

**DIRECTORS**

Peter W. Hansen  
Craig R. Kaihara  
Thomas P. Vujovich, Jr.  
John S. Broome  
John D. Menne



**PLEASANT VALLEY COUNTY WATER DISTRICT**

PIONEER IN FOX CANYON AQUIFER CONSERVATION  
SERVING AGRICULTURE SINCE 1956

154 S. LAS POSAS ROAD, CAMARILLO, CA 93010-8570  
Phone: 805-482-2119  
Fax: 805 484-5835

**STAFF**

Jared L. Bouchard  
General Manager  
  
General Counsel  
Arnold, Bleuel, LaRochelle,  
Mathews & Zirbel, LLP

**PLEASANT VALLEY COUNTY WATER DISTRICT  
SPECIAL MEETING OF THE BOARD OF DIRECTORS**

**NOTICE OF MEETING**

**WEDNESDAY SEPTEMBER 20, 2023, AT 10:00 AM**

**NOTICE IS HEREBY GIVEN** that the Pleasant Valley County Water District Board of Directors will hold a **SPECIAL MEETING** on Wednesday September 20, 2023, @ 10:00 a.m. at the District Office located at 154 S. Las Posas Road, Camarillo, CA 93010-8570.

The following provides information to the public and consultants on how to observe and/or participate in the meeting remotely:

Meeting Zoom Link for Live Public and Consultant Participation and Real Time Public and Consultant Comments:

**Join Zoom Meeting online:**

<https://us06web.zoom.us/j/82075649941>

**Join Zoom Meeting by phone:**

Meeting ID: 820 7564 9941

+16699006833,82075649941#

+14086380968,82075649941# US (San Jose)

Public comments may be submitted in person, virtually via Zoom, or written. In-person and virtual comments should be no longer than 3 minutes. In-Person: Complete a speaker request form located at the entrance of the Council Chamber and give it to the Agency Clerk. Your name will be called when it is your turn to speak. Virtually via Zoom: Access the meeting Zoom link to provide real-time (virtual) comments at appropriate public comment times throughout the meeting by using the raise hand feature. Written: All written public comments should be no more than 500 words and are subject to the Public Records Request Act. Written comments should be submitted to the Agency Clerk by 9:00 a.m. on the day of the Water Agency meeting by email or directly to the Agency Clerk's Office. Email [nancy@pvcwater.com](mailto:nancy@pvcwater.com) and enter "Public Comment" in the Subject line (and agenda item number if applicable). Mail or drop off written comments to the Agency Clerk's Office located at 154 S. Las Posas Rd. Please clearly mark envelope with "PVCWD Public Comment and meeting date."

## AGENDA

The agenda is posted at least 72 hours preceding the Board meeting and contains all items on which Board action will be allowed pursuant to Government Code Section 54954.2. Action will be taken on unanticipated items only when an emergency (as defined in Section 54956.5) exists or as otherwise allowed under Section 54954.2(b).

An opportunity for members of the public to briefly address the Board on items not on the agenda is provided at the beginning and end of each meeting. Persons wishing to comment on agenda items should complete a speaker card and submit it (preferably before the meeting) to the Clerk. The Chairman will then recognize them at the appropriate time. Once recognized, persons should step to the podium, clearly state their name, and address for the record, and address the item being considered in as brief, clear, and concise a manner as possible.

### **OPEN SESSION AND CALL TO ORDER:**

- 1) **Pledge of allegiance.**
- 2) **Roll call.**
- 3) **Determination of quorum.**
- 4) **Approval of agenda.**
- 5) **Approval of minutes – August 9, 2023**
- 6) **Open Forum.**

This is an opportunity for the public to address the Board on matters not appearing on the agenda. No action may be taken by the Board at this time, but items can be considered for placing on the agenda for a subsequent meeting.

### **7) Public Hearings: 10:00 A.M.**

- A. **PUBLIC HEARING ON WATER RATES PURSUANT to PROPOSITION 218 (CALIFORNIA CONSTITUTION, ARTICLE XIIIID). ORDINANCE 23-01 of PLEASANT VALLEY COUNTY WATER DISTRICT AN ORDINANCE ESTABLISHING FEES RELATED TO THE PROVISION OF WATER SERVICE:**

#### **Recommendations:**

- 1) Conduct public hearing, receive staff report, public testimony and close the public hearing
- 2) Clerk of the Board to tabulate written protests and determine whether “majority protest” exists.”

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- 3) Adopt FY 23/24 & FY 24/25 Pleasant Valley County Water Rate Study FY prepared by Raftellis Financial Consultants Inc.
- 4) Perform reading in title only and adoption of Ordinance 23-01 effective November 1,2023.

**8) GENERAL MANAGER/ COUNSEL COMMENTS.**

**9) OTHER BUSINESS.**

- 10) **CLOSED SESSION** It is the intention of the Pleasant Valley County Water District Board of Directors to be in closed session to consider the following items:

**CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

Authority: California Government Code § 54956.9(d)(1)

Pursuant to Government Code § 54956.9(d)(1), the Board of Directors will meet in closed session to discuss, confer with, and receive advice from legal counsel regarding existing litigation to which the District is a named party, specifically OPV Coalition, et. al. v. Fox Canyon Groundwater Management Agency, et. al., Santa Barbara County Superior Court Case No. VENCI00555357

**11) ADJOURNMENT.**

In compliance with the Americans with Disabilities Act, all possible accommodations will be made for individuals with disabilities so they may attend and participate in meetings. If special assistance is needed, please call the Agency staff at (805) 482-2119 at least 24 hours prior to the meeting so proper arrangements may be assured. If requested, and as possible, agendas will be provided in alternative formats.

**Agenda Posting Certification:** This agenda was posted not less than 24 hours prior to the scheduled meeting date and time at 154 S. Las Posas Road Camarillo CA, 93010 in a location that is accessible 24 hours a day to the General Public and is posted on the Pleasant Valley County Water District website <https://www.pleasantvalleycountywaterdistrict.com/board-meetings>



**Jared Bouchard,**  
**General Manager**

**DIRECTORS**

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LaRochelle,  
Mathews & Zirbel,  
LLP

MINUTES OF SPECIAL MEETING OF THE  
BOARD OF DIRECTORS  
PLEASANT VALLEY COUNTY WATER DISTRICT HELD  
Monday Wednesday August 9th, 2023 @ 10:00a.m.

Pursuant to notice given, a Special Meeting of the Board of Directors of the Pleasant Valley County Water District was held on Wednesday August 9th, 2023 @ 10:00 a.m. in the district headquarters facility, 154 S. Las Posas Rd, Camarillo, CA.

Call to Order

The meeting was called to order at 10:02 a.m. by Board President Vujovich.

Agenda Item #1- Pledge of Allegiance - led by Board President Vujovich.

Agenda #2- Roll Call

Attendance was as follows:

Directors Present:

President Thomas P. Vujovich, Jr.

Director John Menne (attendance via zoom due to illness)

Director John Broome

Director Peter Hansen

Directors Absent:

Vice President Craig Kaihara

Staff Present: Dennis McNulty, Attorney

Jared Bouchard, General Manager

### Agenda Item #3 – Determination of Quorum

Quorum was established.

### Agenda Item #4 – Approval of Agenda

A motion to approve the agenda was made by Director Broome; seconded by Director Hansen. Motion passed unanimously with a 4-0 vote and the agenda was approved as presented.

Ayes: -4- Directors: Hansen, Broome, Vujovich, Menne

Ney's: -0-

Absent: -1- Kaihara

Abstained: - 0-

### Agenda Item #5 -Approval of Minutes

A motion to approve the minutes of the Special Board meetings held on May 23rd, 2023, was made by Director Menne, seconded by Director Broome. Motion passed unanimously with a 4-0 vote, and minutes were approved as presented.

Ayes: -4- Directors: Vujovich, Broome, Hansen, Menne

Ney's: -0-

Absent: -1- Kaihara

Abstained: - 0-

### Agenda Item #6 -Open Forum

Public in attendance: Daniel Naumann of United Water Conservation District. Sam Collie of OVP. Gary Arnold of Arnold Ranch LLC.

Public comment: Gary Arnold addressed the board as a Landowner only and stated that he was not in attendance in any legal representation capacity. He discussed the OPV Lawsuit and the need for all involved to work together. No other public comments were made.

### Agenda Item #7- Action Calendar

A. First Reading of Ordinance 23-01-Pleasant Valley County Water District an Ordinance Establishing Fees Related to the Provision of Water Service.

A motion was made by Director Broome, seconded by Director Hansen to perform the First Reading of Ordinance 23-01 and set a Public Hearing date for September 20<sup>th</sup>, 2023. Motion passed unanimously with a 4-0 vote. The First Reading in title only was performed and Public Hearing date was set for September 20<sup>th</sup> 2023 @ 10:00 a.m.

Ayes: -4- Directors: Vujovich, Broome, Hansen, Menne  
Ney's: -0-  
Absent: -1- Kaihara  
Abstained: - 0-

B. Consider FY Audit services with Fanning and Karrh

Engagement letter from Fanning and Karrh was reviewed for FY 22/23 Audit Services. A motion was made by Director Broome, seconded by Director Hansen to approve, and sign the Engagement Letter with Fanning and Karrh not to exceed the amount of 20k for Audit services during FY 22/23. Motion passed unanimously with a 4-0 vote.

