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March 23, 2020

Board of Directors
Triunfo Water & Sanitation District
Ventura County, California

SCHEDULE PUBLIC HEARING FOR PROPOSED INCREASES TO RECYCLED WATER RATES FOR ORDINANCE NO. TWSD-450 (Adopted 5/18/20)

Summary

As part of the Triunfo Water & Sanitation District's (District) review of its 5-year rate studies for its three enterprises, staff, in conjunction with Raftelis, the District's rate consultant, recently completed a new 5-year rate study for recycled water. Goals of the rate study were to develop a financial plan to ensure sufficient revenue to meet operating and capital expenses, establish rates that are based on cost of service, and to build and maintain adequate reserves. Staff and Raftelis presented to your Board recommended options for recycled water rates at the Rate Study Workshops. Following discussions, staff was directed to develop a proposed 5-year rate plan which would achieve the primary goals of the rate study. The rate plan proposed for the District for the next 5 years is 2% across the board for FYs 21-25. The factors upon which the proposed recycled water rate increases are based include the following:

- Increase in age related maintenance, repair, and replacement
- Increase in operation and maintenance costs
- Updated five-year capital improvement plan implementation
- Cost of regulatory compliance
- Establishment and maintenance of target reserve levels

Staff recommends the Board initiate a Proposition 218 process to consider adopting the proposed recycled water and meter charge rates for the District (Tables I and II below).

Proposition 218, the "Right to Vote on Taxes Act", requires the District to provide notice to affected customers of the proposed changes and allow them the opportunity to submit a written protest prior to implementing the proposed increases in the recycled water charges. If a majority protest is received then the increases cannot be adopted and the current rates will remain in effect. If insufficient written protests are received, then the District may adopt the proposed increases in the recycled water charges based on the Rate Study.

Table I: Proposed Quantity Rates for Recycled Water for FY2021-2025

Current Rate (per HCF)	Rate FY 2021 (per HCF)	Rate FY 2022 (per HCF)	Rate FY 2023 (per HCF)	Rate FY 2024 (per HCF)	Rate FY 2025 (per HCF)
\$5.23	\$5.26	\$5.37	\$5.48	\$5.59	\$5.71

Notes:

Fiscal Year 2021 begins July 1, 2020

HCF = 100 cubic feet of water = 748 gallons

Table II: Proposed Monthly Service Charges for FY2021-2025

Meter Size	Current FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
2"	\$153.66	\$154.37	\$157.46	\$160.61	\$163.83	\$167.11
3"	\$288.09	\$289.43	\$295.22	\$301.13	\$307.16	\$313.31
4"	\$480.16	\$482.38	\$492.03	\$501.88	\$511.92	\$522.16
6"	\$960.24	\$964.68	\$983.98	\$1,003.66	\$1,023.74	\$1,044.22

Please contact me by e-mail at marknorris@triumfosanitation.com or by phone at 658-4621 if you have any questions.

Fiscal Impact

Based on the current projected recycled water sales for FY2019-2020, the 2% increase will generate approximately \$50,000 in additional revenue for FY2020-2021.

Recommendation

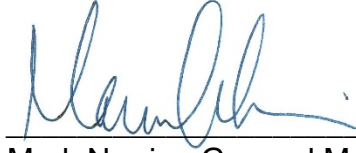
It is recommended the Board:

- A. Conduct the first reading, by title only, of proposed Ordinance No. TWSD-450, that will increase the recycled water charges within the TWSD Service Area by 2% for FYs 2021-2025; and
- B. Schedule a public hearing and Board action on May 18, 2020, to conduct the second reading, by title only, and consider adoption of Ordinance No. TWSD-450; and
- C. Direct staff to mail notice of the public hearing to the addresses to which the District customarily mails recycled water service bills to so that said notice is mailed to those addresses no later than 45 days before the May 18, 2020, hearing date (by April 2, 2020); and
- D. Direct staff to publish on May 4 and May 11, 2020, notices in the Ventura County Star, a newspaper of general circulation published and circulated in the

District, providing a summary of this Ordinance and noticing a May 18, 2020, public hearing to consider adoption of this Ordinance.

