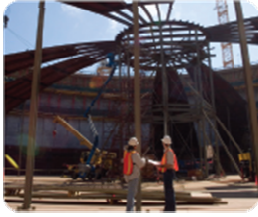


BUILDING A WORLD OF DIFFERENCE®



The City of Oxnard, CA

**Revenue Requirements, Cost of Service Allocations
And Rate Design for the
Water, Wastewater and Environmental Resources
Divisions
DRAFT REPORT**

**Black & Veatch Project: 149594
Black & Veatch File No.: 36.0000**

**September 2009
Revision 1**

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1.0 Overview

1.1 Background

The City of Oxnard (City) is located in western Ventura County, approximately 65 miles northwest of Los Angeles. The City is the largest city in the Ventura County with a population of roughly 195,000. The City owns and operates three self-supporting enterprises: Water, Wastewater, and Environmental Resources.

The Water Enterprise (Water) serves residential, commercial, industrial, and agricultural customers by providing potable water. To serve its customers, Water obtains water from two primary sources: local groundwater and from the Metropolitan Water District of Southern California through United Water and Calleguas Municipal Water District. It is anticipated that in 2012, the City will begin producing recycled water for non-potable uses. Furthermore, Water owns and maintains an 18.6 million gallons per day (MGD) water treatment facility along with water storage facilities, supplemental facilities, booster pumping stations, and pipelines.

The Wastewater Enterprise (Wastewater) serves its customers by providing collection and treatment wastewater services. Wastewater owns and operates a regional wastewater treatment facility along with a collection system to serve all sanitary and storm runoff needs. The treatment facility, located in Oxnard, serves as regional treatment facility handling sanitary waste from the City of Port Hueneme and the U.S. Naval Base. The accompanying wastewater collection system is composed of pipeline, manholes, and other access structures.

The Environmental Resources Enterprise (ER) serves its customers by providing solid waste and recycling handling services. ER owns and operates a regional handling, recycling, and transfer station to serve the City and the surrounding communities. The Material Recovery Facility (MRF), located in Oxnard, separates solid waste, recyclables, and yard waste and then transfers it to local landfills. In addition, ER maintains a fleet of commercial vehicles for collection and disposal of waste and recyclables.

1.2 Scope

Black & Veatch was retained by the City to perform a cost of service and rate study on all three of its enterprises. As a self-supporting enterprises, Water, Wastewater and ER needs to establish equitable rates and charges that are sufficient to meet operation and maintenance expenses, debt service, capital improvement requirements, and operating reserves. Understanding these fundamentals, Black & Veatch performed the following subtasks in the analysis.

- ◆ Reviewed and evaluated existing policies and procedures affecting rates;
- ◆ Evaluated the adequacy of projected revenues under existing rates to meet projected revenue requirements;
- ◆ Developed sound financial plans for the enterprises covering a 10-year study period for both ongoing operations and planned capital improvements, and;
- ◆ Developed suitable schedule of water, wastewater and environmental resource rates that produce revenues adequate to meet financial needs while recognizing local policy considerations.

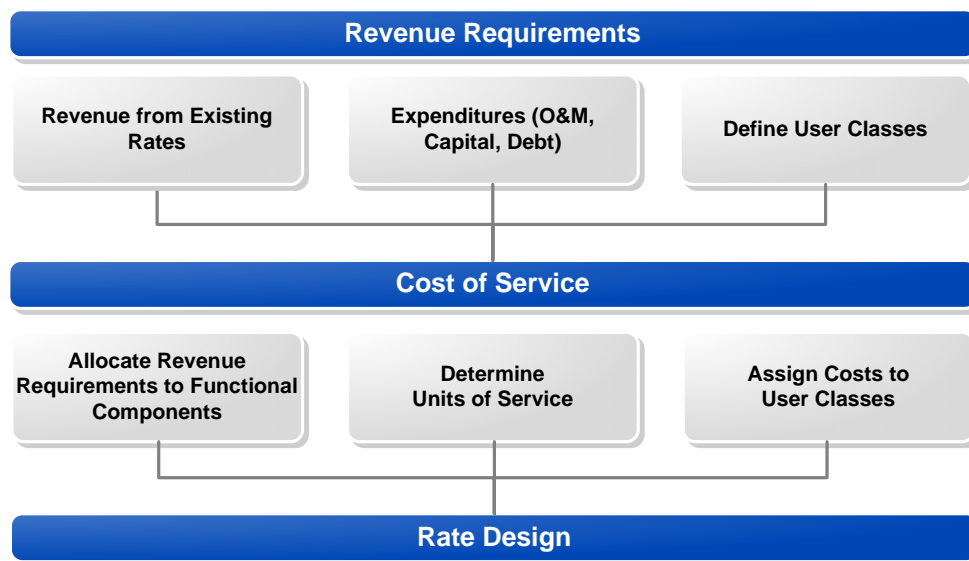
The analysis covers the period between July 1, 2009 and June 30, 2019. For the purpose of this report, only a 5-year period covering July 1, 2009 to June 30, 2014 is demonstrated in this report. *Appendices A*,

B and C contains detailed tables representing the entire 10-year study period for all three enterprises. In addition, unless otherwise noted, references in this report to a specific year are for the City’s fiscal year (FY) ending June 30.

2.0 Methodology

The methodology used in this study follows rate-making guidelines outlined in the American Water Works Association (AWWA) M1 manual and the Water Environment Federation (WEF) wastewater charges manual. The basic methodology practiced consist of three major components: Revenue Requirements, Cost of Service, and Rate Design as shown in Figure 2-1.

Figure 2-1: Methodology



The following is a brief description of the three components:

- ◆ **Revenue Requirements:** Revenue requirements are determined by developing a multi-year financial plan for the enterprises. The financial plan projects revenue and expenditures based on anticipated changes in the systems. Revenue incorporates revenue under the existing rate structure, anticipated growth in customer classes, and unique customer characteristics. Expenditures incorporate operation & maintenance, debt service, and capital expenditures.
- ◆ **Cost of Service:** Cost of service is the process of allocating the revenue requirements to functional cost components which are then assigned to specific customer classes. The cost of service is designed to assign costs associated with each customer class based on the demands they put on the system.
- ◆ **Rate Design:** Rate design consists of developing a rate structure that adequately recovers the revenue requirements through fixed and variable components yet remains equitable among the specific customer classes. Rate design is incorporate local policy and recommendations from the City.

The recommendations and long-term financial plans presented herein are intended to help the City’s enterprise funds to become self-sustaining business units that embody best management practices while providing quality services to its customers.

3.0 Water Rate Study

3.1 Revenue and Revenue Requirements

3.1.1 Customer Usage Projections

To forecast revenue, customer bills and billed water sales volume needs to be determined within Water’s service area. Growth is incorporated into the equation by projecting the number of bills as shown in Table 3.1-1. Based on discussions with City staff, the customer bill growth is estimated to increase from 453,119 in FY 09/10 to 479,508 in FY 13/14. This represents an estimated annual growth rate of 1 percent per year. The majority of the growth is expected to come from residential with new development on the outer edge of the City.