Ayes: - 4 - Directors: Vujovich, Broome, Hansen, Menne  
Ney's: - 0 -  
Absent: -1- Kaihara  
Abstained: - 0 -

C. Consider Engagement of Eide Baily LLC CPA firm as CPA for Pleasant Valley County Water District

Engagement letter from Eide Baily LLC was reviewed for CPA Services along with an introduction to CPA Cindy Byerrum. A motion was made by Director Menne, seconded by Director Broome to approve and sign the Engagement Letter with Eide Baily LLC CPA. Motion passed unanimously with a 4-0 vote.

Ayes: -4- Directors: Vujovich, Broome, Hansen, Menne  
Ney's: -0-  
Absent: -1- Kaihara  
Abstained: -0-

D. Ratification of Checks

A motion was made by Director Hansen, seconded by Director Broome to ratify checks issued from May 20<sup>th</sup>, 2023, through August 4<sup>th</sup>, 2023. The motion passed unanimously with a 4-0 vote, and the list of checks ratified is appended to these minutes.

Ayes: - 4 - Directors: Vujovich, Broome, Hansen, Menne  
Ney's: - 0 -  
Absent: -1- Kaihara  
Abstained: - 0 -

Agenda Item #8 - General Manager Comments

No comments

Agenda Item # 9 - Other Business

No other Business

Agenda Item # 10 - Closed Session

The Board went into closed session per Subdivision (d) of the California Government Code Section 54956.9© to conference with legal counsel on potential or existing litigations. Pleasant Valley County Water District Board of Directors entered closed session to consider the following items:

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Authority: California Government Code § 54956.9(d)(1) Pursuant to Government Code § 54956.9(d)(1), the Board of Directors met in closed session to discuss, confer with, and receive advice from legal counsel regarding existing litigation to which the District is a named party, specifically OPV Coalition, et. al. v. Fox Canyon Groundwater Management Agency, et. al., Santa Barbara County Superior Court Case No. VENCI00555357

The Board concluded closed session at 11:58 a.m. During closed session the Board discussed joint representation of Brownstein Hyatt and considered agreed conflict wavers. A vote to approve representation and conflict wavers was taken with 3-0 vote and 1 abstention.

Ayes: -3- Directors: Vujovich, Hansen, Menne

Ney's: -0-

Absent: -1- Kaihara

Abstained: - 1- Broome

Agenda Item # 11 - Adjournment

The meeting was adjourned upon a motion duly made seconded, and carried unanimously at 12:30 p.m.

Respectfully Submitted:

Minutes Approval:

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Jared Bouchard, General Manager

---

Thomas Vujovich, Board President

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**General Manager**

**General Counsel**  
Arnold, Bleuel, LaRoche, LLC  
Mathews & Zirbel, LLP

**September 20, 2023, SPECIAL MEETING**

**TO: BOARD OF DIRECTORS**

**FROM: GENERAL MANAGER**

**SUBJECT: PUBLIC HEARING ON WATER RATES PURSUANT to PROPOSITION 218 (CALIFORNIA CONSTITUTION, ARTICLE XIID). ORDINANCE 23-01 of PLEASANT VALLEY COUNTY WATER DISTRICT AN ORDINANCE ESTABLISHING FEES RELATED TO THE PROVISION OF WATER SERVICE:**

**AGENDA ITEM: 7A**

Attached for the Boards consideration are:

- 1) The final draft of the FY 23/24 & FY 24/25 Water Rate Study prepared by Raftellis Financial Consultants Inc
- 2) Ordinance 23-01 that will implement the rates determined to be appropriate by the Water Study. The rates will become effective November 1, 2023 upon adoption of Ordinance 23-01

At the Boards August 9, 2023 meeting the First Reading of Ordinance 23-01 was performed and the Board directed staff to set a time certain public hearing for adoption of the ordinance on September 20, 2023.

Staff provided the required 45 day noticing of this public hearing prescribed by Proposition 218 to all customers and owners within the District, that notice is attached as part of the record herein and was mailed on July 31, 2023. Hearing Notices. To date, PVCWD has not received any written protest to the rates. If any written are protest are received prior to the Public Hearing those protest will be included as part of the official record.

The PVCWD Board reviewed the Rate Study and it's findings at public meetings held on March 8, 2023 and May 8, 2023 and held an additional meeting on August 9, 2023 to review Ordinance 23-01 that will implement the appropriate rates recommended by the Rate Study. The Board did not receive any communication on the rates, verbal or written at any of those meetings.

We have included the staff reports below from the March 8, 2023 and May 8, 2023 meetings for background.

## **September 20, 2023 Public Hearing Recommendations:**

- 1) Conduct public hearing, receive staff report, public testimony and close the public hearing
- 2) Clerk of the Board to tabulate written protests and determine whether “majority protest” exists.”
- 3) Adopt FY 23/24 & FY 24/25 Pleasant Valley County Water Rate Study FY prepared by Raftellis Financial Consultants Inc.
- 4) Perform reading in title only and adoption of Ordinance 23-01 effective November 1,2023.

## **Background Staff Report from May 8, 2023**

At the Boards March 8, 2023, meeting, the Board reviewed the first draft of proposed rates and reserve targets as described in the staff report included below from March 8, 2023, meeting,

The Board provided direction to staff to increase the legal fees for year 1, try to keep the rate increases below double digits and ensure the Board Chair had an opportunity to provide input.

Staff met with Chair Vujovich and reviewed the proposed financial plan and rates. As a result of the Board direction and input from Chair Vujovich we have modified the financial plan and rates to include a fixed cost component in the rates.

The introduction of a fixed cost provides increased financial certainty, ensures all PVCWD customers are participating in supporting the fixed cost of the District and helps to reduce the burden on the variable per ac/ft.

The current fixed and variable rate in the modified proposal is as follows.

Fixed Monthly Charge: \$360.18

Variable Cost per ac/ft: \$360.18

The proposed financial plan/ rates are based on 9.75% increase annually over the next five years. It should be noted that this proposed plan does not begin to meet the reserve targets until the 5<sup>th</sup> year of the plan.

## **Background Staff Report from March 8, 2023:**

On August 30<sup>th</sup>, 2022, the PVCWD Board authorized the services of Raftellis Financial Consultants Inc. to prepare a comprehensive cost of water and rate study for the District.

In order to develop the draft financial model, Raftellis relied on historical financial data, staff estimates and industry norms when necessary to make assumptions. Examples of staff estimates would include future water sales, capital improvement funding, legal cost

etc. Assumptions are necessary when forecasting inflation, power cost, purchased water cost, labor rates etc.

The presentation demonstrates (4) financial scenarios considering the unknown cost of legal expenses for the adjudication. The 4 scenarios are as follows:

1. Maintain current rates- 0 rate increase
2. Low Legal Cost Scenario- Average of 6.5% rate increase over 5 years
3. Most Likely Legal Cost Scenario- Average of 6.7% rate increase over 5 years
4. High Legal Cost Scenario- Average of 6.9% rate increase over 5 years

The goal of this presentation is for the Board to understand the assumptions and estimates, reserve target balances and how they impact future rates and revenues.

After reviewing the preliminary findings, the Board may wish to modify, change or accept any part of the findings in order to meet the Boards desired financial outcomes. Staff will incorporate any Board directed changes to the initial findings into a final report and begin the planning process for a Prop 218 hearing that supports the Boards desired financial outcomes.

In addition to considering the above, the Board may wish to direct staff on how many years of rate adjustments would be appropriate in the Prop 218 noticing we would prepare. A longer-term rate setting notice and hearing process is sometimes desirable to avoid additional 218 hearings and notice requirements in the future, however the draw backs can out weight those benefits if substantial changes occur that were not contemplated in the initial process. In evaluating the current state of uncertainty of regulation, large regional projects being planned, the potential for significant change to PVCWD water sales and purchases as a result of adjudications or changing FCGMA regulation staff would not recommend a long-term rate setting process. Staff would recommend the Board consider a 2-to-3-year rate plan. It should be noted that under no circumstance is the Board required to implement future rate increases that may be noticed as part of the 218 process, if it finds that revenue adjustments are no longer necessary.

**Recommendation:** Receive the presentation and provide staff direction as appropriate

**STAFF**

Jared L. Bouchard  
**General Manager**

**General Counsel**  
Arnold, Bleuel,  
LaRochelle,  
Mathews & Zirbel,  
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**Ordinance 23-01**

**PLEASANT VALLEY COUNTY WATER DISTRICT AN ORDINANCE ESTABLISHING FEES RELATED TO THE PROVISION OF WATER SERVICE**

**SECTION 1: Short Title**

The Short Title of this Ordinance shall be: **“PVCWD Service Fee and Charges Ordinance”** and may be cited as such.

**SECTION 2: Purpose**

“The purposes of this Ordinance are:

- a. Establish sufficient rates and fees to fund Pleasant Valley County Water District Operations, including regulatory cost, legal expenses, wholesale water purchase cost and other cost necessary to the ongoing operation of the District, and
- b. Establish such other fees, including stand by fees; reconnection fees; charges for water waste. Such fees are necessary for the ongoing operations and management of the District’s water service.”

**Section 3: Definitions and Abbreviations.**

- (a) “PVCWD” shall mean Pleasant Valley County Water District
- (b) “Recycled Water” shall mean in the broad sense, all water supplied by PVCWD
- (c) “Ac/ft “ shall mean one acre foot of water
- (d) “Turnout” shall mean any connection to the PVCWD for the purpose of providing PVCWD supplied water
- (e) “Idle Turnout” shall mean an existing turnout that has been locked off or has not been immediately available for use by the customer.
- (f) “Fixed Charge”- Shall mean a fee imposed for any turnout that is open and available for use by the customer.