“ORDINANCE NO. TWSD-450 (Adopted 5/18/20) PRESCRIBING FEES AND CHARGES FOR RECYCLED WATER PROVIDED BY TRIUNFO WATER & SANITATION DISTRICT”

REVIEWED AND APPROVED



Mark Norris - General Manager

Attachments: 1. TWSD Ordinance No. TWSD-350
2. Prop 218 Notification

TRIUNFO WATER & SANITATION DISTRICT

ORDINANCE NO. TWSD-450 (Adopted ~~11/25/195/18/20~~) PRESCRIBING FEES AND CHARGES FOR RECYCLED WATER PROVIDED BY TRIUNFO WATER & SANITATION DISTRICT

WHEREAS, the Triunfo Water & Sanitation District (“District”) is duly organized and established under the laws of the State of California, and as such is empowered to impose fees and charges relative to the District’s provision of services to its service area; and

WHEREAS, the District provides retail recycled water services to its customers within the District’s service area and charges these customers appropriate service fees designed to cover operating and maintenance expenses associated with the provision of the cost of services; and

WHEREAS, the District has estimated the costs of providing retail recycled water service based on financial information for the current year and the entire operating history of the enterprise; and

WHEREAS, this Ordinance prescribes fees and charges pertaining to the provision of retail recycled water service to the District’s customers; and

WHEREAS, the District adopted TSD Ordinance No. TSD-400 setting the retail rate for recycled water at not greater than 90% of the ~~Oak Park Water Service~~District’s potable water Tier 1 potable water rate; and

WHEREAS, the District is under contract with California Water Service and Hidden Valley Municipal Water District to set the wholesale rate charged to them at 80% of the then current Calleguas Municipal Water District’s (Calleguas) Tier 1 wholesale supply rate for potable water (~~\$1,177.60 per acre-foot~~); and

~~**WHEREAS**, effective January 1, 2020, the Calleguas wholesale supply rate for potable water will increase by 3.44% resulting in a similar rate increase to Cal Water and Hidden Valley. In order to ensure adequate funding for future recycled water capital projects and maintain the historical pricing relationship between District retail potable water rates and retail recycled water rates, the District desires to increase the retail recycled water rate for remaining customers by an equal amount equivalent to \$0.17 per hundred cubic feet (HCF); and~~

~~**WHEREAS**, the proposed increase would result in the retail recycled water rate being increased to 81% of the Oak Park Water Service Tier 1 potable water rate; and~~

WHEREAS, in accordance with Government Code section 53756, the District will provide written notice to all affected customers in the District prior to the District passing through to those property owners the increase in its retail recycled water rate ~~totaling \$0.17/HCF~~; and

WHEREAS, the District has complied with all applicable requirements set forth in Article XIII D of the California Constitution (enacted by Proposition 218, November 6, 1996 Statewide election); and

WHEREAS, on ~~November 11, 2019~~May 4 and May 11, 2020, notices ~~was~~were published in the Ventura County Star, a newspaper of general circulation published and circulated in the District, providing a summary of this Ordinance and noticing a ~~November 25, 2019~~May 18, 2020, public hearing to consider adoption of this Ordinance; and

WHEREAS, after considering the financial information, hearing a staff presentation, considering the testimony received at the public hearing and discussion of the issues, the Board of Directors concludes that the proposed fees and charges prescribed in this Ordinance are necessary for the District’s provision of services and do not exceed the cost of those services; and

WHEREAS, the adoption of this Ordinance is statutorily exempt under the California Environmental Quality Act pursuant to the provisions of Public Resources Code Section 21080(b)(8) and California Code of Regulations section 15273(a).

NOW, THEREFORE, the Board hereby ordains as follows:

SECTION 1. SHORT TITLE

This Ordinance shall be known as the TWSD Recycled Water Fee and Charge Ordinance.

SECTION 2. DEFINITIONS

The following words as used in this Ordinance shall have the meanings set forth below unless otherwise apparent in the context in which they are used:

- a. “Board of Directors” or “Board” means the TWSD Board of Directors.
- b. “Customer” means any person, association, corporation, governmental agency, firm, or company of record receiving recycled water service from the District.
- c. “District” or “TWSD” means the Triunfo Water & Sanitation District.
- d. “Hundred Cubic Feet” or HCF” or “Unit of Water” means 100 cubic feet or 748 gallons of water.

