



NOTICE OF PROPOSED WATER ALLOCATION REDUCTIONS AND RATE INCREASE Ventura County Waterworks District No. 19

Ventura County Waterworks District No. 19 (District) provides water service to the community of Somis. The District's water supply is comprised of local groundwater and imported water from the State Water Project, through Metropolitan Water District (Metropolitan) and Calleguas Municipal Water District (Calleguas), the District's direct supplier. The District staff is responsible for operations and maintenance of the District's water system to provide safe, reliable drinking water to about 3,300 residents.

On January 17, 2014, Governor Edmund G. Brown proclaimed a State of Emergency throughout the State of California due to severe drought conditions. On April 25, 2014, Governor Brown proclaimed a Continued State of Emergency due to the ongoing drought. On April 1, 2015, Governor Brown signed Executive Order B-29-15 mandating that the State Water Resources Control Board (SWRCB) impose restrictions to achieve a statewide 25% reduction in potable urban water usage and instructed the SWRCB to direct urban water suppliers to develop rate structures and other pricing mechanisms, including but not limited to surcharges, fees, and penalties, to maximize water conservation consistent with statewide water restrictions.

On May 5, 2015, the SWRCB adopted an emergency conservation regulation in accordance with the Governor's directive. The provisions of the emergency regulation went into effect on May 18, 2015. The emergency regulation directs each distributor of a public water supply that is not an urban water supplier to limit outdoor irrigation of ornamental landscapes or turf with potable water by the persons it serves to no more than two days per week and/or reduce by 25% its total potable water production relative to the amount produced in 2013. By definition, the District is not an urban water supplier.

On April 14, 2015, Metropolitan declared a Level 3 (of 10) Water Supply Shortage, instituted its Water Supply Allocation Program, and announced a 15% cut in wholesale water allocations. This program carries with it steep surcharges for use in excess of the reduced allocations. On April 15, 2015, Calleguas declared a Stage 4 Water Supply Shortage and implemented its water shortage contingency plan. Its plan passes along Metropolitan's allocation reductions and surcharges to retail water purveyors. The District intends to pass on these surcharges directly to high water users within the District. On May 5, 2015, the Ventura County Board of Supervisors, which is the board of the District, declared a Level 2 Water Shortage. This declaration includes provisions for achieving required water savings, including the establishment of new rates and allocations.

On May 21, 2015, the District's Citizens' Advisory Committee unanimously recommended a 25% reduction of all water allocations in all tiers based on the State's conservation mandate to be effective on August 11, 2015. This allocation adjustment is a direct response to the drought emergency and is temporary in nature, depending upon the length of the drought and future water supply conditions. The District will be reviewing its rate structure in the future in light of the water supply conditions and other factors.

Below is the current Billing Adjustment Number (BAN) schedule during Peak Demand (May-October), as described in the current Rules and Regulations for Municipal and Industrial (M&I) rates, and the impact of the proposed 25% reduction:

BAN	Current Tier I*	Proposed Tier I*	Current Tier II*	Proposed Tier II*	Current Tier III*	Proposed Tier III*
1	0-26	0-19.50	27-46	19.51-34.13	>46	>34.13
2	0-39	0-29.25	40-68	29.26-51.19	>68	>51.19
3	0-52	0-39.00	53-91	39.01-68.25	>91	>68.25
4	0-65	0-48.75	66-114	48.76-85.31	>114	>85.31
5	0-78	0-58.50	79-137	58.51-102.38	>137	>102.38
6	0-91	0-68.25	92-159	68.26-119.44	>159	>119.44
7	0-104	0-78.00	105-182	78.01-136.50	>182	>136.50
13	0-182	0-136.50	183-319	136.51-238.88	>319	>238.88
29	0-390	0-292.50	391-683	292.51-511.88	>683	>511.88
59	0-780	0-585.00	781-1365	585.01-1023.75	>1365	>1023.75
119	0-1560	0-1170.00	1561-2730	1170.01-2047.50	>2730	>2047.50

*Tiers are in hundred cubic feet (HCF)/month

All BANs, including any not listed above, are proposed to be reduced by 25% on August 11, 2015. Low Demand (November-April) BANs will be similarly reduced. Allocations in all other rate types (agricultural, irrigation, etc.) will also be reduced by 25%.

For agricultural (Ag) customers with properties greater than five (5) acres, we are proposing a 25% reduction in Tier I allocations effective January 1, 2016. We are also proposing to establish a Tier II Surcharge allocation effective August 11, 2015, which will be billed at the Agricultural Tier II rate *plus* the Calleguas surcharge detailed below. Since Calleguas has reduced allocations to the District by 7.1%, any usage in excess of 92.9% of the customer's historical usage (2009-2013) will be subject to this surcharge. Ag customers will receive letters notifying them individually of their new allocations.