**Section 4: Metered Use Rates, Billing , Late Fees, Disconnection and Reconnection**

The following rates are effective beginning at 12:01am on November 1, 2023:

**Section 4.1 Metered Use Rates** - The metered use rate for turnout delivered water in accordance with Supplemental Water Availability Limits as established by Pleasant Valley County Water District Ordinance(s) shall be: **\$360.18/ Ac/ft**

**Section 4.2 Billing-** The District shall deliver a monthly bill to each customer by the 5<sup>th</sup> of each month, the bills are due and payable by the 1<sup>st</sup> day of the following month of the billing date

- i. **Late Fees-** Any account that fails to pay the bill in full will incur a 6% late fee on any unpaid balance for the billing period.
- ii. **Disconnection for Non Payment-** Any account that is delinquent beyond 30 days after the due date shall be subject to termination in accordance with Resolution 17-01 or the then current Delinquent Account Policies adopted by the Pleasant Valley County Water District Board and be subject to \$150 dollar reconnection fee if service is terminated for non payment.

**Section 4.3 Fixed Charge-** A \$360.18/month fee shall be imposed for each turnout that is available for use by a customer.

**Section 4.4 Charges for Relocation or Abandonment of Metered Service.** Charges for all meter relocation services will be billed at the District's actual cost plus a 15% administration fee to cover handling and billing costs on all materials as well as other related costs incurred by the District in connection with the provision of these services. An estimate of costs for each relocation or abandonment shall be available upon request from the District's General Manager.

**Section 4.5 Reconnection Fees for Idle Turnouts-** The following fees shall be imposed on each turnout where a customer request that an Idle Turnout be Restored to service:

The reconnection fee shall be calculated using the then effective Fixed Charge Fees times the number of months the Turnout has been Idle.

**Section 4.6 Prohibition of Water Waste-** No Customer of PVCWD shall cause or allow the direct application or runoff from lands irrigated with PVCWD waters to reach or come in contact with roads or other prohibited drainage system consistent with applicable local, state, federal or other regulatory restrictions relating to the delivery of Recycled Water.

Violation of this section shall be subject to:

1. \$50 fine for a first offense
2. \$100 for second offense within a 12 month period and the termination of water service for 48hours.
3. \$300 for a third offense in a 12 month period and the termination of water service, for a period of up to 14 days an no less than 5 days from the date of notice. The length of termination of service shall be determined by the General Manager and in no case will water service be restored until all fines and outstanding charges to the District are satisfied on the subject account.

**SECTION 5: Effective Date**

This Ordinance shall become effective at **12:01 a.m. on November 1 , 2023.**

**SECTION 6: Publication**

Upon adoption, this Ordinance shall be published in title and general description only in a newspaper of general circulation within the District’s general area of service.

**SECTION 7: Repeal of Ordinances**

Ordinance 22-02 is repealed and replaced by Ordinance 23-01

**SECTION 8: Severability**

In the event that any section, clause or portion of this Ordinance is found to be invalid, the validity of the remaining sections of the Ordinance shall not be affected.

**PASSED, APPROVED and ADOPTED** by the Pleasant Valley County Water District Board of Directors on this \_\_\_\_ **day of September 2023**, by the following vote:

**AYES:**           Directors:

**NOES:**           Directors:

**ABSENT:**       Directors:

\_\_\_\_\_  
**Thomas Vujovich, BOARD PRESIDENT**

\_\_\_\_\_  
**Dennis McNulty, General Counsel**

\_\_\_\_\_  
**Jared Bouchard, GENERAL MANAGER**

**ATTEST:**  
**APPROVED AS TO FORM:**

# Pleasant Valley County Water District

Public Hearing – September 20<sup>th</sup>, 2023



Pleasant Valley County  
Water District 



1

## What is a Rate Study?

A financial planning process to set utility rates that:



**Promotes Utility  
Financial  
Viability**



**Recovers Ops  
and  
Maintenance**



**Recovers  
Infrastructure  
Investment**



**Legally  
Defensible**



**Community  
Values**

- Affordability
- Conservation
- Simplicity



**Fairness  
& Equity**



2

## Why would PVCWD do a Rate Study?

- Rates/revenue must keep up with costs to operate the water system
- By law (Proposition 218), rates must be based on the cost to serve water

3

3

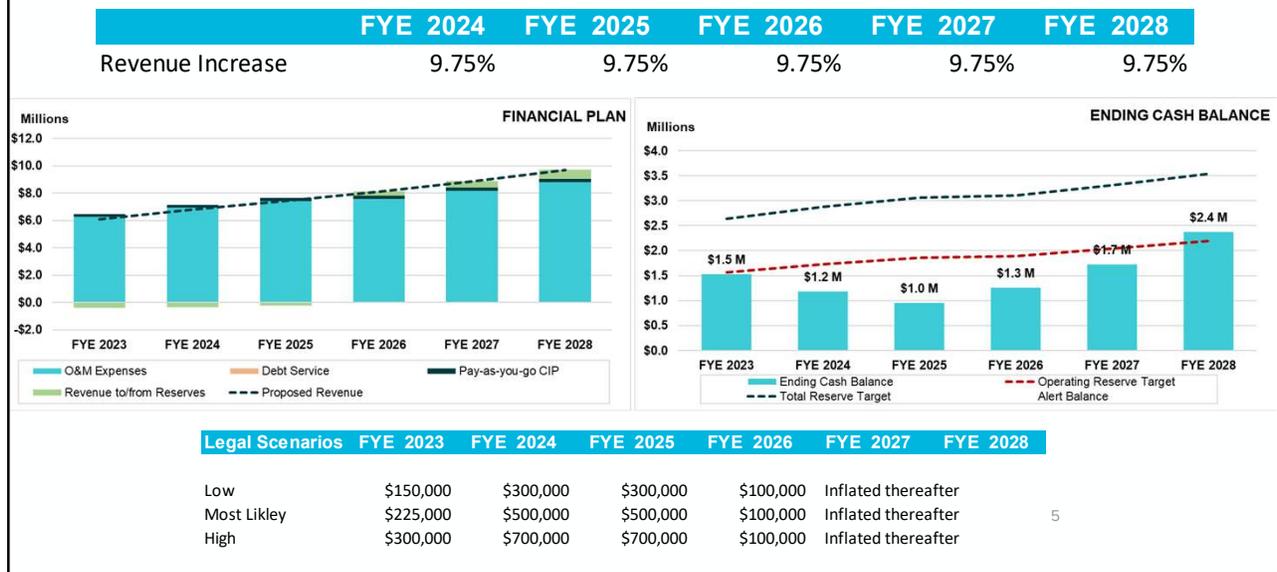
## Summary of Rate Study Steps

1. Projected District's future revenue and expenses
2. Modeled three potential legal scenarios
3. Board selected the most likely legal scenario
4. Created a new fixed charge and a volumetric rate to meet reserve goals and expenses

4

4

## Most Likely Legal Scenario



5

## Proposed Fixed Charge and Volumetric Rates (\$ / AF)

| Rate or Charge            | Current Vol Rate | FYE 2024 | FYE 2025 |
|---------------------------|------------------|----------|----------|
| Volumetric Rate (\$ / AF) | \$355.00         | \$360.18 | \$395.30 |
| Monthly Fixed Charge      | NA               | \$360.18 | \$395.30 |

6

6

## Monthly Bill Impacts

### Monthly Bill Impacts

| Water use (AF) | Current Charge | Proposed Charge | \$ Difference | % Difference |
|----------------|----------------|-----------------|---------------|--------------|
| 6              | \$2,130        | \$2,521         | \$391         | 18.4%        |
| 12             | \$4,260        | \$4,682         | \$422         | 9.9%         |
| 18             | \$6,390        | \$6,843         | \$453         | 7.1%         |
| 24             | \$8,520        | \$9,005         | \$485         | 5.7%         |

7

7



# Thank you

**Contacts:**

Steve Gagnon, P.E. / [sgagnon@raftelis.com](mailto:sgagnon@raftelis.com)

Toby Fedder, P.E. / [tfedder@raftelis.com](mailto:tfedder@raftelis.com)

8

8



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**PLEASANT VALLEY COUNTY WATER DISTRICT**

# **Water Rate Study**

**DRAFT REPORT / JUNE 5, 2023**



Pleasant Valley County  
Water District 







June 8, 2023

Mr. Jared Bouchard  
General Manager  
Pleasant Valley County Water District  
154 S. Las Posas Rd  
Camarillo, CA 93010-8570

**Subject: Water Rate Study - Draft**

Dear Mr. Bouchard:

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to provide this Water Rate Study report for the Pleasant Valley County Water District (the District). This report explains the methodologies and rationale used to develop the financial plan and water rates, which align with the requirements of Proposition 218.

The major study objectives include the following:

- Develop a financial plan which ensures financial sufficiency, meets operational and maintenance (O&M) costs, maintains sufficient funding for capital refurbishment and replacement (R&R) needs, meets debt service requirements and bond covenant ratio.
- Conduct a cost-of-service analysis for water services.
- Develop fair and equitable water rates over a two-year period.
- Conduct a customer impact analysis for the proposed water rates.

It has been a pleasure working with you, and we thank you and District staff for the support provided during this study.

Sincerely,

A handwritten signature in blue ink that reads 'Steve Gagnon'.

**Steve Gagnon, PE (AZ)**  
*Vice President*

A handwritten signature in blue ink that reads 'Toby Fedder'.