Using the projected number of bills and historical water usage patterns per customer class, the projected water sales volumes for Water were derived as shown in Table 3.1-2. Black & Veatch had several years of detailed information and thus historical patterns of customer water usage were determined. We recommend that as updated detailed information becomes available, Water should continue to average consumption levels by customer class to help normalize the effects of abnormal weather conditions. Using FY 07/08 water usage benchmarks, the projected water sales volumes are anticipated to increase as shown in Table 3.1.-2. In FY 12/13, Water anticipates an increase of 1,306,800 hundred cubic feet (ccf) of water sales volume that will be produced by the Groundwater Recovery Enhancement and Treatment (GREAT) Program. Phase I of the GREAT will be completed in late 2011 and will provide recycled water to limited customers in 2012.

Table 3.1-1: Average Number of Bills

	Projected				
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
	bills	bills	bills	bills	bills
Single Family Residential	369,577	373,272	377,004	380,774	384,581
Multi-Family Residential	24,402	24,524	24,646	24,769	24,893
Commercial/Institutional	29,749	30,046	30,346	30,649	30,954
Industrial	1,776	1,776	1,776	1,776	1,776
Irrigation	14,550	14,842	14,803	14,410	13,662
Oceanview	50	51	52	53	54
Recycled Water	0	0	480	8,640	10,044
Private Firelines	13,015	13,145	13,276	13,409	13,544
Total	453,119	457,656	462,383	474,480	479,508

Table 3.1-2: Billed Volume

	Projected				
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
	ccf	ccf	ccf	ccf	ccf
Single Family Residential	4,989,300	5,039,200	5,089,600	5,140,400	5,191,800
Multi-Family Residential	1,805,700	1,814,800	1,823,800	1,832,900	1,842,100
Commercial/Institutional	1,710,600	1,727,600	1,744,900	1,762,300	1,779,900
Industrial	751,200	751,200	751,200	751,200	751,200
Irrigation	1,527,800	1,558,400	1,554,300	1,513,100	1,434,500
Oceanview	363,000	370,300	377,500	384,800	392,100
Recycled Water	0	0	55,100	1,306,800	1,524,600
Total	11,147,600	11,261,500	11,396,400	12,691,500	12,916,200

3.1.2 Revenue Projections

Water generates revenue from water sales, meter installations, turn-on charges and other miscellaneous charges. Since revenue generated outside of water sales are not subject to rate increases, we have excluded them from this portion of the analysis. These additional revenue sources are incorporated later in the cash flow portion of the report.

Water’s water sales are composed of two parts, a monthly service charge and a commodity charge. The monthly service charge is an amount based on meter size that is designed to recover fixed costs which do not vary with the volume of water used by a customer such as meter reading, customer billing, and debt service. The commodity charge is an amount based on units of consumption which is measured by the number of hundred cubic feet (ccf) of water consumed during the billing cycle. Included in the commodity charge are the costs associated with water purchases. In addition, Water carefully monitors and adjusts its rates as a result of increases imposed by the Metropolitan Water District (MWD), Calleguas Municipal Water District (CMWD), and United Water Conservation District (United) for purchased water.

Summarized in Table 3.1-3 are Water’s current water rates for all customer classes.

Incorporating the existing water rates with the customer usage projections, water sales revenue under existing rates is tabulated as shown in Table 3.1-4. The anticipated revenue generated is expected to increase from \$34,355,800 in FY 09/10 to \$37,753,300 in FY 13/14. In 2012, when Phase I of the GREAT Program is fully functional, a portion of potable water sales will be replaced recycled water sales. Recycled water will be used primarily to meet landscape irrigation needs for parks, schools and golf courses, and the River Park development.

3.1.3 Operation and Maintenance Projections

In order to adequately adjust rates, it is necessary to project operation and maintenance (O&M) expenses. Summarized in Table 3.1-5 are Water’s projected O&M expenditures. These expenditures include costs related to personnel, contract services, operating supplies, utilities and general administrative. The forecasted expenditures are based Black & Veatch and City staff’s expertise and knowledge. Key assumptions for inflation rates are 2 percent for personnel, contractual services, and operating supplies, 4 percent for maintenance related expenses and 5 percent for utilities. These levels of adjustment are consistent with recent increases seen throughout the area. Total O&M (less capital outlay and the Infrastructure Use Fee) is projected to increase from \$24,234,400 in FY 09/10 to \$29,855,900 in FY 13/14.

Table 3.1-3: Existing Water Rates (Effective 01/01/09)

Commodity Charge							
Single Family		Multi-Family		Commercial/Industrial		Metered Construction	
Rate Block	Commodity Charge	Rate Block	Commodity Charge	Rate Block	Commodity Charge	Rate Block	Commodity Charge
hcf	\$/hcf	hcf	\$/hcf	hcf	\$/hcf	hcf	\$/hcf
0 - 6	2.039	0 - 17	1.6767	0 - 13	1.6767	0 - 17	3.353
7 - 12	2.268	18 - 32	1.8543	14 - 23	1.8543	18 - 32	3.709
Over 12	3.1683	Over 32	2.7724	Over 23	2.7724	Over 32	5.545

Service Charge							
Meter Size	Single Family	Meter Size	Multi Family	Meter Size	Commercial	Meter Size	Construction
inch	\$/mo	inch	\$/mo	inch	\$/mo	inch	\$/mo
3/4	11.41	3/4	9.74	3/4	7.87	3/4	
1	18.00	1	15.35	1	12.11	1	20.06
1 1/2	33.31	1 1/2	27.98	1 1/2	21.84	1 1/2	
2	55.56	2	43.36	2	33.95	2	
3	113.44	3	97.41	3	72.62	3	67.50
4	192.57	4	158.32	4	124.19	4	
6	399.50	6	331.24	6	254.19	6	
8	573.88	8	475.89	8	370.83	8	
10	923.75	10	765.83	10	587.97	10	

Meter Size	Firelines	Meter Size	Unmetered Construction
inch	\$/mo	inch	\$/mo
3/4	1.21	3/4	5.67
1	2.06	1	8.34
1 1/2	4.00	1 1/2	12.70
2	6.43	2	16.67
3	14.19	3	20.97
4	24.26	4	25.27
6	50.58	6	33.87
8	72.77	8	42.47
10	117.29	10	51.07

Table 3.1-4: Revenues under Existing Rates

Customer Class	Projected				
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
	\$	\$	\$	\$	\$
Single Family Residential	17,183,000	17,355,000	17,528,500	17,703,300	17,880,500
Multi-Family Residential	4,895,400	4,919,800	4,944,100	4,968,800	4,993,600
Commercial/Institutional	5,109,700	5,160,300	5,211,900	5,263,800	5,316,000
Industrial	2,121,700	2,121,700	2,121,700	2,121,700	2,121,700
Irrigation	4,269,800	4,355,400	4,344,000	4,228,800	4,009,200
Oceanview	262,300	262,500	262,800	263,100	263,300
Recycled Water	0	0	95,200	2,257,800	2,634,200
Private Firelines	513,900	519,000	524,300	529,500	534,800
Total	34,355,800	34,693,700	35,032,500	37,336,800	37,753,300

