROUND**

The City of Moorpark (City) received from Ventura County Waterworks District No. 1 (Waterworks), a Notice of Proposed Water Rate Increase (Increase). A hearing for the ten percent Increase is scheduled to be held on December 14, 2010 and, if adopted by the Waterworks Board of Directors (Board) at the hearing, would be effective in utility bills beginning January 2011. The Board is the Ventura County Board of Supervisors.

This Increase will be the fifth increase imposed by Waterworks since August 2006. The table below summarizes these increases would result in a cumulative 67% increase.

<u>Effective Date</u>	<u>Percentage of Increase</u>
August 2006	4.2%
February 2008	9.5%
February 2009	15.0%
January 2010	16.0%
January 2011 (proposed)	10.0%

The Los Angeles All Urban Consumer Price Index for the same time period results an approximate 11% increase.

<u>Date</u>	<u>Percentage of Increase</u>
August 2005 to August 2006	3.8%
August 2006 to August 2007	2.6%
August 2007 to August 2008	5.1%
August 2008 to August 2009	<1.7%>
August 2009 to August 2010	0.9%

The City is responsible for water charges from approximately 115 water meters at City facilities (eight of which are Moorpark Redevelopment Agency facilities), including irrigation for approximately 160 acres for parks and 118 acres for landscaping. During recent budget preparations, the City established a 15% rate of water conservation. The City is achieving this water conservation goal in parks and landscaping which contributes toward offsetting the January 2010 water rate increase.

In Fiscal Year 2010/11, a total of \$1,097,435 was budgeted for water services without consideration of the Increase. Of the budgeted amount, \$947,685 is allocated for parks and landscaping and of the parks and landscaping budgeted amount, \$375,435 is for self-funded landscape assessment district, leaving a balance \$572,250 for all other parks and landscaping, including other landscape assessment district. Any deficits in these other parks and landscaping appropriations would have to be subsidized by the General Fund. Therefore, if adopted, the Increase would cost the City \$57,225 in parks and landscaping subsidies out of the General Fund and \$37,544 in self-funded landscape assessment district zones, for six months of Fiscal Year 2010/11.

Article XIII D, Section 6 (2) of the California Constitution provides water consumers with a right to vote on, or protest, any proposed water rate increase. If an agency seeking an increase in fees receives written protests from a majority of the parcel owners upon which the proposed fee imposition is being considered, the agency may not impose the proposed fee. The written protests, however, are not weighted and the City would count as only one vote, regardless of both the number of meters from which the City receives water service and the number of parcels the City owns within the Waterworks service area.

City staff contacted Waterworks to ask how many parcel owners are in the affected services area to clarify the number of potential protests (the affected area includes portions of unincorporated Ventura County outside of City boundaries). Waterworks was unable to provide an immediate answer. As an illustration, City Planners estimate 11,980 parcels exist within the City boundaries, 115 of which are owned by the City. The City owns approximately one percent of the parcels within the City boundaries.

To protest the Increase, the City must submit to the Board a letter with specific information by the hearing date of December 14, 2010. The City may also address the Board at the hearing. A draft protest letter to the Board is attached (Attachment B).

## **DISCUSSION**

While the City recognizes water agencies are facing drought conditions and other supply issues making it difficult for those agencies to operate without increases, the four increases implemented since August 2006 represent cumulative 52% increase and the proposed 10% would result in a cumulative 67% increase in a 4 ½ year period, exceeding, by far, the 11% Consumer Price Index. The City's current Fiscal Year 2010/11 budget appropriations do not include the Increase. It is a financial burden for the City to keep up with the rate of these increases. Water is essential to the operation of any city, but eventually, the City will face tough decisions about where to cut back water services.

The interest for the City does not end with the current and future budgets. The City is also concerned with the constituents who face this Increase. In the current economy, many individuals and businesses are looking for ways to cut costs and having to incur a 10% increase in a commodity such as water, could result in a negative effect on businesses.

It is extremely rare for a majority of owners to successfully protest a water rate increase. If the protest prevailed, the water agency could repeat the water rate increase process within a short timeframe. Nevertheless, certain aspects of the Increase may be impacted by a protest. As an example, the current Increase would be effective in the January 2011 utility bills. These January 2011 bills will be for water services provided in November and December of 2010, prior to the adoption of the rates. Perhaps the Board will consider having the Increase effective January 2011, thereby affecting only billing cycles that include periods after the adoption of the Increase.

Submitting a protest to the Board, at minimum, would send a message. A message saying that a high frequency of water rate increases could force the City to evaluate which services will be discontinued. A protest from the City will count toward building a majority of parcel owners who will also protest the Increase. Finally, a protest from the City could impact how the Increase is implemented.

Waterworks staff will make a presentation at the meeting to explain the reasons for the proposed Increase.

### **FISCAL IMPACT**

Without further reduction in water use, the proposed 10% rate increase would cost the City \$57,225 in parks and landscaping subsidies out of the General Fund and \$37,544 in self-funded landscape assessment district zones for the remaining six months of Fiscal Year 2010/11. This represents an estimated 8.6% increase to the current Fiscal Year 2010/11 budgeted amount for water services.

### **STAFF RECOMMENDATION**

Direct staff as deemed appropriate.

Attachment A: Copy of Notice of Proposed Water Rate Increase  
Attachment B: Draft Letter to Board



# WATER AND SANITATION DEPARTMENT

Proudly Serving Ventura County Waterworks Districts No. 1, 16, 17, & 19  
Lake Sherwood Community Services District - Camarillo Utility Enterprise - County Service Area No. 34

Post Office Box 250 • 6767 Spring Road • Moorpark, CA 93020-0250 • (805) 378-3000



**RECEIVED**

NOV 15 2010

RECEIVED

NOV 01 2010

AUTO\*\*SCH 5-DIGIT 93020 11229  
Property Owner / Resident  
799 Moorpark Ave  
Moorpark CA 93021-1136

CITY OF MOORPARK  
OFFICE OF THE CITY MANAGER

FINANCE DEPT.