For Ag customers with properties less than five (5) acres currently receiving a single-tiered rate (equal to the M&I Tier I rate) for water, we are proposing a Tier II rate equal to the M&I Tier II rate. Allocations at Tier I are fixed at 72.69 HCF which is the average usage for this customer class from 2013 reduced by 25% to align with the statewide conservation objectives. Water usage in excess of 72.69 HCF will be charged at the M&I Tier II rate detailed below. Any water usage in excess of 90.04 HCF (92.9% of total 2013 usage) will be subject to the Calleguas surcharge. Please see the table below:

Proposed Allocations for Ag < 5 acres effective August 11, 2015		
Tier I	Tier II	Tier II Surcharge
0-72.69 HCF	72.70-90.04 HCF	> 90.04 HCF

The surcharge is a pass-through from Calleguas, which is imposing it on its customer water districts. Calleguas will impose the surcharge on the districts at a rate of \$1,480 per acre

foot (\$3.398 per HCF) for usage exceeding a given district's allocation and up to 15% above the allocation. The surcharge increases for districts who exceed their allocation by 15% or more to a total assessed surcharge of \$2,960 per acre foot (\$6.795 per HCF). Based on the reduced allocations, the current supply of imported water from Calleguas, and the usage at which Calleguas will impose surcharges on its customer water districts, the District will impose a surcharge on its residential, commercial, industrial, and institutional customers on the amount of their usage that exceeds 1.28 times their total Tier I and Tier II water allocation during Low Demand, and 1.05 times their total Tier I and Tier II water allocation during Peak Demand. In compliance with Government Code section 53756, the imposition of the pass-through surcharge is being adopted for a period not to exceed five years, or until Calleguas ceases to impose it on its customer water districts, whichever occurs first.

Customers are urged to reduce their water consumption to avoid potential surcharges.

Furthermore, Metropolitan's actions to provide a reliable water supply to this region are causing it to increase its water rates substantially. In turn, Calleguas has increased its water rates for calendar year 2016 by 5.4%. In addition, Southern California Edison rates are expected to increase for operation of the pumps used to pump water within the District.

On June 18, 2015, the District's Citizens' Advisory Committee recommended a 10% water commodity rate increase, effective January 1, 2016. This rate increase is being proposed due to increases in the cost of imported water and expected increases in the cost of electricity; the need to enable continued funding of the District's operations and maintenance; and to begin building the resources needed to fund a multi-million dollar backlog of capital projects required for the system to provide safe reliable water to the District in the years to come.

We are therefore recommending a 10% commodity Tier I increase for both M&I and Ag customers. The M&I Tier II rate will be adjusted to 1.5 times the Tier I rate, and Tier III will be adjusted 2.5 times the Tier I rate. The proposed rate increase is recommended based on a water rate analysis that showed that the higher rate is necessary to cover the District's cost of providing an uninterrupted supply of high quality water to the community of Somis. We are not recommending any increases in the meter service charge at this time.

Current and proposed M&I rates are shown in the following table:

<i>Tiers</i>	<i>Current</i>	<i>Proposed 10% Increase January 1, 2016</i>
Tier I	\$2.384/HCF \$1,038.47/AF	\$2.622/HCF \$1,142.14/AF
Tier II	\$3.576/HCF \$1,557.71/AF	\$3.933/HCF \$1,713.21/AF
Tier III	\$5.960/HCF \$2,596.18/AF	\$6.555/HCF \$2,855.36/AF
HCF = Hundred Cubic Feet; AF = Acre Feet		

Current and proposed Ag rates are shown in the following table:

Tiers	Current	Proposed 10% Increase January 1, 2016
Tier I	\$1.870/HCF \$814.57/AF	\$2.057/HCF \$896.03/AF
Tier II	\$2.384/HCF \$1,038.47/AF	\$2.622/HCF \$1,142.14/AF
HCF = Hundred Cubic Feet; AF = Acre Feet		

This notice is to inform you that a hearing will be held on Tuesday, August 11, 2015, at 11:00 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 allocation reductions and rate increase. At the hearing, any person may be heard regarding the recommended reductions in water allocations and rate increase.

If you oppose the proposed allocation reductions and 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 August 11, 2015, public hearing.

Protests must contain the following information: 1) a description of the property, such as the Assessor's Parcel Number; 2) your 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) a statement that the water allocation reductions and/or the water rate increases are 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 January 1, 2016, rate increase, the change will be reflected in the utility bills beginning January 1, 2016.

Further information may be obtained by calling (805) 378-3000, Monday through Friday, between 8 a.m. and 5 p.m.