Table 3.1-5: Operating and Maintenance Expenses

Description	Projected				
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
	\$	\$	\$	\$	\$
Production (Fund 6001)					
Salaries and Wages	842,000	842,000	859,000	876,300	893,800
Contractual Services	150,000	150,000	153,000	156,100	159,200
Operating Supplies	435,000	435,000	443,700	452,500	461,600
Utilities	415,000	415,000	435,800	457,600	480,500
Total Production	1,842,000	1,842,000	1,891,500	1,942,500	1,995,100
Distribution (Fund 6002)					
Salaries and Wages	2,650,400	2,650,400	2,703,500	2,757,600	2,812,800
Contractual Services	400,000	400,000	408,000	416,200	424,500
Operating Supplies	588,000	588,000	599,800	611,800	624,000
Total Distribution	3,638,400	3,638,400	3,711,300	3,785,600	3,861,300
Procurement (Fund 6010)					
Salaries and Wages	623,500	623,500	636,000	648,800	661,900
Contractual Services	460,600	460,600	469,800	479,100	488,500
Operating Supplies					
Water Acquisition-UMCD	2,875,000	2,875,000	2,875,000	2,875,000	2,875,000
Water Acquisition-CMWD	9,360,600	9,360,600	9,360,600	9,360,600	9,360,600
Water Acquisition-City	700,000	700,000	714,000	728,300	742,900
Water Acquisition-M&I Ind	976,000	976,000	995,500	1,015,400	1,035,700
All Other Operating Supplies	95,600	95,600	97,400	99,300	101,200
Utilities	104,500	104,500	109,800	115,200	120,800
General and Administrative	2,160,500	2,159,700	2,259,700	2,364,400	2,474,500
Repairs and Maintenance	299,300	299,300	311,300	323,800	336,800
Total Procurement	17,655,600	17,654,800	17,829,100	18,009,900	18,197,900
Conservation / Outreach (Fund 6011)					
Salaries and Wages	219,900	219,900	224,200	228,600	233,100
Contractual Services	2,500	2,500	2,600	2,700	2,800
Operating Supplies	31,600	31,600	32,200	32,900	33,600
General and Administrative	125,200	125,200	131,400	137,900	144,700
Total Conservation / Outreach	379,200	379,200	390,400	402,100	414,200
Oceanview (Fund 6012)					
Operating Supplies	227,300	227,300	227,300	227,300	227,300
Total Oceanview	227,300	227,300	227,300	227,300	227,300
Security and Contamination Prevention (Fund 6015)					
Salaries and Wages	300,400	300,400	306,300	312,400	318,600
Contractual Services	175,900	175,900	179,400	182,900	186,600
Operating Supplies	5,000	5,000	5,100	5,200	5,300
General and Administrative	10,600	10,600	11,000	11,400	11,800
Total Security	491,900	491,900	501,800	511,900	522,300
Recycled Water (Fund 6041)					
Salaries and Wages	0	0	226,800	4,536,000	5,512,800
General and Administrative	0	0	(31,600)	(750,000)	(875,000)
Total Recycled Water	0	0	195,200	3,786,000	4,637,800
Total O&M	24,234,400	24,233,600	24,746,600	28,665,300	29,855,900

3.1.4 Capital Improvement Program

While O&M expenses cover day-to-day operations, Water incurs additional capital expenditures to replace existing water facilities or installed new facilities for planned future growth. As a result, Water has developed a long-term Capital Improvement Program (CIP) that identifies future water facilities needs. The CIP shown in Table 3.1-6 is for FY 09/10 through FY 13/14 and consists of capital improvement projects anticipated to be designed and constructed during the study period.

Table 3.1-6: Capital Improvement Program

Description	Projected					Total 2009-2024
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	
	\$	\$	\$	\$ \$	\$	
<i>Capital Improvements</i>						
BS2 SCADA	0	0	0	0	562,800	562,800
Blending Station No.2 Rehab	0	515,000	954,800	0	0	1,469,800
Hydraulic Improvements	0	5,356,000	4,031,400	1,420,500	3,939,300	33,255,000
Hydrant Replacements	50,000	51,500	53,000	54,600	56,300	929,800
Citywide SCADA Upgrades	0	257,500	0	0	0	257,500
3 Comm Towers for BS - Upgrades	0	0	0	273,200	0	968,000
Puretec (New Well)	0	0	0	0	0	2,318,500
Blending Station No. 3 Desalter	1,200,000	412,000	5,304,500	8,741,800	0	15,658,300
Blending Station No. 3 Wellfield No. 2	0	0	0	0	0	12,298,700
Water Campus Improvement Projects	2,000,000	1,030,000	1,060,900	0	0	4,090,900
Concentrate Collection System Study	0	309,000	0	0	0	309,000
Recycled Water Customer Retrofits	500,000	515,000	530,500	546,400	562,800	9,299,600
Hansen Computer Upgrade	0	203,900	210,100	0	0	414,000
Asset Management - Water	6,100,000	6,283,000	6,471,500	6,611,000	6,809,300	99,388,300
Subtotal	9,850,000	14,932,900	18,616,700	17,647,500	11,930,500	181,220,200
<i>Recycle Water - GREAT Program</i>						
Recycled ASR Pilot Well Design	200,000	0	0	0	0	200,000
AWPF - Phase 1	28,000,000	28,000,000	19,000,000	0	0	72,000,000
Recycled Water Distribution - Phase 1A	8,000,000	8,000,000	9,000,000	0	0	25,000,000
BS1/ASR Wellfield No. 1	0	0	0	3,000,000	0	3,000,000
Recycled Water Distribution - Phase 1B	0	0	0	0	0	5,000,000
Blending Station No.1 Desalter - Phase 2	0	0	0	0	0	6,000,000
Total Capital Improvements (Inflated)	36,200,000	36,000,000	28,000,000	3,000,000	0	111,200,000
Total (Inflated)	9,850,000	14,932,900	18,616,700	17,647,500	11,930,500	181,220,200

Water is projecting expenditures of \$181,220,200 in water and recycled water capital improvement projects, which include capital and replacement. As part of the financial plan analyses, an annual inflation allowance of 3 percent was included in the above capital improvement project costs.

3.1.5 Capital Fund Financing

A proposed financing plan for the Water’s CIP is shown in Table 3.1-7. Financing for the CIP is anticipated to come from a combination of funds on hand, transfers from water sales revenues derived from rates, grants, and bond proceeds.

Table 3.1-7: CIP Financing Plan

Description	Projected				
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
	\$	\$	\$	\$	\$
Beginning Balance	1,602,400	561,700	345,800	1,065,400	85,900
Sources of Funds					
Capital Facility Charge	194,400	196,700	198,800	200,800	203,200
Water Resource Development Fee	397,900	402,700	407,000	411,100	415,800
Revenue Bond Proceeds	38,000,000	52,000,000	46,500,000	12,500,000	7,500,000
Transfer from Operating Fund	10,500,000	6,500,000	6,500,000	6,500,000	3,000,000
Transfer from Operating Fund - Security	418,100	418,100	418,100	418,100	418,100
Repayment of ER Loan (Fund 603)	0	0	1,090,200	1,090,200	1,090,200
Repayment of WW Loan	0	873,400	873,400	873,400	873,400
Interest Income	32,500	500	0	0	0
Total Sources of Funds	51,145,300	60,953,100	56,333,300	23,059,000	13,586,600
Uses of Funds					
Capital Improvements	46,050,000	50,932,900	46,616,700	20,647,500	11,930,500
Bond Issuance Expense	4,533,600	6,096,500	5,451,700	1,465,500	879,300
Bond Reserve Fund Requirement	0	3,577,900	3,199,500	860,100	516,000
Total Uses of Funds	50,583,600	60,607,300	55,267,900	22,973,100	13,325,800
Ending Balance	561,700	345,800	1,065,400	85,900	260,800

Water currently maintains a capital fund that is used to finance CIP projects as well as to separate the commingling of rate and connection funds. The capital fund generates revenue from capital facility charges, water resource development fees, developer connection fees, transfers and debt proceeds. With new development in City slowing dramatically, Water will depend on rate revenue and bond proceeds to execute planned CIP projects. It is anticipated that during the study period, the Water Enterprise will received payment from the Wastewater and ER for prior loans.