**Toby Fedder, PE**  
*Senior Manager*

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# 1. Executive Summary

## 1.1. Background

In 2022, the District engaged Raffetis to conduct a water rate study to update water rates and charges for the fiscal years ending (FYE) 2024 – FYE 2025. This water rate study includes a financial plan which compares projected revenue to expenses.

The major study objectives were to:

- Develop a financial plan for the water enterprise to ensure revenues are sufficient to cover costs and create a financially healthy utility. This means revenue must meet operational and maintenance (O&M) costs, maintain sufficient funding for capital refurbishment and replacement (R&R) needs, and anticipated legal costs regarding groundwater litigation.
- Conduct a cost-of-service analysis for water services; and
- Develop fair and equitable water rates for FYE 2024 through FYE 2025.

## 1.2. Process and Approach

The study is informed by the District's financial policy objectives, the current water rates, and the legal requirements in California (namely, Proposition 218). The cost-of-service analysis and rate design follows four key steps, outlined below, to derive proposed rates that fulfill the District's policy objectives, meet industry standards, and align with Proposition 218.

### 1.2.1. Step 1: Financial Plan and Revenue Requirement Calculation

We begin by developing a multi-year financial plan, which is used to determine the revenue adjustments and the revenue requirement for the base year, also known as the test year or rate-setting year. The base year for this study is FYE 2024 (July 1, 2023 to June 30, 2024). The revenue requirement should sufficiently fund the utility's O&M costs, capital project expenses, and reserve funding.

### 1.2.2. Step 2: Cost of Service Analysis

The annual cost of providing the utility service, or the revenue requirement, is normally distributed to customer classes using a cost-of-service analysis. The District's cost-of-service analysis is simplified because it has only one class of customers – agricultural. Since all customers are the same it is reasonable to charge them the same rate or charge.

### 1.2.3. Step 3: Rate Design and Calculation

The rate design step calculates rates that recover the total cost to serve water. The District currently has a volumetric rate which recovers all costs. This study proposes to add a fixed charge which recovers customer billing costs, meter maintenance costs, United Water Conservation District fixed wholesale water charges and a portion of fixed costs (sometimes known as ready to serve costs) that do not vary with water sales.

### 1.2.4. Step 4: Report Preparation and Rate Adoption

The final step in a rate study is to develop the report in preparation for the rate adoption process. The report documents the rate study results and presents the methodologies, rationale and calculations utilized to derive

the proposed rates. A thorough and methodical report serves three important functions: fully deriving the rates, showing the nexus to costs, and communicating the rate adoption process to customers and other important stakeholders.

### 1.3. Recommended Revenue Adjustments and Financial Plan

Raftelis prepared a financial model which projected revenue and expenses to assess whether revenue increases were needed to cover projected costs. Projected costs included operating costs such as salaries, supplies, equipment, and wholesale water purchase costs as well as capital expenses. Wholesale water purchase costs makeup over 80% of the District’s expenses. This financial model was used to suggest revenue increases to cover costs. The proposed revenue increases are shown in **Error! Reference source not found.**. The FYE 2024 revenue adjustments would be implemented on July 1, 2024, contingent upon the Board approval of the rates after a public hearing.

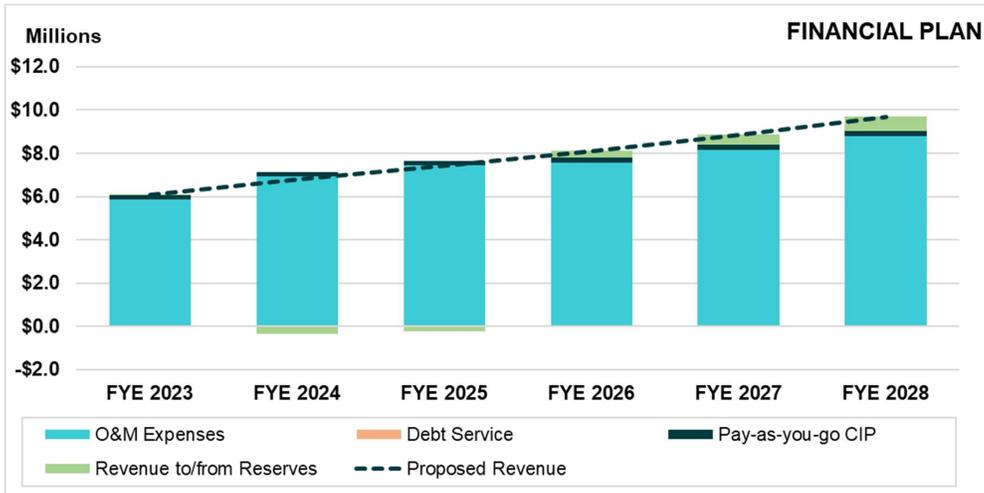
Table 1-1: Proposed Revenue Adjustments

|                  | FYE 2024 | FYE 2025 |
|------------------|----------|----------|
| Revenue Increase | 9.75%    | 9.75%    |

#### 1.3.1. Proposed Financial Plan

Error! Reference source not found. presents the District’s proposed financial plan, that is, it shows a graph of expenses (shown as the bars) and revenue (shown as the lines). The stacked bars are the District’s expenses. If the green portion of the bar (which is the yearly surplus or deficit) is below the x-axis (below zero), it signifies whether the District is projected to use reserves or replenish reserves. As shown the District is projected to use reserves in the near term and replenish reserves in the last three years. Note that the financial plan shows six years, however the District is implementing rates for the next two fiscal years at this time and will reevaluate the financial plan in the future.

Figure 1-1: Water Operating Financial Plan



Error! Reference source not found. illustrates the ending reserve balances and target balances for FYE 2023 – FYE 2028. As shown, it is projected that reserves will decline (if expenses are as projected) initially and increase in the final three years shown. The lower reserve target (red line) is equal to 25% of annual operating revenues. The higher reserve target (green line) includes the operating reserve and adds a capital reserve target (5% of asset value) and a rate stabilization reserve (10% of O&M). All utilities have an operating reserve target, and many utilities have a capital reserve. Rate stabilization reserves are less common but with droughts becoming more common, many agencies are expressing interest in rate stabilization reserves to mitigate lost revenue during a drought.

Figure 1-2: Estimated Water Ending Fund Balances

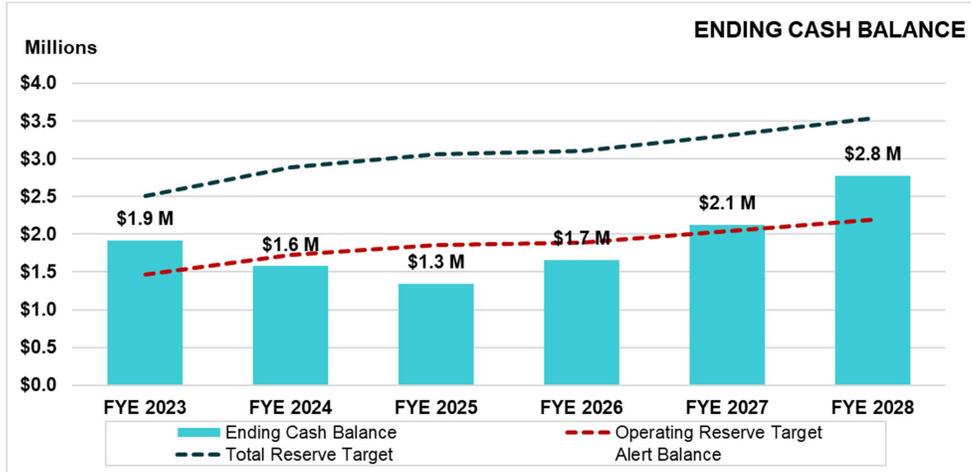
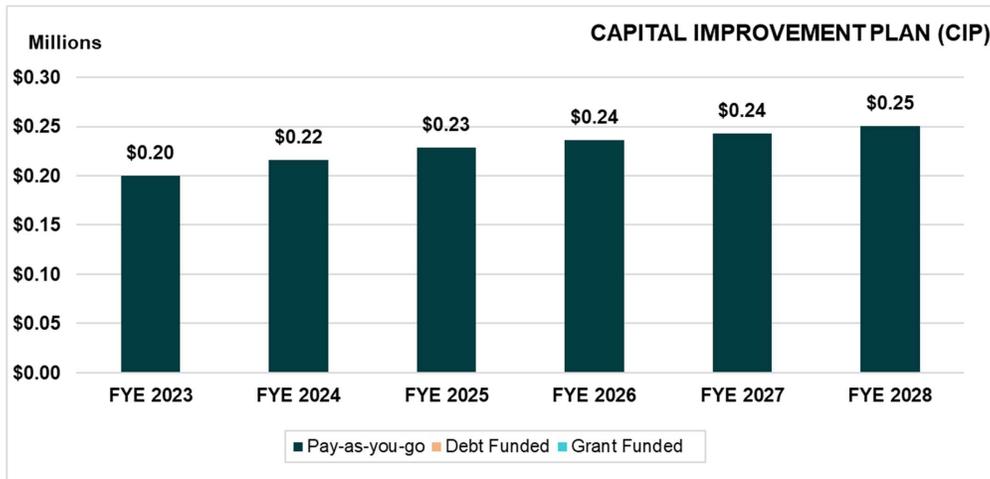


Figure 1-3 illustrates the District’s scheduled capital improvement project expenses. The District anticipates funding capital projects in the study period with rate-based revenues (i.e., pay-as-you-go).

