

# VENTURA WATER

## WATER & WASTEWATER RATE STUDY UPDATE

Citizen Advisory Committee Meeting #2

October 23, 2013



# Agenda

- Key Assumptions
- Operating Expenses Projections
  - Water
  - Wastewater
- O&M Expenses Structure
- Capital Improvement Plan
  - Water
  - Wastewater
- Historical Revenues and Expenses Comparison
- Discussion/Q&A

# Key Assumptions

- Inflation Factors
  - General – 3% per year
  - Salaries – 3% in FY 2015, 2% per year thereafter
  - Benefits – 5% per year
  - Utilities – 6.7% in FY 2015, 5% per year thereafter
  - Chemicals – 5% per year
  - Capital – ~2.3% per year
  - Right of way fee – 2% per year
- Interest Earnings Rate – 1% to 2% per year over 5 years

# Key Assumptions

- Conservation Factor – 2% per year reduction up to FY 2016, 1% per year reduction up to FY 2020
- Water Loss Estimate – 10%
  - Projected sales/ projected production = loss
  - Includes leaks and maintenance, fire, historical water service, i.e. Alta Mutual

# O&M Expenses Projections - Water

Line #		FY 2013 Budgeted	FY 2014 Budgeted	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected
1	Ventura Water Utility Administration	\$585,909	\$625,406	\$633,685	\$651,974	\$670,590	\$689,541
2	Water Administration	\$2,612,378	\$2,765,868	\$3,126,978	\$2,954,292	\$3,010,470	\$3,112,183
3	Ventura Water SCADA	\$0	\$0	\$950,671	\$931,917	\$850,590	\$867,908
4	Water Distribution	\$3,174,393	\$3,229,408	\$3,565,893	\$3,613,593	\$3,632,595	\$3,613,275
5	Water Production	\$4,111,188	\$4,536,381	\$5,063,938	\$5,221,331	\$5,407,347	\$5,677,435
6	Water Purification	\$5,063,248	\$4,453,723	\$5,476,195	\$5,889,802	\$6,555,778	\$7,184,072
7	Customer Care - Billing	\$1,616,489	\$1,330,662	\$1,310,224	\$1,343,620	\$1,388,364	\$1,608,508
8	Water Efficiency	\$700,200	\$738,820	\$873,909	\$898,134	\$922,837	\$1,123,031
9	Resource Planning	\$1,522,410	\$1,488,966	\$1,483,120	\$1,506,062	\$1,584,333	\$1,613,162
10	Revenue Management	\$34,463	\$385,094	\$396,647	\$408,546	\$420,803	\$433,427
11	State Water Project Payment	\$1,413,324	\$1,510,000	\$1,555,300	\$1,601,959	\$1,650,018	\$1,699,518
12	<b>TOTAL WATER O&amp;M EXPENSES</b>	<b>\$20,834,002</b>	<b>\$21,064,328</b>	<b>\$24,436,560</b>	<b>\$25,021,231</b>	<b>\$26,093,724</b>	<b>\$27,622,061</b>

Note: Projected expenses assume purchased water rates from United, Casitas, and Fox Canyon remain constant (future increases will be passed through directly)

# O&M Expenses Variances - Water

Table shows annual variances

Line #	FY 2013 Budgeted	FY 2014 Budgeted	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected
13	Ventura Water Utility Administration	\$39,497	\$8,279	\$18,289	\$18,615	\$18,951
14	Water Administration	\$153,490	\$361,110	(\$172,686)	\$56,178	\$101,714
15	Ventura Water SCADA	\$0	\$950,671	(\$18,754)	(\$81,327)	\$17,318
16	Water Distribution	\$55,015	\$336,485	\$47,700	\$19,002	(\$19,320)
17	Water Production	\$425,193	\$527,557	\$157,393	\$186,016	\$270,089
18	Water Purification	(\$609,525)	\$1,022,472	\$413,607	\$665,976	\$628,294
19	Customer Care - Billing	(\$285,827)	(\$20,438)	\$33,396	\$44,744	\$220,144
20	Water Efficiency	\$38,620	\$135,089	\$24,225	\$24,703	\$200,194
21	Resource Planning	(\$33,444)	(\$5,846)	\$22,942	\$78,271	\$28,829
22	Revenue Management	\$350,631	\$11,553	\$11,899	\$12,256	\$12,624
23	State Water Project Payment	\$96,676	\$45,300	\$46,659	\$48,059	\$49,501
24	<b>TOTAL WATER O&amp;M EXPENSES</b>	<b>\$230,326</b>	<b>\$3,372,232</b>	<b>\$584,670</b>	<b>\$1,072,494</b>	<b>\$1,528,337</b>