Based on the proposed CIP, Water will need to issue debt through revenue bonds in FY 09/10 through FY 13/14. The proposed debts is indicated above assume the following service terms: 30-year payment period, 5.5 percent annual interest rate, 1.25 percent issuance expense, and a debt service reserve equal to one years' debt service. Capitalized interest for any debt issuances is also expected.

3.1.6 Operating Fund Financing

Summarized in Table 3.1-8 is the proposed long-term operating financial plan for Water. This financial plan is designed to generate sufficient funds to cover short-term and long-term expenses. Sources of revenue include water sales under existing rates, additional revenues realized from proposed rate adjustments, miscellaneous revenue and interest earnings on available balances. As mentioned, other miscellaneous revenue includes meter installations and turn-on charges, trust agency revenue, and security fee charges. Uses of funds include operation and maintenance expenses (including water purchases), routine capital outlay, debt service payments, and transfers to other funds such as the capital fund.

Table 3.1-8: Operating Fund Financing Plan

Line No.	Description	Projected				
		FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
		\$	\$	\$	\$	\$
Revenue						
1	Water Revenue Under Existing Rates	34,355,800	34,693,700	35,032,500	37,336,800	37,753,300
2	RW Revenue Under Existing Rates	0	0	95,200	2,257,800	2,634,200
Additional Revenue Required:						
	Months					
	Year	Percent	Effective			
3	FY09/10	1.5%	12	515,300	520,400	526,900
4	FY10/11	2.0%	12		704,300	713,100
5	FY11/12	3.0%	12			1,091,000
6	FY12/13	3.0%	12			1,229,800
7	FY13/14	3.0%	12			1,266,700
						<u>1,330,800</u>
8	Total Revenue From Rates	34,871,100	35,918,400	37,458,700	43,488,800	45,690,400
9	P&G Water Supply Agreement	1,873,500	1,873,500	1,873,500	1,873,500	1,873,500
10	Security Prevention Fee	418,100	418,100	418,100	418,100	418,100
11	Contamination Prevention Fee	87,500	87,500	87,500	87,500	87,500
12	Water Resource Fee	0	228,800	231,200	237,200	239,800
<u>Non-Operating Revenue</u>						
13	Miscellaneous Services	800,000	800,000	800,000	800,000	800,000
14	Trust Agency Revenues	160,000	160,000	160,000	160,000	160,000
15	Other Water Revenues	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
16	Interest - Operating Fund	282,400	207,300	231,600	261,500	314,400
17	Interest - Restricted Reserve Fund	495,000	722,300	1,045,700	1,287,400	1,418,700
18	Total Revenue	40,587,600	42,015,900	43,906,300	50,214,000	52,602,400
Revenue Requirements						
<u>Operation and Maintenance Expense</u>						
19	Production (Fund 6001)	1,842,000	1,842,000	1,891,500	1,942,500	1,995,100
20	Distribution (Fund 6002)	3,638,400	3,638,400	3,711,300	3,785,600	3,861,300
21	Procurement (Fund 6010)	17,655,600	17,654,800	17,829,100	18,009,900	18,197,900
22	Conservation (Fund 6011)	379,200	379,200	390,400	402,100	414,200
23	Oceanview (Fund 6012)	227,300	227,300	227,300	227,300	227,300
24	Security (Fund 6015)	491,900	491,900	501,800	511,900	522,300
25	Recycled Water (Fund 6041)	0	0	226,800	4,536,000	5,512,800
26	LRP Credit			(31,600)	(750,000)	(875,000)
27	Total O&M Expense	24,234,400	24,233,600	24,746,600	28,665,300	29,855,900
28	Routine Capital	420,000	416,400	416,400	416,400	416,400
<u>Debt Service</u>						
Existing						
29	2001 Water Revenue Refunding	813,900	811,600	808,300	809,100	808,800
30	2004 Water Revenue Bond	3,030,100	3,029,000	3,028,000	3,023,900	3,024,200
31	2006 Water Revenue Bond	3,430,500	3,438,500	3,426,400	3,427,600	3,426,600
Proposed						
32	Revenue Bonds	0	0	0	3,577,900	6,777,400
33	Total Debt Service	7,274,500	7,279,100	7,262,700	10,838,500	14,037,000
<u>Transfers</u>						
34	Infrastructure Use Fee	731,500	731,500	731,500	731,500	731,500
35	Transfer to Capital Imp. Fund	10,500,000	6,500,000	6,500,000	6,500,000	3,000,000
36	Transfer to Capital Imp. Fund - Security	418,100	418,100	418,100	418,100	418,100
37	Transfer to Reserve Fund (R & R)	1,500,000	1,500,000	1,500,000	1,500,000	1,000,000
38	Transfer to Reserve Fund (Rate Stabilization)	500,000	500,000	500,000	500,000	0
39	Total Transfers	13,649,600	9,649,600	9,649,600	9,649,600	5,149,600
40	Total Revenue Requirements	45,578,500	41,578,700	42,075,300	49,569,800	49,458,900
41	Operating Fund Balance					
42	Net Annual Cash Balance	(4,990,900)	437,200	1,831,000	644,200	3,143,500
43	Beginning Cash Balance	12,484,800	7,493,900	7,931,100	9,762,100	10,406,300
44	Net Cumulative Cash Balance	7,493,900	7,931,100	9,762,100	10,406,300	13,549,800
45	Target Reserve (25% of O&M)	6,058,600	6,058,400	6,186,700	7,166,300	7,464,000
46	Debt Service Coverage	215%	234%	254%	192%	157%

The projected water revenue under existing rates represents service and commodity charges at current rate levels that are subject to rate adjustments. Based on the existing revenue indicated, additional annual revenue adjustments are necessary to meet operating fund requirements and fiscal policy objectives. Adjustments are typically assumed to become effective July 1 of each fiscal year. For FY 09/10, the anticipated rate increase will occur in January 2010. Initial analyses indicate that steady rate increases are needed for the next five years as shown on Lines 3 through 8. Any changes to the capital-financing policies and/or CIP may alter these results since the operating fund helps supplement funds for traditional repair and replace projects. The resulting dollar impact of the proposed revenue adjustments are illustrated on Line 8.

In addition to rate revenue, other operating and non-operating charges contribute to the income of the Water Enterprise. Typically, these revenue sources are minimal and volatile and are thus considered a constant in the revenue projections. Non-operating sources include trust agency income, meter installation revenue and interest income from the operating fund. Interest income is calculated using an interest rate of 3 percent in order to be conservative.

Projected total O&M expense is shown on Line 27. The O&M expenses shown represent expenses associated with operating the water system minus the water purchases. Since water purchases represent a significant amount of O&M expense when utilized, it is recommended that it be extracted from O&M expenditures to demonstrate the significance. Routine capital outlay is shown on Line 28. Routine capital outlay is typically set aside to purchase minor equipment, less than \$5,000, such as furniture, parts, and minor equipment. For larger routine capital outlay that is represented in the CIP, it is common practice by utilities is to set in reserve approximately the equivalent of annual depreciation for routine capital assets. Based on historical water depreciation, Water should set aside approximately \$2,400,000. This amount will grow as the GREAT is built.