Figure 1-3: Water Capital Improvement Program Funding



### 1.3.2. Proposed Water Rates

Table 1-2: Current and Proposed Water Rates and Charges

shows the current and proposed volumetrics rates and fixed charges. Rates for FYE 2024 include the adoption of new fixed charges as shown. The fixed charge recovers fixed water purchase costs from United Water Conservation District as well as customer billing and meter reading costs. FYE 2024 rates are set based on a cost-of-service analysis and FYE 2025 rates are increased by the percentages shown in **Error! Reference source not found.**

**Table 1-2: Current and Proposed Water Rates and Charges**

| Rate (\$ / AF) and<br>Monthly Fixed Charge | Current Vol<br>Rate | FYE 2024 | FYE 2025 |
|--|---------------------|----------|----------|
| Volumetric Rate (\$ / AF)                  | \$355.00            | \$360.18 | \$395.30 |
| Monthly Fixed Charge                       | NA                  | \$360.18 | \$395.30 |

## 2. Financial Plan Assumptions

### 2.1. Financial Plan Information

Raftelis and District staff reviewed projected revenues, operating expenses, and capital expenditures over the study period. The financial plan is a comprehensive spreadsheet model of the District's revenues, O&M expenses, capital expenditures, and reserves for the study period (FYE 2024 to FYE 2028).

This study utilized the following financial documents:

- Operating Budget for Fiscal Year (FYE) 2023
- Reserve Policy
- Capital Improvement Plan (projected capital expenses)
- Updated water supply costs
- Projections of legal costs

### 2.2. Inflationary Factors Used to Project Expenses

The study period is from Fiscal Year (FYE) 2023 to 2028. Table 2-1: Assumed Cost Escalation Factors

shows the inflationary factors used to project future expenses by inflating the FYE 2023 budget.

Table 2-1: Assumed Cost Escalation Factors

| Inflationary Factor      | FYE 2024 | FYE 2025 | FYE 2026 | FYE 2027 | FYE 2028 |
|--------------------------|----------|----------|----------|----------|----------|
| General                  | 7.0%     | 5.0%     | 3.0%     | 3.0%     | 3.0%     |
| Personnel                | 5.0%     | 3.0%     | 3.0%     | 3.0%     | 3.0%     |
| Equipment                | 7.0%     | 5.0%     | 3.0%     | 3.0%     | 3.0%     |
| Water Costs <sup>1</sup> | 9.5%     | 9.5%     | 9.5%     | 9.5%     | 9.5%     |
| Utilities                | 2.4%     | 2.4%     | 2.4%     | 2.4%     | 2.4%     |
| Capital Projects         | 8.0%     | 6.0%     | 3.0%     | 3.0%     | 3.0%     |

<sup>1</sup>Historical average increase of United Water Zone A and B from 2014 to 2023, and two years projected increases for 2024 and 2025

### 2.3. Non-Rate Revenue Projections

The District receives revenue from non-rate sources such as property tax and interest earned on cash balances which totals about \$450,000 in FYE 2024. Table 2-2: Escalatory Factors for Non-rate Revenue

shows the escalatory factors used to project non-rate revenue.

Table 2-2: Escalatory Factors for Non-rate Revenue

| Revenue Escalation               | FYE 2024 | FYE 2025 | FYE 2026 | FYE 2027 | FYE 2028 |
|----------------------------------|----------|----------|----------|----------|----------|
| Property Tax Revenue             | 2.0%     | 2.0%     | 2.0%     | 2.0%     | 2.0%     |
| Late Charges                     | 0.5%     | 0.5%     | 0.5%     | 0.5%     | 0.5%     |
| Interest earned on cash balances | 1.0%     | 1.0%     | 1.0%     | 1.0%     | 1.0%     |
| Other Income                     | 1.0%     | 1.0%     | 1.0%     | 1.0%     | 1.0%     |

## 2.4. Reserve Policy

The District provided a financial reserve policy and the Board provided guidance on reserve targets. Table 2-3 presents the reserves targets which informed the revenue adjustments proposed in Table 3-1. The reserve targets are shown in **Error! Reference source not found.**, Figure 3-1 and Figure 3-4.

**Table 2-3: Reserve Targets**

| Reserve Policies           | Target            | FYE 2024 Target (\$) |
|----------------------------|-------------------|----------------------|
| Operating Reserve          | 25% of annual O&M | \$1,732,075          |
| Capital Reserve            | 5% of asset Value | \$692,830            |
| Rate Stabilization Reserve | 10% of annual O&M | \$458,100            |
|                            |                   | \$2,883,004          |

## 2.5. Billed Water Use

The district bills its customers for water use in acre-feet (AF). Based upon water use provided by the District, the rates proposed in this study assume approximately 16,300 AF/yr.

### 3. Water Financial Plan

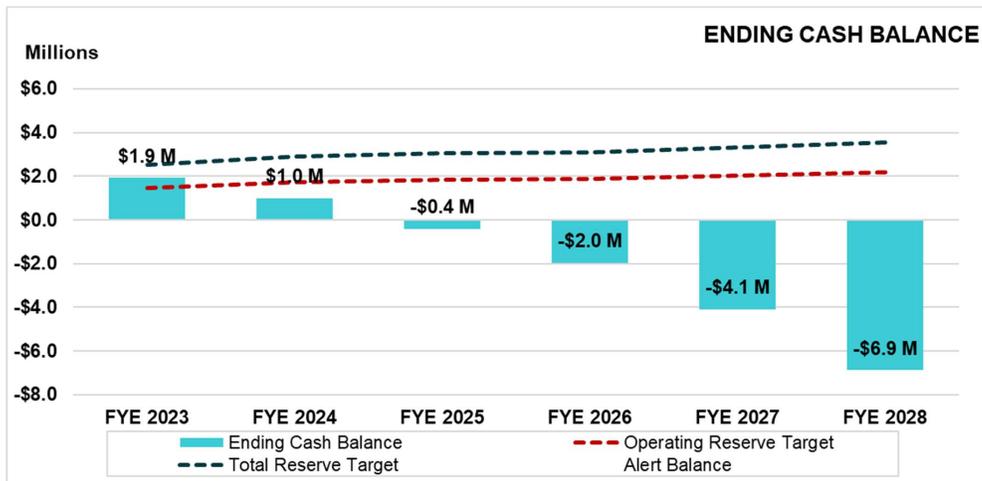
This section discusses the financial plan which includes projected revenues, O&M expenses, and revenue adjustments to ensure the fiscal sustainability and solvency of the District. The financial plan is shown in Table 3-2: Proposed Financial Plan

. Section 3.1 discusses the financial health of the district in absence of revenue increases.

#### 3.1. Status Quo Financial Plan

Figure 3-1 reflects the projected ending cash balances keeping the District’s current rates over the same time period as the study period. The figure incorporates the expenses as described in the subsequent sections. Under the “status-quo” scenario, revenues generated from current rates and other miscellaneous revenues are inadequate to sufficiently recover operating and capital expenses, as shown by decreasing fund balances.

Figure 3-1: Status Quo Water Enterprise Ending Balances (No Revenue Adjustments)



#### 3.2. Proposed Financial Plan

Table 3-2: Proposed Financial Plan shows the proposed financial plan. We will describe each line in the proposed financial plan. The proposed financial plan incorporates the proposed revenue adjustments shown in Table 3-1.

### 3.2.1. Rate Revenue

#### Line 2 of Table 3-2: Proposed Financial Plan

shows current revenue assuming no revenue increases (no rate increase). It is derived by multiplying the current rates of \$355/ AF by the estimated water use. Lines 6 through 11 show the additional revenue from the proposed rate increases with the total from each revenue adjustment shown in line 12.

Table 3-1 shows revenue adjustments up to FYE 2028, *however the District is setting rates for FYE 2024 and FYE 2025*. It will reevaluate the revenue adjustments for FYE 2026 through 2028 in the future as there are many unknowns that can affect expenses. The revenue adjustments are also shown in Table 3-2 in lines 6 through 11.

Table 3-1: Proposed Revenue Adjustments

|                  | FYE 2024 | FYE 2025 | FYE 2026 | FYE 2027 | FYE 2028 |
|------------------|----------|----------|----------|----------|----------|
| Revenue Increase | 9.75%    | 9.75%    | 9.75%    | 9.75%    | 9.75%    |

### 3.2.2. Non-Rate Revenues

Lines 14 through 17 show the District's other revenue streams. This revenue was estimated by escalating FYE 2023 budgetary values by the factors described in Table 2-2: Escalatory Factors for Non-rate Revenue

- Interest income was estimated based on the average cash balances for each fiscal year, earning the interest rate shown in Table 2-2: Escalatory Factors for Non-rate Revenue

### 3.2.3. Operating Expenses

#### 3.2.3.1. Water Operating Expenses

Lines 22 and 23 show general operating costs which were escalated, from the FYE 2023 budget, using inflation factors from Table 2-1: Assumed Cost Escalation Factors

. Raftelis worked closely with District staff to identify any non-recurring costs and other anticipated expenses for the study period.

#### 3.2.3.2. Water Supply Costs

The District has six sources of water. It obtains most of its water from United Water Conservation District (UWCD) and Conejo Creek water from Camrosa Water District. Line 24 shows the estimated water purchase costs. UWCD recently raised their wholesale groundwater rates by 35% for Zone A and 111% for Zone B. The estimated water purchased costs, shown in line 24, reflect these recent increases. Line 25 shows fixed charges from UWCD. The water purchase costs are escalated using the inflation factors shown in Table 2-1: Assumed Cost Escalation Factors

, which are based on historical increases.