SECTION 3. FEES AND CHARGES

The following fees and charges are hereby prescribed:

A. Monthly Service Charge:

Meter Size	Current FY 2020	Proposed FY 2021	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
2"	\$153.66	\$153.66				
3"	\$288.09	\$288.09				
4"	\$480.16	\$480.16				
6"	\$960.24	\$960.24				
<u>Meter Size</u>	<u>Current FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
2"	\$153.66	\$154.37	\$157.46	\$160.61	\$163.83	\$167.11
3"	\$288.09	\$289.43	\$295.22	\$301.13	\$307.16	\$313.31
4"	\$480.16	\$482.38	\$492.03	\$501.88	\$511.92	\$522.16
6"	\$960.24	\$964.68	\$983.98	\$1,003.66	\$1,023.74	\$1,044.22

B. Quantity Rate for Recycled Water

Current Rate (per HCF)	Rate FY 2021 Beginning January 2020 Billing Period (per HCF)	Rate FY 2022 ¹ (per HCF)	Rate FY 2023 (per HCF)	Rate FY 2024 (per HCF)	Rate FY 2025 Per HCF)
\$5.23 \$5.065.23	\$5.26 \$5.235.33	\$5.37 \$5.235.44	\$5.48 5.55	\$5.59 5.66	\$5.71 5.77

Any of the quantity rates specified above are, in accordance with applicable law, subject to adjustment by the District should Calleguas adopt between January 1, 2020 and the end of Fiscal Year 2020-2021 further increases or decreases in its potable water wholesale rate.

C. Processing, Planning and Inspection Fees

Item	Fee
Application Fee	1. Projects that require only administrative review: \$0 2. All other Projects: \$150
Project Completion Deposit	Projects that require a final audit or inspection: \$1000
Water Line Plan Check Fee	1. Plan check fee: \$100/sheet 2. Plans resubmitted after change orders: \$100/sheet 3. Subdivision Final Map or Parcel Map Sewer Improvement Plan: \$100/sheet
Water Line Construction Inspection Fee	1. Inspection Fee: \$125/hour (\$350 minimum) 2. Overtime Inspection Fee: \$200/hour

SECTION 4. FINDINGS

The TWSD Board of Directors finds the foregoing fees and charges are for the purpose of: (1) meeting operating expenses, including but not limited to the District's operations, maintenance and management contract; (2) purchasing or leasing supplies, equipment and materials; (3) meeting financial reserve needs and requirements; (4) obtaining funds for constructing and maintaining recycled water facilities necessary to maintain service within existing service areas; (5) improvements and repairs; and (6) debt service and refunds.

The TWSD Board of Directors further finds that the foregoing fees and charges: (1) do not exceed the funds required to provide the service; (2) are not used for any purpose other than that for which they are imposed; (3) as imposed upon any parcel or person as an incident of property ownership, do not exceed the proportional cost of the service attributable to the parcel; and, (4) are imposed only for service that is actually used by, or immediately available to, the owner of the property in question.

SECTION 5. FEE REVIEW PERIOD

On or about January 1 of each year, the General Manager is hereby empowered and shall review the estimated cost of providing the services described and the impact of any pending or anticipated changes in the service level. The General Manager shall report these findings to the

Board of Directors at a duly noticed public hearing and recommend any adjustment to the fees and charges or other action that may be required.

SECTION 6. SEVERABILITY

This Ordinance, except for those portions that are found to be invalid, would remain in full force and effect and continue to be valid. The Board of Directors hereby declares it would have passed this Ordinance and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses, or phrases or the application thereof to any person or circumstance be held invalid

SECTION 7. REPEAL OF PRIOR INCONSISTENT ORDINANCES

Any prior ordinances or portions of ordinances previously adopted by the District Board of Directors that are in conflict with this Ordinance are repealed as of the Effective Date of this Ordinance. This includes TWSD-450 (Adopted ~~11/26/18~~11/25/2019).

SECTION 8. EFFECTIVE DATE

This Ordinance shall become effective ~~January~~July 1, 2020.