Debt service on proposed bond issues is shown on Line 32. All proposed bond issues are forecasted with 30-year terms at an initial 5.5 percent. To date, Water has three outstanding bond debt obligations with respect to the Water Enterprise. The average debt service payment is \$7,200,000 per year. Transfers to the capital and other funds are shown on Lines 34 through 38. Funds transferred to the capital fund are used for capital projects. Funds transferred to the Repair and Replacement Reserve (R&R Reserve) and Rate Stabilization Reserve Funds are intended for long-term replacement of facilities, emergency situations, and to provide the utility with the ability to moderate future rate increases. Lines 42 through 44 summarize the impact to the ending fund balance for Water. A minimum target of 25 percent of O&M expenses plus any encumbrances serves as the minimum level of working capital that Water sets to have on hand for operational purposes.

3.1.7 Summary of Revenue, Expenditures, and Obligations

Based on the analyses of revenues and revenue requirements, it is evident that Water needs a rate revenue increase in order to meet revenue requirements and working capital reserve as a standalone enterprise. The suggested adjustments range from 1.5 to 3 percent per year from FY 09/10 to FY 13/14 as shown on Lines 3 through 8. With this adjustment, Water should be able to accomplish its objectives under the assumption that no significant change occurs. While the financial plan should be a working document, Water will need to re-examine the rate structure prior to FY 13/14 to verify it is still adequate.

The revenue requirements of Water consist of system O&M expenses, routine capital outlay for minor expenditures on equipment not financed from bond proceeds, debt service requirements on existing and proposed bonded debt, transfers to other funds, and reserve requirements to ensure that debt service coverage, rate covenant requirements, and adequate levels of working capital are met.

As shown on Line 43 in Table 3.1-8, total revenue requirements for Water increase during the study period and can be correlated with inflationary factors, water purchases and additional debt service requirements. The total revenue requirements will increase from \$45,578,500 in FY 09/10 to \$49,458,900 in FY 13/14, assuming the revenue adjustment is implemented. Subtracting total revenue requirements from total revenues results in the projected annual operating fund surpluses or deficits shown on Line 42.

As of July 1, 2009, it was estimated that a beginning balance of \$12.2 million was available for use in this fund. An additional \$1.6 million was determined available for use in the capital fund. The ending balance is shown on Line 44, while the minimum ending balance of 25 percent of operation and maintenance expense is shown on Line 45. Applying a cumulative revenue adjustment of approximately 13.1 percent over the 5 year period should allow Water to achieve the desired target level of ending year-end balances, meet minimum working capital and satisfy minimum debt service requirements.

It should be recognized that the indicated percentage revenue increase discussed above are overall revenue increase. The results of the cost of service analysis presented later in this report may indicate that rate increases may vary from this average for the various customer classes with some classes receiving a greater than average increase, while others receive a less than average increase or perhaps a decrease.

3.1.8 Test Year Revenue Requirements

In analyzing Water's cost of service for allocation to customer classes, the annual revenue requirements for FY 09/10 is selected as the Test Year (TY) requirements to demonstrate the development of cost-of-service water rates. The total cost of service to be recovered from rates is \$34,871,100.

3.2 Cost of Service Allocations

The revenue requirements to be derived from rates and charges for water service are summarized in Lines 1 through 17 of Table 3.2-1. In analyzing the Water's cost of service for allocation to customer classes, the annual revenue requirements for FY 09/10 are selected as the Test Year requirements to demonstrate the development of cost of service water rates. In determining the cost of service to be met from charges for water service, we deduct income received from other sources that not subject to rate adjustments from the total revenue requirements. As a result, the total cost of service to be recovered from rates is shown on Line 17, Column 3.

Table 3.2-1: Total Costs to be Recovered from Rates - TY

Line No.	Operating Expense	Capital Cost	Total
	\$	\$	\$
Revenue Requirements			
1	Operating and Maintenance Expense	24,234,400	24,234,400
2	Routine Capital Outlays	0	420,000
3	Transfers		0
4	Infrastructure Use Fee	731,500	731,500
5	Transfer to Capital Improvement Fund	0	10,500,000
6	Transfer to Capital Improvement Fund - Security	0	418,100
7	Transfer to R&R Fund	0	1,500,000
8	Transfer to Rate Stabilization Fund	0	500,000
9	Debt Service	0	7,274,500
10	Subtotal	24,965,900	20,612,600
Less Revenue Req. Met from Other Sources			
11	Other Operating Income	2,379,100	0
12	Interest Income	282,400	495,000
13	Water Reliability Fee		0
14	Other Non-Operating Income	2,560,000	0
15	Change in Funds Available	4,990,900	0
16	Subtotal	10,212,400	495,000
17	Cost of Service to be Recovered from Rates	14,753,500	20,117,600

3.2.1 Functional Cost Components

In developing an equitable rate structure, revenue requirements are allocated to the various customer classifications according to the cost of service rendered. Allocations of these requirements to customer classes of Water should take into account water flow, the number of customers, and other relevant factors.

Customers are classified to reflect groups of customers with similar service requirements who can be served at similar cost. Each class represents a particular type of service requirement. For the purposes of the cost of service analysis, the customer classifications in this study include single family and multi-family residential, commercial, industrial, irrigation, Ocean View, recycled water, and private fire protection. These customer classes were assumed to exhibit similar types of system load characteristics. The Ocean View customer class consists primarily of agricultural customers. These customers are new to the City water system as they were transitioned over from Ocean View Municipal Water District in 2008 per the Local Agency Formation Commission.

As a basis for allocating costs of service among customer classes, costs are first allocated to functional cost components, then allocated to cost categories, and subsequently distributed to customer classes. In this analysis, there are seven primary cost components: (1) base flow, or volume costs, (2) maximum day cost, (3) peak hour costs, (4) customer billing costs, (5) fire protection, (6) Ocean View and (7) Recycled Water.

3.2.2 Allocation to Cost Components

Each element of cost is allocated by the base-extra capacity method. In the base-extra capacity method, costs of service are separated into four primary cost components: (1) base costs, (2) extra capacity costs,

(3) customer costs, and (4) direct costs. The direct costs are further separated into fire protection and Ocean View.

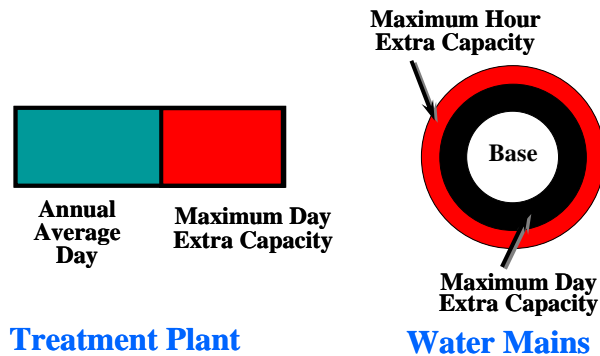
According to the *Principles of Water Rates, Fees, and Charges, MI Manual* as published by the American Water Works Association:

“Base costs are costs that tend to vary with the total quantity of water used without the elements of cost incurred to meet water use variations and resulting peaks in demand. Extra capacity costs are costs associated with meeting variations of cost over average load conditions and include O&M expenses and capital costs for system capacity beyond those required for average rate of use. These costs are further divided into costs necessary to meet maximum-day extra and peak-hour demand. Customer costs comprise those costs associated with serving customers.