**3.2.3.3. Projected Capital Improvement Projects**

Line 38 of Table 3-2 shows the estimated yearly capital expenses. Capital expenses are also shown graphically in Figure 3-2. The capital budget for FYE 2023 is inflated by the capital inflation factor shown in Table 2-1: Assumed Cost Escalation Factors

. The District plans to fund projects on a pay-as-you-go basis from current revenues.

**Table 3-2: Proposed Financial Plan**

| Line | Description                                | FYE 2023           | FYE 2024           | FYE 2025           | FYE 2026           | FYE 2027           | FYE 2028           |
|------|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 1    | <b>REVENUE</b>                             |                    |                    |                    |                    |                    |                    |
| 2    | Rate Revenue                               | \$5,638,049        | \$5,786,855        | \$5,786,855        | \$5,786,855        | \$5,786,855        | \$5,786,855        |
| 3    | <b>Proposed Revenue Adjustments</b>        |                    |                    |                    |                    |                    |                    |
| 4    |  |                    |                    |                    |                    |                    |                    |
| 5    | Fiscal Year                                | Revenue Adjustment | Months Effective   | Months Effective   |                    |                    |                    |
| 6    | FYE 2024                                   | 9.75%              | July               | 12                 |                    |                    |                    |
| 7    | FYE 2025                                   | 9.75%              | July               | 12                 | \$564,218          | \$564,218          | \$564,218          |
| 8    | FYE 2026                                   | 9.75%              | July               | 12                 | \$619,230          | \$619,230          | \$619,230          |
| 9    | FYE 2027                                   | 9.75%              | July               | 12                 |                    | \$679,605          | \$679,605          |
| 10   | FYE 2028                                   | 9.75%              | July               | 12                 |                    | \$745,866          | \$745,866          |
| 11   | FYE 2029                                   | 9.75%              | July               | 12                 |                    |                    | \$818,588          |
| 12   | Total Revenue Adjustments                  | \$0                | \$564,218          | \$1,183,448        | \$1,863,053        | \$2,608,919        | \$3,427,506        |
| 13   | <b>Other Revenue</b>                       |                    |                    |                    |                    |                    |                    |
| 14   | Property tax revenue                       | \$400,000          | \$408,000          | \$416,160          | \$424,483          | \$432,973          | \$441,632          |
| 15   | Late charges                               | \$20,000           | \$20,100           | \$20,201           | \$20,302           | \$20,403           | \$20,505           |
| 16   | Interest income                            | \$5,000            | \$5,050            | \$5,101            | \$5,152            | \$5,203            | \$5,255            |
| 17   | Other income                               | \$10,000           | \$10,100           | \$10,201           | \$10,303           | \$10,406           | \$10,510           |
| 18   | <b>Subtotal Non-Rate Revenue</b>           | <b>\$435,000</b>   | <b>\$443,250</b>   | <b>\$451,662</b>   | <b>\$460,239</b>   | <b>\$468,985</b>   | <b>\$477,902</b>   |
| 19   |  |                    |                    |                    |                    |                    |                    |
| 20   | <b>TOTAL REVENUE</b>                       | <b>\$6,073,049</b> | <b>\$6,794,323</b> | <b>\$7,421,965</b> | <b>\$8,110,147</b> | <b>\$8,864,758</b> | <b>\$9,692,264</b> |
| 21   | <b>O&amp;M EXPENSES</b>                    |                    |                    |                    |                    |                    |                    |
| 22   | General Operations                         | \$570,370          | \$598,889          | \$616,855          | \$635,361          | \$654,422          | \$674,054          |
| 23   | Finance and Admin                          | \$336,400          | \$618,874          | \$624,629          | \$228,322          | \$235,125          | \$242,130          |
| 24   | Water Costs                                | \$4,562,549        | \$5,398,536        | \$5,843,161        | \$6,326,068        | \$6,853,130        | \$7,428,503        |
| 25   | United Water CD Fixed Charges              | \$387,060          | \$312,000          | \$341,674          | \$374,171          | \$409,758          | \$448,730          |
| 26   | <b>TOTAL O&amp;M EXPENSES</b>              | <b>\$5,856,379</b> | <b>\$6,928,298</b> | <b>\$7,426,320</b> | <b>\$7,563,922</b> | <b>\$8,152,434</b> | <b>\$8,793,418</b> |
| 27   |  |                    |                    |                    |                    |                    |                    |
| 28   | <b>NET REVENUE BEFORE DEBT and CAPITAL</b> | <b>\$216,671</b>   | <b>(\$133,975)</b> | <b>(\$4,355)</b>   | <b>\$546,225</b>   | <b>\$712,324</b>   | <b>\$898,846</b>   |
| 29   | <b>CIP EXPENDITURES</b>                    |                    |                    |                    |                    |                    |                    |
| 38   | Pay-as-you-go                              | \$200,000          | \$216,000          | \$228,960          | \$235,829          | \$242,904          | \$250,191          |
| 39   | <b>TOTAL CIP EXPENDITURES</b>              | <b>\$200,000</b>   | <b>\$216,000</b>   | <b>\$228,960</b>   | <b>\$235,829</b>   | <b>\$242,904</b>   | <b>\$250,191</b>   |
| 40   |  |                    |                    |                    |                    |                    |                    |
| 41   | <b>NET CASH FLOW</b>                       | <b>\$16,671</b>    | <b>(\$349,975)</b> | <b>(\$233,315)</b> | <b>\$310,396</b>   | <b>\$469,421</b>   | <b>\$648,656</b>   |

Figure 3-2: Projected Capital Expenditures

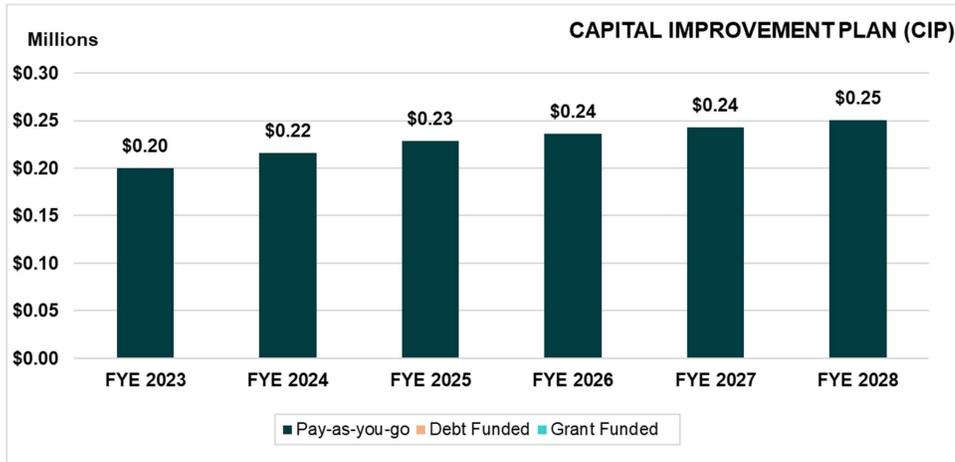


Figure 3-3 and

Figure 3-4 shows the project ending reserve balances. As shown, it is expected that reserves will be drawn down in the near term and recover to surpass the operating reserve target by FYE 2028.

Figure 3-4 show the District's financial plan and reserve balances in graphical format. The figures were derived using the revenues and expenses in Table 3-2. Figure 3-3 the District is expected to use reserves in the near term (as shown by the green areas below the x-axis) and build reserves after FYE 2025.

Figure 3-3: Water Operating Financial Plan

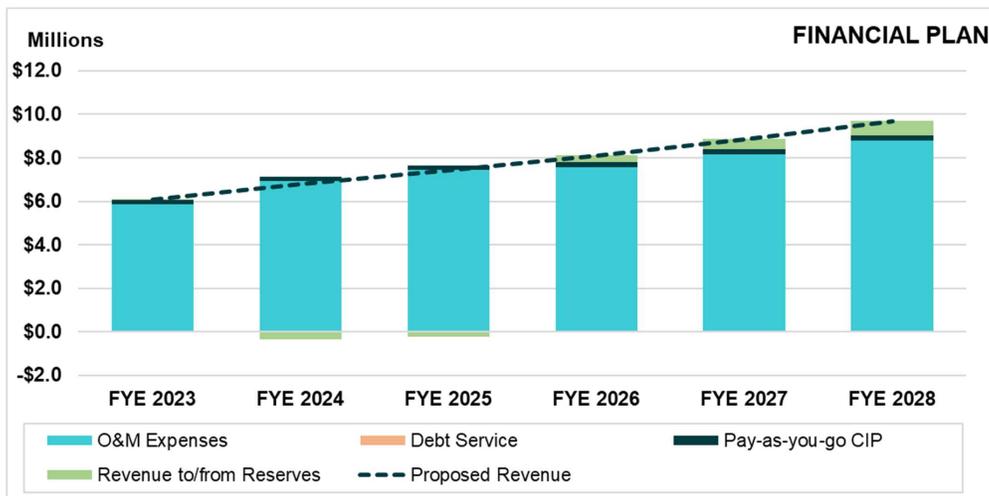
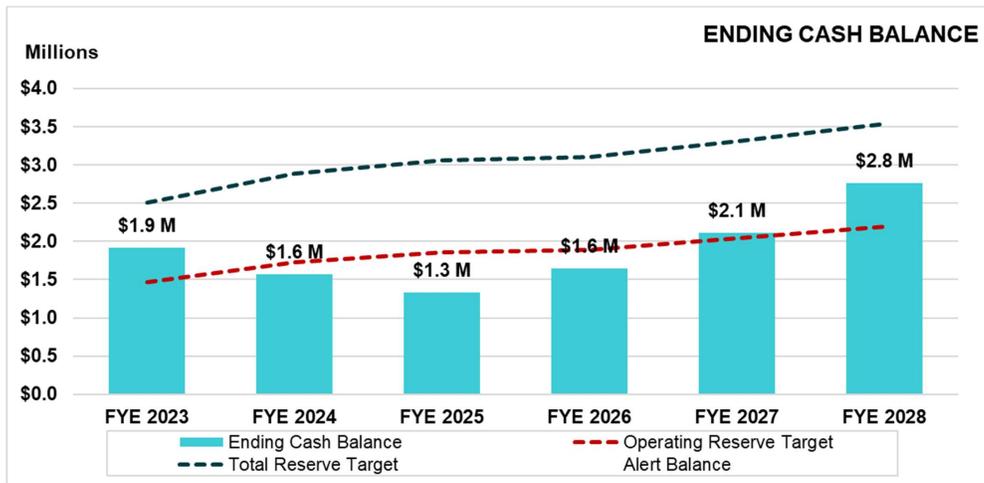


Figure 3-4 shows the project ending reserve balances. As shown, it is expected that reserves will be drawn down in the near term and recover to surpass the operating reserve target by FYE 2028.