# O&M Expenses Projections - WW

Line #		FY 2013 Budgeted	FY 2014 Budgeted	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected
1	Wastewater Administration	\$6,059,109	\$4,984,824	\$4,856,230	\$4,959,863	\$5,052,458	\$5,323,659
2	Wastewater Maintenance	\$3,993,381	\$4,458,089	\$4,545,172	\$4,668,545	\$4,792,578	\$4,913,197
3	Wastewater Operations	\$4,134,492	\$4,164,517	\$5,262,193	\$5,141,331	\$5,327,274	\$5,520,464
4	Wastewater Laboratory	\$1,166,606	\$1,109,571	\$1,218,809	\$1,249,752	\$1,276,591	\$1,303,124
5	Rev Mgmt - Wastewater	\$185,460	\$774,968	\$798,217	\$822,164	\$846,828	\$872,233
6	Rev Estuary Protection	\$0	\$1,000	\$1,030	\$1,061	\$1,093	\$1,126
7	Expanding RW Study	\$0	\$0	\$0	\$0	\$0	\$0
8	<b>TOTAL WASTEWATER O&amp;M EXPENSES</b>	<b>\$15,539,048</b>	<b>\$15,492,969</b>	<b>\$16,681,651</b>	<b>\$16,842,716</b>	<b>\$17,296,822</b>	<b>\$17,933,803</b>

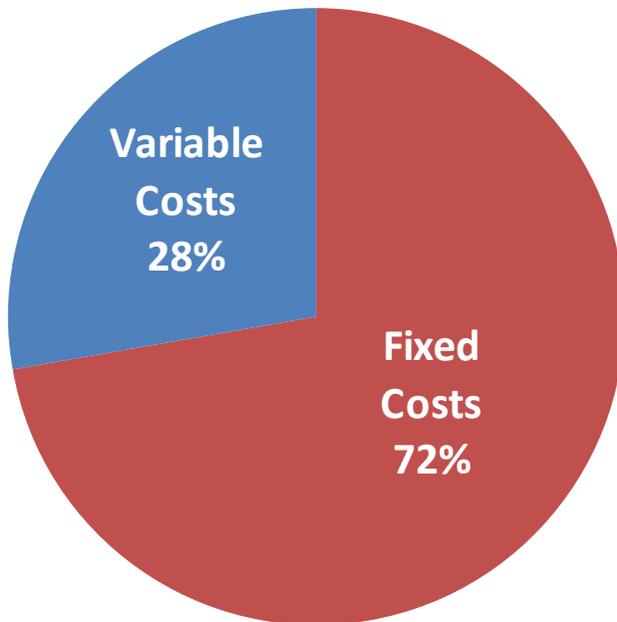
# O&M Expenses Variances - WW

Table shows annual variances

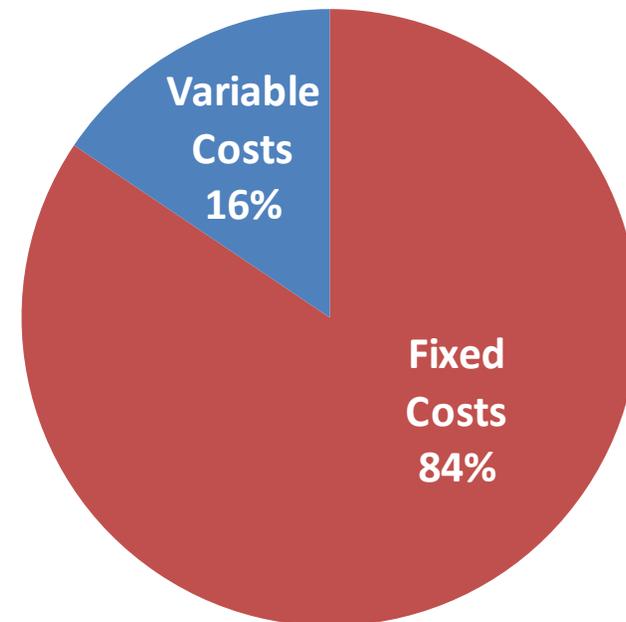
Line #		FY 2013 Budgeted	FY 2014 Budgeted	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected
9	Wastewater Administration		(\$1,074,285)	(\$128,594)	\$103,634	\$92,594	\$271,202
10	Wastewater Maintenance		\$464,708	\$87,083	\$123,373	\$124,033	\$120,619
11	Wastewater Operations		\$30,025	\$1,097,676	(\$120,862)	\$185,942	\$193,191
12	Wastewater Laboratory		(\$57,035)	\$109,238	\$30,942	\$26,840	\$26,532
13	Rev Mgmt - Wastewater		\$589,508	\$23,249	\$23,947	\$24,665	\$25,405
14	Rev Estuary Protection		\$1,000	\$30	\$31	\$32	\$33
15	Expanding RW Study		\$0	\$0	\$0	\$0	\$0
16	<b>TOTAL WASTEWATER O&amp;M EXPENSES</b>		<b>(\$46,079)</b>	<b>\$1,188,682</b>	<b>\$161,065</b>	<b>\$454,106</b>	<b>\$636,981</b>