They include meter reading, billing, and customer accounting and collection expense, as well as maintenance and capital costs related to meters and services. Direct fire-protection costs are those costs that are applicable solely to the fire-protection function. Usually, such costs are simply those directly related to public fire hydrants and related branch mains and valves.

The separation of the costs of service into these principal components provides a means for further allocation of such costs to the various customer classes on the basis of the respective base, extra capacity, and customer cost requirements of each particular type of service.”

Water Cost of Service Concepts



3.2.2.1 Allocation of Operation and Maintenance Expenses

The allocation of O&M expense to cost functions is shown in Table 3.2-2. The net operation and maintenance expense to be recovered for water sales is derived by deducting funds available from other sources from the total Test Year expense. Net Test Year operation and maintenance expense of \$14,753,500 is shown allocated to the cost components on Line 41. Note that routine capital outlay is excluded from O&M expenses as these expenses can be deferred based on the financial state of the enterprise.

Table 3.2-2: Allocation of O&M to Functional Cost Components

Line No.	Description	(1)	(2)	(3) Extra Capacity		(5) Customer		(7) Direct	(8)	(9)
		Total	Base	Max Day	Max Hour	Meters & Services	Billing & Collection	Fire Protection	Oceanview	Recycled Water
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Production (Fund 6001)										
1	Salaries and Wages	842,000	599,500	242,500	0	0	0	0	0	0
2	Contractual Services	150,000	106,800	43,200	0	0	0	0	0	0
3	Operating Supplies	435,000	309,700	125,300	0	0	0	0	0	0
4	Utilities	415,000	415,000	0	0	0	0	0	0	0
	General and Administrative	0	0	0	0	0	0	0	0	0
5	Total of Production/Storage	1,842,000	1,431,000	411,000	0	0	0	0	0	0
Distribution (Fund 6002)										
6	Salaries and Wages	2,650,400	1,396,700	567,200	686,500	0	0	0	0	0
7	Contractual Services	400,000	210,800	85,600	103,600	0	0	0	0	0
8	Operating Supplies	588,000	309,900	125,800	152,300	0	0	0	0	0
	General and Administrative	0	0	0	0	0	0	0	0	0
9	Total Water Distribution	3,638,400	1,917,400	778,600	942,400	0	0	0	0	0
Procurement (Fund 6010)										
10	Salaries and Wages	623,500	530,800	41,500	34,300	9,600	0	0	7,300	0
11	Contractual Services	460,600	392,000	30,700	25,400	7,100	0	0	5,400	0
	Operating Supplies									
12	Water Acquisition-UMCD	2,875,000	2,875,000	0	0	0	0	0	0	0
13	Water Acquisition-CMWD	9,360,600	9,360,600	0	0	0	0	0	0	0
14	Water Acquisition-City	700,000	700,000	0	0	0	0	0	0	0
15	Water Acquisition-M&I Ind	976,000	976,000	0	0	0	0	0	0	0
16	All Other Operating Supplies	95,600	81,300	6,400	5,300	1,500	0	0	1,100	0
17	Utilities	104,500	88,900	7,000	5,800	1,600	0	0	1,200	0
18	General and Administrative	2,160,500	1,839,000	144,000	118,900	33,300	0	0	25,300	0
19	Repairs and Maintenance	299,300	0	0	0	299,300	0	0	0	0
20	Total Procurement	17,655,600	16,843,600	229,600	189,700	352,400	0	0	40,300	0
Conservation / Outreach (Fund 6011)										
21	Salaries and Wages	219,900	187,100	14,700	12,100	3,400	0	0	2,600	0
22	Contractual Services	2,500	2,200	200	100	0	0	0	0	0
23	Operating Supplies	31,600	26,900	2,100	1,700	500	0	0	400	0
24	General and Administrative	125,200	106,600	8,300	6,900	1,900	0	0	1,500	0
25	Total Conservation / Outreach	379,200	322,800	25,300	20,800	5,800	0	0	4,500	0
Oceanview (Fund 6012)										
	Salaries and Wages	0	0	0	0	0	0	0	0	0
	Contractual Services	0	0	0	0	0	0	0	0	0
26	Operating Supplies	227,300	0	0	0	0	0	0	227,300	0
	General and Administrative	0	0	0	0	0	0	0	0	0
27	Total Oceanview	227,300	0	0	0	0	0	0	227,300	0
Security and Contamination Prevention (Fund 6015)										
28	Salaries and Wages	300,400	158,300	64,300	77,800	0	0	0	0	0
29	Contractual Services	175,900	92,700	37,600	45,600	0	0	0	0	0
30	Operating Supplies	5,000	2,600	1,100	1,300	0	0	0	0	0
31	General and Administrative	10,600	5,600	2,300	2,700	0	0	0	0	0
32	Total Security/Contamination Prevention	491,900	259,200	105,300	127,400	0	0	0	0	0
Recycled Water (Fund 6041)										
33	Salaries and Wages	0	0	0	0	0	0	0	0	0
34	Contractual Services	0	0	0	0	0	0	0	0	0
35	Operating Supplies	0	0	0	0	0	0	0	0	0
36	General and Administrative	0	0	0	0	0	0	0	0	0
37	Total Recycled Water Fund	0	0	0	0	0	0	0	0	0
38	Total O&M Less Capital Outlays	24,234,400	20,774,000	1,549,800	1,280,300	358,200	0	0	272,100	0
39	Less Other Revenues	(10,212,400)	(8,754,200)	(653,100)	(539,500)	(150,900)	0	0	(114,700)	0
40	Plus Required Transfers	731,500	117,100	275,200	227,300	63,600	0	0	48,300	0
41	Net O&M Less Capital Outlays	14,753,500	12,136,900	1,171,900	968,100	270,900	0	0	205,700	0

3.2.2.2 Allocation of Capital Costs

The estimated investment in water and recycled system facilities is allocated to appropriate cost components as a basis for the further distribution of capital related costs to the various customer classes. The allocation of estimated plant investment serving water customers for the Test Year is shown in Table 3.2-3. The total plant investment of \$173,325,400 shown on Line 13 represents the estimated Test Year original cost less accumulated depreciation of plant in service.

Table 3.2-3: Allocation of Capital Costs to Functional Cost Components

Line No.	Description	Total	Extra Capacity		Customer		Direct		Recycled Water	
			Base	Max Day	Max Hour	Meters & Services	Billing & Collection	Fire Protection		Oceanview
		\$	\$	\$	\$	\$	\$	\$	\$	
1	Source of Supply	3,231,200	3,231,200	0	0	0	0	0	0	
2	Pumping Plant	4,351,400	2,293,200	931,200	1,127,000	0	0	0	0	
3	Treatment	49,205,300	35,034,200	14,171,100	0	0	0	0	0	
4	Transmission/Distribution	110,652,300	58,313,800	23,679,600	28,658,900	0	0	0	0	
5	Meters & Services	2,473,800	0	0	0	2,473,800	0	0	0	
6	Hydrants	1,349,300	0	0	0	0	0	1,349,300	0	
7	Customer Billing	373,100	0	0	0	0	373,100	0	0	
8	General Plant	1,689,000	973,000	381,600	293,100	24,300	3,700	13,300	0	
9	Recycled Water	0	0	0	0	0	0	0	0	
10	Total	173,325,400	99,845,400	39,163,500	30,079,000	2,498,100	376,800	1,362,600	0	
11	Less General Items	171,636,400	98,872,400	38,781,900	29,785,900	2,473,800	373,100	1,349,300	0	
12	Percent		57.6%	22.6%	17.4%	1.4%	0.2%	0.8%	0.0%	
13	Net Plant Investment	173,325,400	99,845,400	39,163,500	30,079,000	2,498,100	376,800	1,362,600	0	
14	Percent		57.6%	22.6%	17.4%	1.4%	0.2%	0.8%	0.0%	
Capital Cost Allocation										
15	Routine Capital Outlay	420,000	241,900	94,900	72,900	6,100	900	3,300	0	
16	Transfers	12,918,100	7,441,500	2,918,900	2,241,800	186,200	28,100	101,600	0	
17	Debt Service	7,274,500	4,190,600	1,643,700	1,262,400	104,800	15,800	57,200	0	
18	Less Other Revenues	(495,000)	(285,200)	(111,800)	(85,900)	(7,100)	(1,100)	(3,900)	0	
19	Total Capital Costs	20,117,600	11,588,800	4,545,700	3,491,200	290,000	43,700	158,200	0	

