

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

FROM: Dave Klotzle, City Engineer/Public Works Director
Prepared by: Teri Davis, Senior Management Analyst

DATE: June 6, 2012 (CC Special Meeting of 06/13/12)

SUBJECT: Consider Water Rate Increase Presentations by General Managers from Calleguas Municipal Water District and Metropolitan Water District of Southern California

BACKGROUND

The City of Moorpark (City) incurred unprecedented water rate increases over the past several years and water rates are expected to continue to rise in the foreseeable future. The City purchases water from the Ventura County Waterworks District No. 1 (District) which in turn purchases water from Calleguas Municipal Water District (Calleguas) which purchases imported water from Metropolitan Water District of Southern California (Metropolitan).

The District's service area encompasses approximately 21,500 acres, including about 7,900 acres of the City (approximately 65 acres within the City boundaries is not serviced by the District). The District services approximately 10,950 customers, 96% of which are inside the City boundaries while the remaining 4% are outside the City boundaries. The volume of water sold inside the City is 75% of the total water sold by the District.

Approximately 20% of the District's water is a blend of well water and imported water supplied by Calleguas and 95% of the blended water is delivered to customers outside of the City boundaries. Also of note, the District rates for water designated to be used for agricultural purposes rather than municipal and industrial purposes is approximately 15% lower than the municipal and industrial water rates.

On December 1, 2010, City Council directed staff to submit to the Ventura County Board of Supervisors (Board) a letter protesting a proposed 10% water rate increase scheduled to take effect January 1, 2011. The Board postponed consideration of the water rate increase and later adopted a 12% water rate increase to take effect May 1, 2011. In January 2012, staff brought before City Council a subsequent proposed water rate increase scheduled to take effect March 1, 2012. This 2012 increase ranged between 6.5% and 8% and the City Council did not direct staff to submit a letter of protest but rather directed staff to submit to the Board a letter of concern. Additionally, the City Council directed staff to request

presentations from the General Managers of Calleguas and Metropolitan at a future City Council meeting to explain and discuss the need for seemingly excessive water rate increases and why water rates are projected to steadily increase for a minimum of ten years.

DISCUSSION

Historically, the District has generally imposed rate increases when Calleguas increases water rates and Calleguas has generally imposed increases when Metropolitan increases water rates. The table below summarizes the agencies' increases over the past five years.

Water Rate Increases for 5 Year Period

Effective Date	Metropolitan	Calleguas	District
2008	6%	10%	9.5%
2009	14%	17%	15%
2010	20%	22%	16%
2011	7.5%	10%	12%
2012	7.5%	8%	6.5-8%

The cost to the City resulting from the 5 year period of water rate increases is estimated to exceed \$245,000. This \$245,000 only relates to parks and landscaping subsidies from the general fund and self-funded landscape assessment district zones, which represents the vast majority of water costs to the City. Costs for interior water use at City Hall, Active Adult Center, Library, Moorpark Public Services Facility, and other City facilities are not included in this estimated cost to the City.

Cost to City Incurred by 5 Year Period of Water Rate Increases

Effective	Increase	Fiscal Year	Parks/Landscaping (General Fund Subsidies)	Landscape Assessment Districts (Self-funded)
2008	9.5%	2007/08	\$ 6,744.61	\$ 5,248.34
2009	15%	2008/09	\$ 14,918.75	\$ 19,264.46
2010	16%	2009/10	\$ 30,470.39	\$ 38,835.49
2011	12%	2010/11	\$ 25,119.09	\$ 56,688.16
2012	8%	2011/12	\$ 14,377.75	\$ 34,212.94
		Subtotal	\$ 91,630.60	\$ 154,249.39
			Total	\$ 245,879.98

Jeffrey Kightlinger, General Manager of Metropolitan, will give the first presentation at the Special Meeting followed by Susan Mulligan, General Manager of Calleguas. Reddy Pakala, Director of the Water & Sanitation Department of the County of Ventura will be available to answer questions. The City Council will receive, under separate cover, a comparison of recent water rate increases (comparing water rate increases in the cities of Moorpark, Simi Valley, Thousand Oaks, and Camarillo), and copies of presentation slides from both Metropolitan and Calleguas.

FISCAL IMPACT

None.

STAFF RECOMMENDATION

Hear presentations and direct staff as deemed appropriate.