Figure 3-4: Projected Water Reserve Ending Balances



## 4. Rate Design

### 4.1. Revenue Required from Rates

Table 4-1: **Revenue Required from Rates** show the total revenue required from rates in line 17, column D. It is broken into a fixed component and a volumetric component as shown in columns B and C. Note that the total revenue requirement in line 17 of column D is the same as the sum of lines 2 and 12 in Table 3-2:

#### **Proposed Financial Plan**

for FYE 2024.

Line 7, column B, is the sum of operating expenses and capital projects. Line 2, column C shows that a portion of fixed O&M costs are allocated to (or recovered from) the fixed charge. The fixed charge also includes billing and meter reading costs (line 3) and UWCD fixed charges (line 4). The total fixed revenue requirement is shown in line 7, column C.

#### **Line 10 shows revenue offsets, which lowers the volumetric rate. The total revenue offset is the sum of non-rate revenue shown in line 18 of Table 3-2: Proposed Financial Plan**

for FYE 2024. Line 14 shows an adjustment for the cash balance which is subtracted. The total revenue required from rates is line 7, plus line 11, less line 15. Line 17 shows the total costs (revenue requirement) for the volumetric rate and the fixed charge. Dividing by either water use or the number of customers (in line 20), yields the volumetric rate and fixed charge shown in lines 22 and 23, respectively.

**Table 4-1: Revenue Required from Rates**

| Line No. | Revenue Requirement                        | Volumetric Revenue Requirement | Fixed Revenue Requirement | Total Revenue Requirement |
|----------|--|--------------------------------|---------------------------|---------------------------|
|          | (A)  | (B)                            | (C)                       | (D)                       |
| 1        | <b>Revenue Requirements</b>                |                                |                           |                           |
| 2        | O&M Expenses                               | \$6,448,533                    | \$100,265                 |                           |
| 3        | Billing and Meter Reading                  |                                | \$67,500                  |                           |
| 4        | United Water Fixed Charges                 |                                | \$312,000                 |                           |
| 5        | Debt Service                               | \$0                            |                           |                           |
| 6        | PAYGO Capital Projects                     | \$216,000                      |                           |                           |
| 7        | <b>Subtotal - Revenue Requirements</b>     | <b>\$6,664,533</b>             | <b>\$479,765</b>          | <b>\$7,144,298</b>        |
| 8        |  |                                |                           |                           |
| 9        | <b>Revenue Offsets</b>                     |                                |                           |                           |
| 10       | Other Operating Revenue                    | (\$443,250)                    | \$0                       |                           |
| 11       | <b>Subtotal - Revenue Offsets</b>          | <b>(\$443,250)</b>             | <b>\$0</b>                |                           |
| 12       |  |                                |                           |                           |
| 13       | <b>Adjustments</b>                         |                                |                           |                           |
| 14       | Adjustment for Cash Balance                | \$349,975                      |                           |                           |
| 15       | <b>Subtotal - Adjustments</b>              | <b>\$349,975</b>               | <b>\$0</b>                |                           |
| 16       |  |                                |                           |                           |
| 17       | <b>Total - Revenue Required from Rates</b> | <b>\$5,871,308</b>             | <b>\$479,765</b>          | <b>\$6,351,073</b>        |
| 18       |  |                                |                           |                           |
| 19       |  | <u>Use (AF)</u>                | <u># of Customers</u>     |                           |
| 20       | <b>Water Use</b>                           | <b>16,301</b>                  | <b>111</b>                |                           |
| 21       |  |                                |                           |                           |
| 22       | <b>Water Rate (\$ / AF)</b>                | <b>\$360.18</b>                |                           |                           |
| 23       | <b>Fixed Charge per Month</b>              |                                | <b>\$360.18</b>           |                           |

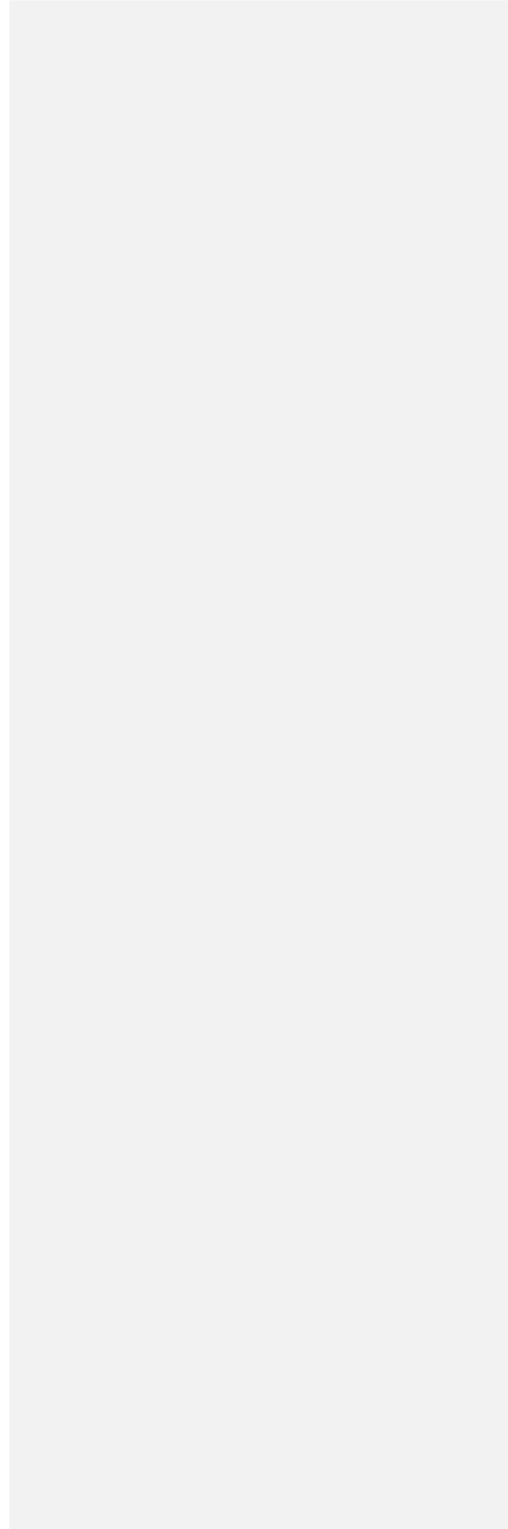
## 4.2. Two Year Recommended Rates

The District is proposing rates for the next two fiscal years though the report shows the financial plan out to FYE 2028. This is due to the uncertainty in wholesale water prices amongst other operating expenses. The District will reevaluate the financial plan and rates in the future. Table 4-2: Recommended 2-year Volumetric Rates and Charges

presents the recommended rates. The rate and charge for FYE 2024 were derived in Section 4.1 and the rate for FYE 2025 is escalated by the revenue adjustment (9.75%) shown in Table 3-1: Proposed Revenue Adjustments

**Table 4-2: Recommended 2-year Volumetric Rates and Charges**

| Volumetric Rate (\$ / AF) and Monthly Fixed Charge | Current Vol |          |          |
|--|-------------|----------|----------|
|  | Rate        | FYE 2024 | FYE 2025 |
| Volumetric Rate (\$ / AF)                          | \$355.00    | \$360.18 | \$395.30 |
| Monthly Fixed Charge                               | NA          | \$360.18 | \$395.30 |



## 5. Customer Impact Analysis

Table 5-1 shows the bill impacts for customers using various amounts of water each month. The data provided by the District shows that the average monthly use is approximately 12-acre feet.

Table 5-1: Customer Bill Impact for Various Water Use

| Monthly Bill Impacts |                |          |               |              |
|----------------------|----------------|----------|---------------|--------------|
| Water use (AF)       | Current Charge | Proposed |               |              |
|                      |                | Charge   | \$ Difference | % Difference |
| 6                    | \$2,130        | \$2,521  | \$391         | 18.4%        |
| 12                   | \$4,260        | \$4,682  | \$422         | 9.9%         |
| 18                   | \$6,390        | \$6,843  | \$453         | 7.1%         |
| 24                   | \$8,520        | \$9,005  | \$485         | 5.7%         |

VENTURA COUNTY  
**STAR**  
PART OF THE USA TODAY NETWORK

PLEASANT VALLEY COUNTY WATER DISTRICT  
154 S LAS POSAS ROAD

CAMARILLO, CA 93010

State of California)  
))  
County of Ventura)

I hereby certify that the Ventura County Star Newspaper has been adjudged a newspaper of general circulation by the Superior Court of California, County of Ventura within the provisions of the Government Code of the State of California, printed in the City of Camarillo, for circulation in the County of Ventura, State of California; that I am a clerk of the printer of said paper; that the annexed clipping is a true printed copy and publishing in said newspaper on the following editions dates to wit:

08/21/2023, 09/05/2023

I certify under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct.