The allocation of specific items of investment to the cost categories, as shown, is made on the basis previously described. For example, source of supply items are related to flow and these investment costs are assigned to the volume cost component and further delineated by whether the asset is common-to-all or primarily serves specific customers. The water treatment is designed primarily on the basis of treatment plant flow and is also assigned to the volume cost function. Elements within this category, such as storage facilities are assigned to the max hour category because such facilities are designed for this purpose.

3.2.3 Units of Service

The total cost responsibility of each class of service may be established by developing unit costs of service for each cost function and assigning those costs to the customer classes based on the respective service requirements of each. To properly recognize the cost of service, each customer class is allocated its share of base, maximum day and peak hour costs. The number of units of service required by each customer class provides a means for the proportionate distribution of costs previously allocated to respective cost categories. Summarized in Table 3.2-4 are the estimated units of service for the various customer classes.

Table 3.2-4: TY Units of Service

Line No.	Customer Classification	Annual Use ccf	Maximum Day Requirements			Maximum Hour Requirements			No. of Customers	No. of Meters Equiv.	No. of Bills	Direct Fire Protection Equiv. Hyd.
			Average Daily Use ccf/day	Capacity Factor %	Total Capacity ccf/day	Extra Capacity ccf/day	Capacity Factor %	Total Capacity ccf/day				
1	Single Family Residential	4,989,300	13,669	175%	23,921	10,252	200%	27,338	3,417	30,798	37,418	369,577
2	Multi-Family Residential	1,805,700	4,947	150%	7,421	2,474	165%	8,163	742	2,034	4,956	24,402
3	Commercial/Institutional	1,710,600	4,687	165%	7,734	3,047	285%	13,358	5,624	2,479	8,548	29,749
4	Industrial (*)	751,200	2,058	175%	3,602	1,544	200%	4,116	514	148	768	1,776
5	Irrigation	1,527,800	4,186	225%	9,419	5,233	225%	9,419	0	1,213	4,557	14,550
6	Oceanview	363,000	995	225%	2,239	1,244	450%	4,478	2,239	4	138	50
7	Recycled Water	0	0	225%	0	0	225%	0	0	0	0	0
8		11,147,600	30,542		54,336	23,794		66,872	12,536	36,675	56,385	440,104
Revenue - Fire Protection												
9	Public				348	348		2,090	1,741			3,195
10	Private				1,096	1,096		6,573	5,478	1,085		10,051
11	Total Revenue Fire Protection	0	0		1,444	1,444		8,663	7,219	1,085	0	13,246
12	Total System	11,147,600	30,542		55,780	25,238		75,535	19,755	37,760	56,385	453,119
Total Noncoincidental Demand less Fire Demand												
Total Coincidental Demand												
Ratio Non to Coincidental												
Diversity Factor Typical Range for Utilities												
*Excludes P&G												
54.336												
42.913												
1.27												
1.10 - 1.40												
66.872												
47.872												
1.40												

The cost of service responsibility for base costs varies with the volume of water requirements and may be distributed to customer classes on that basis. Extra-capacity costs are those costs associated with meeting peak rates of water use, and are distributed to customer classes based on their respective system capacity requirements in excess of average requirement rates. Customer costs, which consist of meter related costs, billing, collection and accounting costs, are allocated based on the number of equivalent meters and bills. Private fire protection costs are allocated on the basis of equivalent fire hydrants.

The estimated units of service for the various customer classifications are shown below. Estimates of test year annual water requirements, shown in Column 1, are based on the projections of total water sales previously developed in this report. Average daily use of all water sales is presented in Column 2. Columns 3 through 8 represent the estimated maximum day and peak hour capacity factors for each customer class.

In the overall rate setting process there is a need to establish a base level of cost for which the cost of larger customers can be measured. Customer-related meter and service costs are allocated based on the number of equivalent 5/8" meters because the 5/8" meter is the most prevalent meter size found in many water utilities. Included in the development of meter cost ratios is the direct cost of the various categories of labor involved in the installation, fringe benefit related overheads and other appropriate administrative overheads applicable to the labor costs, all direct materials and supplies costs, and the cost of equipment used in the installation.

Generally, equivalent meter cost ratios should be used when assigning elements of costs specifically related to meters among the various sizes of meters used by the customer in the system. The Water's base meter size is a 3/4" meter, so the equivalent meter ratios use the base unit of a 3/4" meter. Customer billing and accounting costs are distributed to classes based on number of bills for each customer class in Columns 9 through 11. Direct charges for fire protection are found in Column 12.

In accordance with M1 standards and typical engineering design, the provision of the maximum hour component addresses peak system needs, in addition to those posed by fire protection requirements. To the extent possible, actual system and billing data by customer class to derive maximum day capacity factors. Generating maximum hour data can be time consuming and may not be readily available. For the purposes of the analyses, we used a peak hour to average day ratio of 1.35 to calculate the maximum hour capacity factor. As a check on the validity of our assumptions, we calculated a diversity ratio for the system. This ratio is a measure of the total non-coincidental to coincidental demand. The typical diversity ratio for utilities is in the range of 1.10 to 1.40. As shown on Table 3.2-4, the calculated system diversity ratio is within this typical range.

3.2.4 Cost of Service Allocations

Costs of service are allocated to the customer classes by application of unit costs of service to respective service requirements. Unit costs of service are based upon the total costs previously allocated to functional components and the total number of applicable units of service. Dividing the costs allocated to functional cost components by the respective total units of service requirements develops unit costs of operation and maintenance expense, and net capital costs.

3.2.4.1 Unit Costs of Service

Table 3.2-5 presents total Test Year O&M expense and net capital costs allocated to functional cost component as taken from Tables 3.2-2 and 3.2-3.

Table 3.2-5: TY Unit Costs of Service

Line No.	Description	Total	Base	Extra Capacity		Customer		Direct	Oceanview	Recycled Water
				Max Day	Max Hour	Meters & Services	Billing & Collecting	Fire Protection		
		\$	\$	\$	\$	\$	\$	\$	\$	\$
1	Net Operating Expense	14,753,500	12,136,900	1,171,900	968,100	270,900	0	0	205,700	0
2	Capital Costs	20,117,600	11,588,800	4,545,700	3,491,200	290,000	43,700	158,200	0	0
3	Total Cost of Service - \$	34,871,100	23,725,700	5,717,600	4,459,300	560,900	43,700	158,200	205,700	0
4	Total Units of Service Units of Measure		11,147,600 ccf	25,238 ccf/day	19,755 ccf/day	56,385 Equiv Mtrs	453,119 Equiv Bills	13,246 Hydrants	Direct Direct	Direct Direct
5	Total Unit Cost of Service - \$		2.1283	226.5486	225.7273	9.9477	0.0964	11.9436	205,700	0

3.2.4.2 Distribution of Costs of Service to Customer Classes

The customer class responsibility for service is obtained by applying the unit costs of service to the number of units for which the customer class is responsible. This process is illustrated in Table 3.2-6, in which the unit costs of service are applied to the customer class units of service.