# O&M Expenses Structure

**FY 2014 Water O&M Structure**



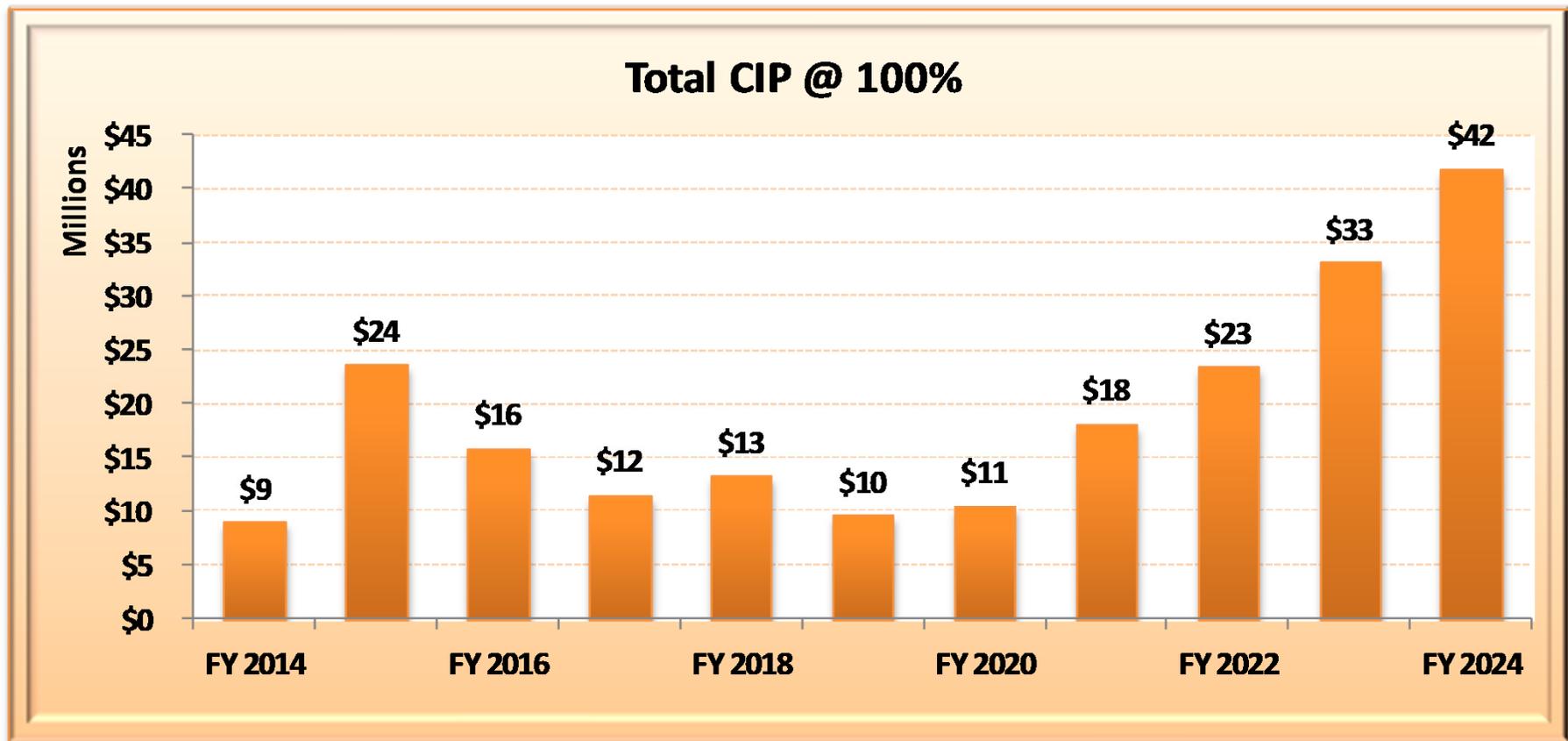
**FY 2014 WW O&M Structure**



# Water Admin Costs Include WW Share

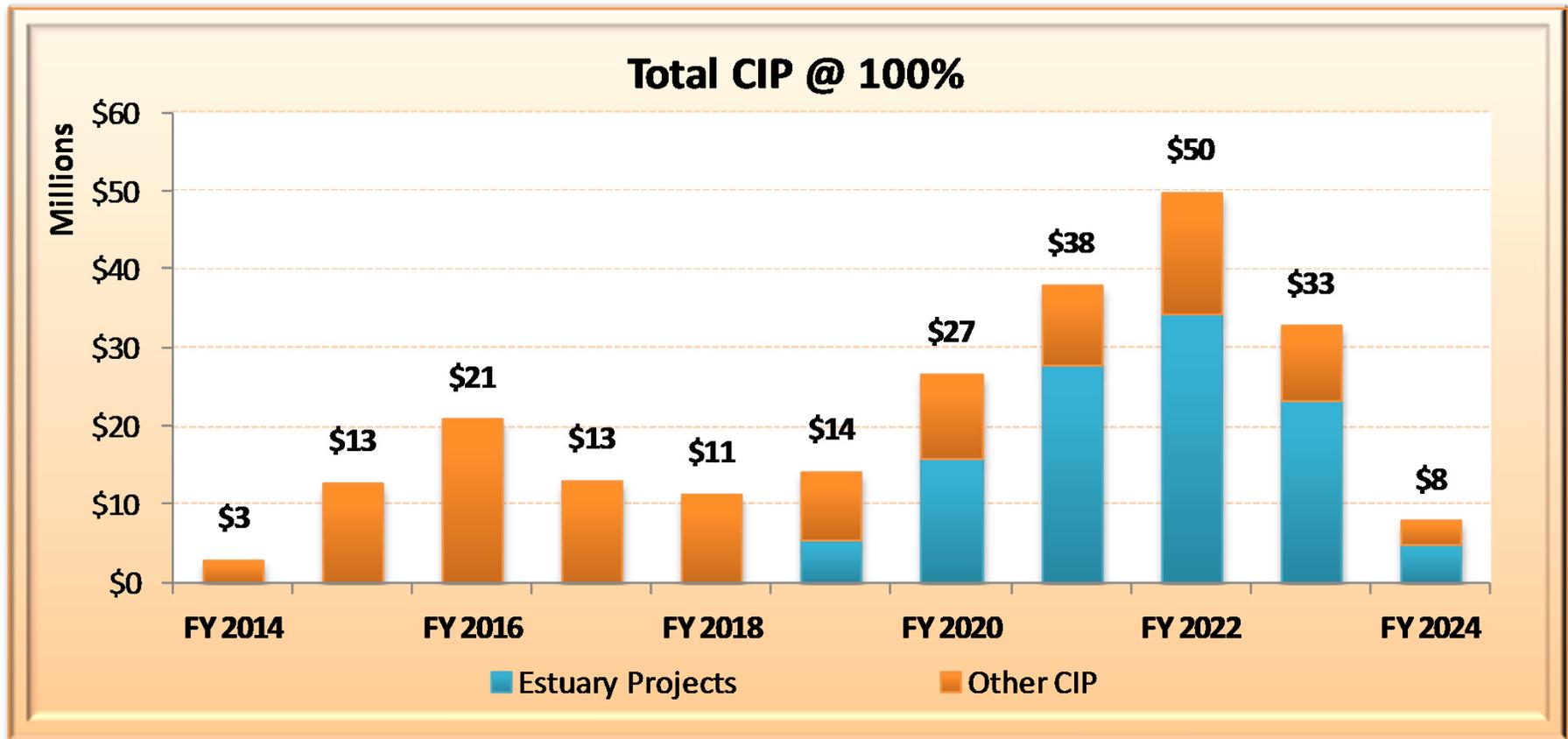
- Average \$2.3 million per year from FY 2014 through 2018 is transferred from WW to Water for:
  - Ventura Water Utility Admin
  - Customer Care – Billing
  - Water Efficiency
  - Water Resource Planning
  - SCADA

