



## **NOTICE OF PROPOSED WATER ALLOCATION REDUCTIONS AND RATE INCREASE Ventura County Waterworks District No. 1**

Ventura County Waterworks District No. 1 (District) provides water service to the City of Moorpark and outlying areas. 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 38,000 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 mandates that the District reduce urban water production by 32%, based on the District's 2013 use in terms of residential gallons per capita per day.

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 Supply Shortage. This declaration includes provisions for achieving required water savings, including the establishment of new rates and allocations.

On June 11, 2015, the District's Citizens' Advisory Committee unanimously recommended an overall 32% reduction of urban water allocations across all tiers based on the State's conservation mandate to be effective on August 11, 2015. This reduction varies from no reduction to 28% reduction for the lowest volume water users, and up to 37% reduction for high volume water users and irrigation accounts. The proposed combined reduction method results in an overall District-wide reduction of 32%. 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 overall 32% reduction:

BAN	Current Tier I*	Proposed Tier I*	Current Tier II*	Proposed Tier II*	Current Tier III*	Proposed Tier III*	Current Tier IV*	Proposed Tier IV*
1	0-8	0-8.00	9-21	8.01-15.12	22-37	15.13-26.46	>37	>26.46
2	0-12	0-8.00	13-32	8.01-19.85	33-55	19.86-34.73	>55	>34.73
3	0-16	0-10.08	17-42	10.09-26.46	43-74	26.47-46.31	>74	>46.31
4	0-20	0-12.60	21-53	12.61-33.08	54-92	33.09-57.88	>92	>57.88
5	0-24	0-15.12	25-63	15.13-39.69	64-110	39.70-69.46	>110	>69.46
6	0-28	0-17.64	29-74	17.65-46.31	75-129	46.32-81.03	>129	>81.03
7	0-32	0-20.16	33-84	20.17-52.92	85-147	52.93-92.61	>147	>92.61
13	0-56	0-35.28	57-147	35.29-92.61	148-257	92.62-162.07	>257	>162.07
29	0-120	0-75.60	121-315	75.61-198.45	316-551	198.46-347.29	>551	>347.29
59	0-240	0-151.20	241-630	151.21-396.90	631-1103	396.91-694.58	>1103	>694.58
119	0-480	0-302.40	481-1260	302.41-793.80	1261-2205	793.81-1389.15	>2205	>1389.15

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

BANs for municipal and industrial customer accounts are proposed to be reduced by up to 37% as shown in the chart above on August 11, 2015. Any BANs for municipal and industrial customer accounts not listed will be reduced by 37%. Low Demand (November-April) BANs will be reduced by the same percentages for each customer and customer class. Allocations in all other rate types (monthly allocation accounts, irrigation, etc.) will be subject to a 37% reduction. Customers currently receiving a higher BAN than that determined by their meter size will be required to submit a new request for increased water allocation. The Request for Domestic Water Allocation Adjustment form will be mailed separately. Completed forms will be evaluated and an appropriate allocation will be assigned. Failure to return the form by the submission deadline will result in a reduction in the allocation based on meter size.

For flat rate/golf course irrigation customers, allocations at Tier I are proposed to be calculated at 63% of the customer's 2013 usage, and water usage in excess of 63% is proposed to be charged at a Tier II rate equal to the M&I Tier III rate as detailed below. Any water usage in excess of 86.3% of the customer's total 2013 usage will be subject to the Calleguas surcharge of \$3.398 per HCF. The surcharge will be assessed at \$6.795 per HCF for usage that exceeds 99.2% of the customer's 2013 usage.

Although allocation reductions do not yet apply to agricultural (Ag) customers, we are proposing to establish a separate surcharge allocation effective August 11, 2015, which, if exceeded, would result in the surcharge rate being applied to the excess water usage. Since Calleguas has reduced allocations to the District by 13.7%, any usage in excess of 86.3% of the customer's historical usage (2009-2013) will be subject to this surcharge. Ag customers will receive letters notifying them individually of their historical usage and the threshold above which surcharges would apply.

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 that 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 at any usage exceeding 86.3% of the Tier III allocation during Low Demand, and exceeding 13.1% of Tier III usage 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 22, 2015, the District's Citizens' Advisory Committee recommended a 6% 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; to provide for continued funding of the District's operations and maintenance; and to offset the loss of revenue anticipated as a result of reduced water sales.

We are therefore recommending a 6% commodity Tier I increase for both M&I and Ag customers. Accordingly, the M&I Tier II rate will be adjusted to 1.05 times the Tier I rate. M&I Tier III and Tier IV rates will be 1.5 and 2.5 times the Tier II rate, respectively. 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 its customers. 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><b>Tiers</b></i>	<i><b>Current</b></i>	<i><b>Proposed 6% Increase January 1, 2016</b></i>
Tier I	\$2.928/HCF \$1,275.44/AF	\$3.104/HCF \$1,352.10/AF
Tier II	\$3.074/HCF \$1,339.03/AF	\$3.259/HCF \$1,419.62/AF
Tier III	\$4.611/HCF \$2,008.55/AF	\$4.889/HCF \$2,129.65/AF
Tier IV	\$7.685/HCF \$3,347.59/AF	\$8.148/HCF \$3,549.27/AF
HCF = Hundred Cubic Feet; AF = Acre Feet		

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

<b>Tiers</b>	<b>Current</b>	<b>Proposed 6% Increase January 1, 2016</b>
Tier I	\$1.696/HCF \$738.78/AF	\$1.798/HCF \$783.21/AF
Tier II	\$2.928/HCF \$1,275.44/AF	\$3.104/HCF \$1,352.10/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.