PASSED, APPROVED AND ADOPTED this 25th day of ~~November 2019~~May 2020 by the following vote:

AYES:

NOES:

ABSENT:

TRIUNFO WATER & SANITATION DISTRICT

~~Janna Orkney~~James Wall, Chair

ATTESTED:

Juliet Rodriguez, Clerk of the Board

APPROVED AS TO FORM:

John Mathews, General Counsel

TRIUNFO WATER & SANITATION DISTRICT

NOTICE OF MAY 18, 2020 PUBLIC HEARING ON PROPOSED RATE INCREASE FOR RECYCLED WATER CHARGES

NOTICE OF PUBLIC HEARING

Pursuant to Proposition 218 (California State Constitution Article XIIIID) and the Proposition 218 Omnibus Implementation Act (Government Code section 53750 et seq.), the Triunfo Water & Sanitation District will conduct a Public Hearing on **Monday, May 18, 2020**, on proposed rate increases for recycled water charges effective the first billing cycle following its adoption July 1, 2020.

DATE, TIME, AND LOCATION OF THE PUBLIC HEARING

The Public Hearing will be held on **Monday, May 18, 2020**, at **5:15 p.m.** at the Film & Lecture Room, Oak Park Library, **899 North Kanan Road**, Oak Park, California.

BASIS FOR THE PROPOSED RATE INCREASE FOR POTABLE WATER CHARGES

The Triunfo Water & Sanitation District is proposing increased monthly recycled water rates for the next five fiscal years of 2% across the board (FYs 2021-2025) to provide recycled water service to your property and other properties serviced by the District. The increases are necessary to cover the escalating costs of providing recycled water service to our customers. The proposed increased rates are based on rate studies conducted by the District, and reflect the District's cost of providing recycled water service.

The factors upon which the proposed water rate increases are based include the following:

- Increase in age related maintenance, repair, and replacement
- Increase in operation and maintenance costs
- Updated five-year capital improvement plan implementation
- Cost of regulatory compliance
- Establishment and maintenance of target reserve levels

Increases to the wholesale water cost will be implemented as described under the "Pass-Through" charge adjustment.

SCHEDULE OF PROPOSED MONTHLY SERVICE CHARGES

Meter Size	Current FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
2"	\$153.66	\$154.37	\$157.46	\$160.61	\$163.83	\$167.11
3"	\$288.09	\$289.43	\$295.22	\$301.13	\$307.16	\$313.31
4"	\$480.16	\$482.38	\$492.03	\$501.88	\$511.92	\$522.16
6"	\$960.24	\$964.68	\$983.98	\$1,003.66	\$1,023.74	\$1,044.22

SCHEDULE OF PROPOSED INCREASES TO RECYCLED WATER RATES

Current Rate (per HCF)	Rate FY 2021 (per HCF)	Rate FY 2022 (per HCF)	Rate FY 2023 (per HCF)	Rate FY 2024 (per HCF)	Rate FY 2025 Per HCF)
\$5.23	\$5.26	\$5.37	\$5.48	\$5.59	\$5.71

Notes:

Fiscal Year 2021 begins July 1, 2020

HCF = 100 cubic feet of water = 748 gallons

“Pass-Through” Charge Adjustment for Wholesale Water Rate Increases: Pursuant to Government Code section 53756, the District reserves the right to “pass-through” on the District’s recycled water rates any increases in the wholesale water cost to the District, as calculated per hundred cubic feet of water (HCF). The District will provide written notice as required by law to all affected property owners prior to passing through any wholesale water rate increase. Under no circumstance will the District’s recycled water rate exceed the cost of services.

PROTEST REQUIREMENTS

Any protest of the proposed recycled water rate increases must be in writing (email protests will not be accepted). Written protests must contain the address or parcel number of the property. Written protests must be submitted in writing to the Clerk of the Board by 3:00 p.m. on Monday, May 18, 2020, at the following address: Triunfo Water & Sanitation District, Attn: Clerk of the Board, 1001 Partridge Drive, Suite 150, Ventura, California, 93003-0704. Written protests will also be accepted at the May 18, 2020, Public Hearing provided they are received prior to close of that hearing. The recycled water rate increases shall not be imposed if the protests submitted, and not withdrawn, in opposition to the increase exceed 50% plus one of the District’s recycled water customers affected by the proposed increase.

IF YOU HAVE ANY QUESTIONS ON THE PROPOSED RATE INCREASE PLEASE CALL (805) 658-4642.