# Capital Improvement Plan - Water



FY 2014-2018 = \$73.4M, FY 2019-2024 = \$136.7M

# Capital Improvement Plan - WW



FY 2014-2018 = \$61.3M, FY 2019-2024 = \$57.8M

Estuary Projects = \$112M

# Historical Water Revenue by Tiers

	Act. Usage FY 2011	Act. Usage FY 2012	Act. Usage FY 2013	Act. Rev FY 2011	Act. Rev FY 2012	Act. Rev FY 2013
<b>SFR</b>	<b>2,944,911</b>	<b>3,089,894</b>	<b>3,083,577</b>	<b>\$7,150,585</b>	<b>\$7,581,081</b>	<b>\$7,838,882</b>
Tier 1	1,859,025	1,892,490	1,741,163	\$3,865,860	\$3,933,763	\$3,504,999
Tier 2	907,348	984,171	946,289	\$2,478,112	\$2,684,288	\$2,567,646
Tier 3	178,538	213,233	396,125	\$806,612	\$963,030	\$1,766,237
<b>MFR</b>	<b>1,550,246</b>	<b>1,620,561</b>	<b>1,645,230</b>	<b>\$3,555,102</b>	<b>\$3,733,721</b>	<b>\$3,951,971</b>
Tier 1	1,080,385	1,096,239	1,111,596	\$2,215,403	\$2,244,324	\$2,221,360
Tier 2	433,705	488,167	369,699	\$1,174,795	\$1,321,566	\$1,002,112
Tier 3	36,156	36,155	163,935	\$164,904	\$167,831	\$728,500
<b>Non-Residential</b>	<b>1,723,049</b>	<b>2,162,148</b>	<b>2,005,443</b>	<b>\$5,078,613</b>	<b>\$5,123,482</b>	<b>\$5,369,238</b>
Fixed Revenue				\$4,191,945	\$4,143,267	\$5,790,520
Variable Revenue				\$15,784,301	\$16,438,283	\$17,160,091
<b>TOTAL</b>	<b>6,218,206</b>	<b>6,872,603</b>	<b>6,734,250</b>	<b>\$19,976,246</b>	<b>\$20,581,550</b>	<b>\$22,950,611</b>

# Historical Water Revenue by Tiers

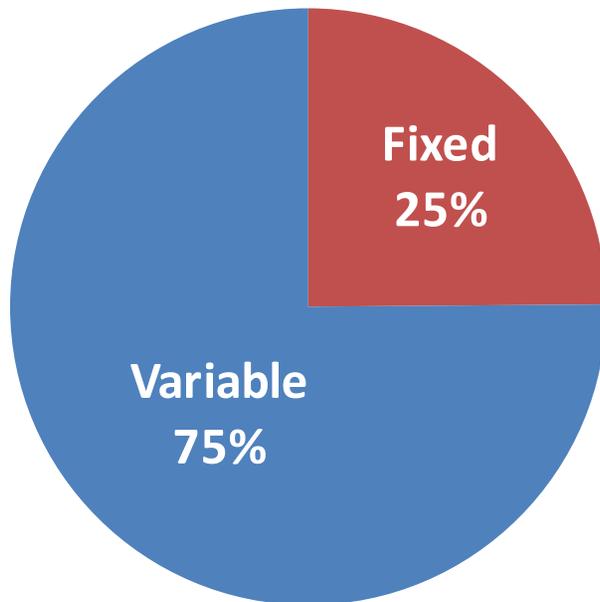
	Act. Usage FY 2011	Act. Usage FY 2012	Act. Usage FY 2013	Act. Rev FY 2011	Act. Rev FY 2012	Act. Rev FY 2013
<b>SFR</b>	<b>38%</b>	<b>36%</b>	<b>37%</b>	<b>37%</b>	<b>38%</b>	<b>37%</b>
Tier 1	63%	61%	56%	54%	52%	45%
Tier 2	31%	32%	31%	35%	35%	33%
Tier 3	6%	7%	13%	11%	13%	23%
<b>MFR</b>	<b>20%</b>	<b>19%</b>	<b>20%</b>	<b>18%</b>	<b>19%</b>	<b>19%</b>
Tier 1	70%	68%	68%	62%	60%	56%
Tier 2	28%	30%	22%	33%	35%	25%
Tier 3	2%	2%	10%	5%	4%	18%
<b>Non-Residential</b>	<b>22%</b>	<b>25%</b>	<b>24%</b>	<b>26%</b>	<b>25%</b>	<b>25%</b>
Fixed Revenue				21%	20%	25%
Variable Revenue				79%	80%	75%