## NOTICE OF PROPOSED WATER RATE INCREASE Ventura County Waterworks District No. 1

Ventura County Waterworks District No. 1 (District) provides water and sanitation services to the City of Moorpark and the contiguous areas to the north and west of the city limits. The District provides local water from groundwater wells and imported water from the State Water Project, through Metropolitan Water District (Metropolitan) and Calleguas Municipal Water District (Calleguas).

Southern California is facing an unprecedented series of challenges to its water supply:

- A federal court has curtailed water deliveries from Northern California due to environmental factors in the Sacramento-San Joaquin Delta.
- California has been experiencing drought conditions since 2007. Furthermore, the runoff from the 2009 snowpack was below normal.
- The Colorado River, the other major source of imported water supply for Metropolitan, is experiencing a protracted multi-year drought.

Consequently, Southern California's water supply has been severely impacted.

In response, Metropolitan is securing other sources of water at a greater cost. Metropolitan's actions to provide a reliable water supply to this region are increasing Metropolitan's water rates substantially. To offset the Metropolitan rate increase, Calleguas is passing through the rate increase to its purveyors, including the District, effective January 1, 2011. The District's imported water costs are increasing by 10% in calendar year 2011. In addition, Southern California Edison (SCE) will be increasing their rates by approximately 5% in 2011.

The District's water rates have been reviewed to determine the impact of the Metropolitan/Calleguas and SCE rate increases. It has been determined that the increases cannot be absorbed by the District's current operating budget. Therefore, we are recommending a 10% increase in the Tier I commodity rate. Tier II and Tier III commodity rates will be increased per the District's Rules and Regulations. The rate increase is recommended based on a water rate analysis that showed the higher rate is necessary to cover the District's cost of providing an uninterrupted supply of high quality water to District customers. We are not recommending any increase in the service charge at this time. The District's last water rate increase of 16% was approved in December 2009, and implemented in calendar year 2010.

Current and proposed rates are shown in the following table:

<b>VENTURA COUNTY WATERWORKS DISTRICT NO. 1 WATER COMMODITY RATES</b>		
<i>Tiers</i>	<i>Current</i>	<i>Proposed</i>
Tier I	\$2.162/HCF (\$941.77/AF)	\$2.378/HCF (\$1,035.86/AF)
Tier II	\$3.243/HCF (\$1,412.65/AF)	\$3.567/HCF (\$1,553.79/AF)
Tier III	\$5.405/HCF (\$2,354.42/AF)	\$5.945/HCF (\$2,589.64/AF)
HCF = Hundred Cubic Feet AF = Acre-Feet		

Customers may call the District office to request a review of their Tier I allocation.

**This notice is to inform you that a hearing will be held on Tuesday, December 14, 2010, at 10:00 a.m. in the Board of Supervisors' Hearing Room in the Hall of Administration at the Ventura County Government Center, 800 South Victoria Avenue, Ventura, concerning the proposed water rate increase. At the hearing, any person may be heard regarding the recommended rate increase.**

If you oppose the proposed water rate increase, your protest must be submitted in writing to be considered, even if you are planning to attend the public hearing. Your written protest must be received by the Ventura County Clerk of the Board prior to the December 14, 2010, public hearing.

Protests must contain the following information: 1) a description of the property, such as the Assessor's Parcel Number; 2) your Ventura County Waterworks District No. 1 Account Number; 3) whether you are the property owner of record or a lease holder. *Please note that if you were not the owner of the property as of Ventura County's last tax roll, please include written confirmation that you presently own the property;* and 4) indication that the water rate increase is being protested. You may send your written protest to:

Ventura County Clerk of the Board  
 800 South Victoria Avenue  
 Ventura, CA 93009

Should the Board adopt the proposed rates, the increase in the water rates would be reflected in the utility bills beginning in January 2011.

**Water conservation today is more important than ever. Due to continuing pumping restrictions to protect endangered fish, Metropolitan is again requiring all water suppliers throughout Southern California to reduce their water consumption by 15% of their historical average this fiscal year (July 1, 2010 through June 30, 2011). Therefore, we are asking all of our customers to continue their efforts to conserve and reduce their water usage.**

Further information regarding the proposed rate increase or the District's water conservation programs may be obtained by calling (805) 378-3000, Monday through Friday, between 8 a.m. and 5 p.m.

DRAFT PROTEST LETTER

December 2, 2010

Ventura County Clerk for the Board  
800 South Victoria Avenue  
Ventura, CA 93009

RE: Ventura County Waterworks District No. 1 Board of Directors (Board) December 14, 2010  
Hearing on Proposed Water Rate Increase

Dear Honorable Board Members:

The City of Moorpark (City) is in receipt of your Notice of Proposed Water Rate Increase (Increase) for your December 14, 2010 Board Hearing. The City respectfully protests this Increase.

The City is the property owner of record for the following Assessor's Parcel Number [LIST OF PARCEL NUMBERS TO BE INSERTED]; under Ventura County Waterworks District No. 1 Account Number [LIST OF ACCOUNT NUMBERS TO BE INSERTED].

In the event the Board adopts the Increase on December 14, 2010, the City urges the Board to reconsider the implementation date. To implement the Increase on utility bills beginning in January 2011, which includes water services in November and December of 2010 – a period of time pre-existing the adoption of the Increase, sends the wrong message to water users. Many of those users, like the City, are already trying to do more with less.

Please consider this letter during your December 14, 2010 hearing. Thank you.

Sincerely,

Janice S. Parvin  
Mayor