Dated this September 5, 2023; in Green Bay, Wisconsin, County of Brown



Legal Clerk

Notice is hereby given that the Pleasant Valley County Water District Board will conduct a Public Hearing on September 20, 2023, at 10:00 AM for the purpose of adopting Ordinance 23-01. **ORDINANCE 23-01 OF THE PLEASANT VALLEY COUNTY WATER DISTRICT AN ORDINANCE ESTABLISHING FEES RELATED TO THE PROVISION OF WATER SERVICE**

The full text of the previously mailed 218 notice and the Draft Ordinance 23-01 are available for review on the Pleasant Valley County Water District Website: [www.pleasantvalleycountywaterdistrict.com](http://www.pleasantvalleycountywaterdistrict.com) or in person, at our Office located at 154 South Las Posas Road, Camarillo, Ca. 93010 between the hours of 8 AM to 4 PM on normal business days (Mon-Fri) 805-482-2119. A Summary of the ordinance is as follows:

The Ordinance will impose a new delivered water rate of \$360.18/ acre foot, and a fixed charge of \$360.18 per month for each turnout that is available for use by a customer, effective November 1, 2023. Additional purposes of the ordinance are:

A. Establish sufficient rates and fees to fund Pleasant Valley County Water District Operations, including regulatory cost, legal expenses, wholesale water purchase cost and other cost necessary to the ongoing operation of the District, and

B. Establish such other fees, including standby fees; reconnection fees; charges for water waste. Such fees are necessary for the ongoing operations and management of the District's water service.

If you have any inquiries, please contact Jared Bouchard, General Manager at 805-482-2119, email [jared@pvcwater.com](mailto:jared@pvcwater.com) or at 154 South Las Posas Road Camarillo, CA 93010.

Pub Aug. 21, 2023 & Sept. 5, 2023  
#5800872

Publication Cost: \$308.28  
Ad No: 0005800872  
Customer No: 306801  
PO #:

# of Affidavits 1

**STAFF**

Jared L. Bouchard  
**General Manager**

**General Counsel**  
Arnold, Bleuel,  
LaRochelle,  
Mathews & Zirbel,  
LLP

**DIRECTORS**

Peter W. Hansen

Craig R. Kaihara

Thomas P. Vujovich, Jr.

John S. Broome

John D. Menne



**PLEASANT VALLEY COUNTY WATER DISTRICT**

PIONEER IN FOX CANYON AQUIFER CONSERVATION  
SERVING AGRICULTURE SINCE 1956

154 S. LAS POSAS ROAD, CAMARILLO, CA 93010-8570  
Phone: 805-482-2119  
Fax: 805 484-5835

July 27, 2023

**Re: Notice of Public Hearing to Consider Water Rate Adjustment**

Dear Valued Customer,

With the help of a consultant, Raftelis, the Pleasant Valley County Water District (District) recently completed a comprehensive evaluation of the total cost of providing water service. Known as a rate study, this work is how water providers can be confident that the rates that they charge customers are:

- **Comprehensive.** Rates generate income for the District and must cover all costs from daily operations, maintenance and repairs, infrastructure replacement, building and maintaining responsible reserve funds, costs of purchasing water, and more.
- **Accurate.** The District is NOT a for-profit enterprise and may not collect revenues that exceed the costs of providing the service. Accuracy ensures we don't over or under-collect revenues.
- **Compliant.** The District is subject to various state laws (Proposition 218), and those laws place restrictions on what and how we charge customers for water service. The rates study is a critical part of how we retain the confidence of our customers that their water service is priced fairly and accurately.

**Changes Under Consideration**

One recommendation from the rates study was to institute a fixed charge – a common feature of most California water providers. This charge will recover the fixed costs of operating the system, which includes fixed operational costs from United Water Conservation District, customer billing, and meter maintenance costs. In addition, the District is considering adopting modest annual increases in the volumetric rate we charge customers.

## Covering Increases in Costs

If approved by the Board of Directors, revenue increases will fund:



**A Direct Pass-through of Higher Costs of Purchased Water.** The water we purchase from wholesale providers accounts for more than 80% of our costs each year. Our updated rates under consideration account for the annual increases we expect from United Water, which historically increases rates by nearly 10% each year.



**Critical Infrastructure Investment.** The District plans ongoing capital investment each year to ensure our ability to continue delivering reliable water you count on for your livelihood. We intend to use a pay-as-you-go approach to these investments to avoid incurring costly interest charges, which we would have to pass along to you.



**Responsible Financial Reserves.** For Districts, financial reserves function like your household savings account. Among other benefits, responsible financial reserves give us the resources necessary to act quickly in an emergency should the unthinkable happen. Over the next two years, the proposed rates will set us on a path to slowly build reserves to bring us in line with other similar districts.

Details on the proposed changes follow, along with information on the upcoming public hearing and how you may express your support for or opposition to these changes. Please reach out to me directly should you have questions or concerns.

Sincerely,

*Jared L. Bouchard*

Jared L. Bouchard  
General Manager  
805-482-2119 | [Jared@pvcwater.com](mailto:Jared@pvcwater.com)

## Notice of Public Hearing

### On Proposed Water Rate and Rate Structure Adjustments

The Public Hearing before the Board of Directors will cover proposed rate increases and rate structure changes for water services. If adopted, the proposed rate adjustments would become effective November 1<sup>st</sup>, 2023. All interested persons are invited to appear at the Public Hearing on September 20<sup>th</sup>, 2023 at 10:00 a.m. to give oral or written testimony, as well as written protests, regarding proposed rate adjustments. Details on the written protest process can be found below.

### Public Hearing Details

**Date:** September 20<sup>th</sup>, 2023

**Time:** 10:00 a.m.

**Location:**

Pleasant Valley County Water District Office  
154 S. Las Posas Road  
Camarillo, CA 93010-8570

**Join:** For meeting and agenda information, and how to participate in person or virtually, go to <https://www.pleasantvalleycountywaterdistrict.com/board-meetings>.

As an industry best practice and to comply with applicable laws, the District recently evaluated water rates to ensure sufficient revenue will be available to provide reliable service. Results of the Rate Study showed that rate increases are needed over the next two years to continue to operate and maintain the systems, repair and replace aging infrastructure, secure water supplies, and keep up with cost increases. Details regarding the proposed rate structure changes and increases are detailed on the following pages and in the Rate Study available at: <https://www.pleasantvalleycountywaterdistrict.com/2023-cost-of-service-and-rate-study>

### Your Rights

You have the right to protest the proposed rate increases. To be valid, each written protest must (1) state the name of the identified property owner or ratepayer; (2) provide the location of the identified property (by street address or assessor's parcel number); (3) include an original signature of the submitting property owner or ratepayer.

Written protests may be submitted by mail or in person prior to or during the public hearing or prior to the conclusion of the public hearing on September 20<sup>th</sup>, 2023 to: Pleasant Valley County Water District, Attn: Nancy Lawrence, Office Manager, 154 S. Las Posas Road, Camarillo, CA 93010-8570.

Only one written protest per affected property will be counted. Telephone, e-mail, and fax protests will not be accepted.

Written protests must be received by the Office Manager prior to the conclusion of the public hearing; she will not accept or consider any protest received after the conclusion of the public hearing.

At the public hearing, the Board of Directors will accept and consider all written protests and hear all oral comments on the Proposed Changes. Oral comments will not be counted as protests unless accompanied by a written protest. At the conclusion of the public hearing, the Board will consider adoption of the proposed changes as follows:

1. If less than a majority of property owners or ratepayers file a protest, the Board of Directors will consider increasing water rates, effective November 1<sup>st</sup>, 2023.
2. If a majority of affected property owners or ratepayers protest the increase before the conclusion of a required public hearing, the District is prohibited by law from increasing water rates.

Please note that there is a 120-day statute of limitations from the effective date of the resolution or ordinance adopting the rates to challenge any of the rates described herein. This notice is required in order to take advantage of the statute of limitations.

For more information, please go to the District website at

[www.pleasantvalleycountywaterdistrict.com](http://www.pleasantvalleycountywaterdistrict.com).

**Proposed Rates and Fees:**

| Volumetric Rate (\$ / AF) and Fixed Charge | Current Vol Rate | FYE 2024 | FYE 2025 |
|--|------------------|----------|----------|
| Volumetric Rate                            | \$355.00         | \$360.18 | \$395.30 |
| Fixed Charge                               |                  | \$360.18 | \$395.30 |

**Anticipated Bill Impacts – FY 2024**

| Water Use (AF) | Current Charge | Proposed Charge | \$ Difference | % Difference |
|----------------|----------------|-----------------|---------------|--------------|
| 6              | \$2,130        | \$2,521         | \$391         | 18.4%        |
| 12             | \$4,260        | \$4,682         | \$422         | 9.9%         |
| 18             | \$6,390        | \$6,843         | \$453         | 7.1%         |
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