# Water Comparison to 2011 Projections

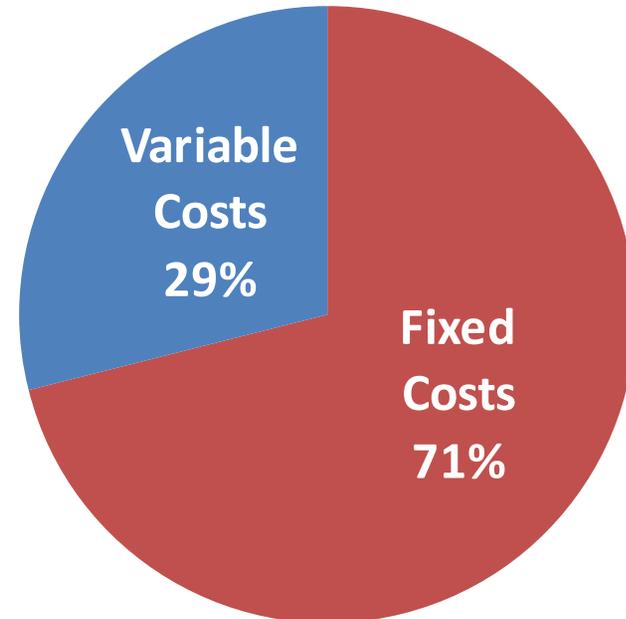
	Act. Usage FY 2013	Proj. Usage FY 2013	Act. Rev FY 2013	Proj. Rev FY 2013	Usage Variance	Revenue Variance
<b>SFR</b>	<b>3,083,577</b>	<b>2,943,864</b>	<b>\$7,838,882</b>	<b>\$7,576,972</b>	<b>4.7%</b>	<b>3.5%</b>
Tier 1	1,741,163	1,654,246	\$3,504,999	\$3,327,316	5.3%	5.3%
Tier 2	946,289	859,255	\$2,567,646	\$2,335,554	10.1%	9.9%
Tier 3	396,125	430,363	\$1,766,237	\$1,914,102	-8.0%	-7.7%
<b>MFR</b>	<b>1,645,230</b>	<b>1,549,999</b>	<b>\$3,951,971</b>	<b>\$3,675,109</b>	<b>6.1%</b>	<b>7.5%</b>
Tier 1	1,111,596	1,082,113	\$2,221,360	\$2,161,063	2.7%	2.8%
Tier 2	369,699	324,693	\$1,002,112	\$879,906	13.9%	13.9%
Tier 3	163,935	143,194	\$728,500	\$634,140	14.5%	14.9%
<b>Non-Residential</b>	<b>2,005,443</b>	<b>1,722,359</b>	<b>\$5,369,238</b>	<b>\$4,329,021</b>	<b>16.4%</b>	<b>24.0%</b>
Fixed Revenue			\$5,790,520	\$5,786,898		0.1%
Variable Revenue			\$17,160,091	\$15,581,102		10.1%
<b>TOTAL</b>	<b>6,734,250</b>	<b>6,216,223</b>	<b>\$22,950,611</b>	<b>\$21,368,000</b>	<b>8.3%</b>	<b>7.4%</b>

# Water Revenue & Expenses Structure

**FY 2013 Water Revenue Structure**



**FY 2013 Water O&M Structure**



# WW Comparison to 2011 Projections

	Act. Rev FY 2011	Act. Rev FY 2012	Act. Rev FY 2013	Proj. Rev FY 2013	Revenue Variance
Residential	\$12,102,465	\$12,460,722	\$13,819,335	\$12,722,750	<b>8.6%</b>
Non-Residential	\$3,763,512	\$3,815,669	\$4,198,479	\$4,135,006	<b>1.5%</b>
<b>TOTAL</b>	<b>\$15,865,976</b>	<b>\$16,276,391</b>	<b>\$18,017,813</b>	<b>\$16,857,756</b>	<b>6.9%</b>

# Discussion/Q&A