Table 3.2-6: Allocation of COS to Customer Classes

Line No.	Description	Total	Base	Extra Capacity		Customer		Direct	Oceanview	Recycled Water
				Max Day	Max Hour	Meters & Services	Billing & Collecting	Fire Protection		
<u>Number of Units</u>										
1	Unit Cost of Service		2.1283	226.5486	225.7273	9.9477	0.0964	11.9436	205,700	0
2	Units of Measure		ccf	ccf/day	ccf/day	Equiv Mtrs	Equiv Bills	Hydrants	Direct	Direct
<u>Single Family Residential</u>										
3	Units		4,989,300	10,252	3,417	37,418	369,577			
4	Costs - \$	15,680,300	11,391,400	2,604,400	1,276,700	372,300	35,500	0	0	0
<u>Multi-Family Residential</u>										
5	Units		1,805,700	2,474	742	4,956	24,402			
6	Costs - \$	4,622,800	3,843,100	560,500	167,500	49,300	2,400			
<u>Commercial/Institutional</u>										
7	Units		1,710,600	3,047	5,624	8,548	29,749			
8	Costs - \$	5,688,400	3,640,700	690,300	1,269,500	85,000	2,900			
<u>Industrial</u>										
9	Units		751,200	1,544	514	768	1,776			
10	Costs - \$	2,072,400	1,598,800	349,800	116,000	7,600	200			
<u>Irrigation</u>										
11	Units		1,527,800	5,233	0	4,557	14,550			
12	Costs - \$	4,483,900	3,251,700	1,185,500	0	45,300	1,400			
<u>Oeanview</u>										
13	Units					138	50			
14	Costs - \$	207,100	0	0	0	1,400	0		205,700	
<u>Private Fire Protection (FL Classs)</u>										
<u>Public</u>										
15	Units		0	348	1,741	0	0	3,195		
16	Costs - \$	510,200	0	78,900	393,100	0	0	38,200		
17										
<u>Private</u>										
18	Units		0	1,096	5,478	0	13,015	10,051		
19	Costs - \$	1,606,000	0	248,200	1,236,500	0	1,300	120,000		
20	Total Cost of Service - \$	34,871,100	23,725,700	5,717,600	4,459,300	560,900	43,700	158,200	205,700	0

3.2.4.3 Adequacy of Existing Rates to meet Costs of Service

Presented in Table 3.2-7 is a comparison of the allocated cost of service and revenue under existing rates for the system in total. Adjustments to the allocated cost of service take place in Column 2. For the Water Enterprise, the cost of public fire protection is allocated to all customers because it is viewed as a general benefit to all. Additionally, recycled water also provides beneficial uses to all water system users. The last column indicates the approximate adjustment rate levels necessary to recover 100 percent of the allocated costs of service.

Table 3.2-7: Comparison of Adjusted COS with Revenues under Existing Rates

Line No.	Customer Classification	Allocated Cost of Service	Allocation of Public Fire Protection	Allocation of Recycled Water Benefits	Allocation of RW to Irrigation Benefits	Adjusted Cost of Service	Revenue Under Existing Rates	Indicated Revenue Increase
		\$	\$	\$	\$	\$	\$	%
1	Single Family Residential	15,680,300	283,000	0		15,963,300	17,183,000	(7.1)
2	Multi-Family Residential	4,622,800	83,400	0		4,706,200	4,895,400	(3.9)
3	Commercial/Institutional	5,688,400	102,700	0	0	5,791,100	5,109,700	13.3
4	Industrial (*)	2,072,400	37,400	0	0	2,109,800	2,121,700	(0.6)
5	Irrigation	4,483,900	0	0	0	4,483,900	4,269,800	5.0
6	Oceanview	207,100	3,700	0		210,800	262,300	(19.6)
7	Recycled Water	0		0	0	0	0	0.0
	Fire Protection							
8	Public	510,200	(510,200)			0	0	0.0
9	Private	1,606,000	0			1,606,000	513,900	212.5
10	Total System	34,871,100	0	0	0	34,871,100	34,355,800	1.5

3.3 Proposed Rate Adjustments

The initial consideration in the derivation of water rate schedules for utility service is the establishment of equitable charges to the customers commensurate with the cost of providing that service. While the cost of service allocations to customer classes should not be construed as literal or exact determinations, they offer a guide to the necessity for, and the extent of, rate adjustments. Practical considerations sometimes modify rate adjustments by taking into account additional factors such as the extent of change from previous rate levels, existing contracts, and past local policies and practices.

3.3.1 Existing Rates

A summary of existing water rates was presented earlier in Table 3.1-3. The existing rates consist of a service charge, which varies by customer class and meter size, and a separate commodity charge for each customer class applicable to each hundred cubic feet of billed water sales. The commodity charge uses a tier structure for all customer classes.

3.3.2 Proposed Rates

The costs of service analysis described in preceding sections of this report provide a basis for the design of rates. The rate schedule shown in Table 3.3-1 takes into consideration City policies and shows rates reflecting no changes to the existing tier structure.

Table 3.3-1: Proposed Rates for TY

Meter Size	Single Family	Multi-Family	Commercial/Industrial	Construction Meter	Unmetered Construction	Private Firelines
inch	\$/mo	\$/mo	\$/mo	\$/mo	\$/mo	\$/mo
5/8 - 3/4	11.59	9.89	7.99		5.76	1.23
1	18.27	15.58	12.29	20.36	8.47	2.09
1 1/2	33.81	28.40	22.17		12.89	4.06
2	56.39	44.01	34.46		16.92	6.53
3	115.15	98.87	73.71	68.51	21.28	14.40
4	195.45	160.70	126.05		25.65	24.62
6	405.50	336.20	258.01		34.38	51.34
8	582.49	483.03	376.39		43.11	73.86
10	937.61	777.31	596.79		51.84	119.05

Customer Class	Volume Charge \$/ccf	Customer Class	Volume Charge \$/ccf
<u>Single Family Residential</u>		<u>Metered Construction</u>	
0 - 6	2.070	0 - 13	3.403
7-12	2.302	14 - 23	3.765
Over 12	3.216	Over 23	5.628
<u>Multi-family</u>		<u>Oceanview Ag</u>	
0 - 17	1.702	0 - 13	0.00
18 - 32	1.882	14 - 23	0.00
Over 32	2.814	Over 23	0.7282
<u>Commercial/Industrial/M&I OV</u>		<u>Irrigation</u>	
0 - 17	1.702	0 - 17	1.702
18-32	1.882	18-32	1.882
Over 32	2.814	Over 32	2.814

3.3.3 Revenue Sufficiency

Presented in Table 3.3-3 is a comparison of Test Year allocated cost of service with revenues under the suggested water rate structure. Test year costs of service are obtained from Table 3.2-5 and the proposed rates recover essentially 100 percent of the total cost of service.

Table 3.3-3: Revenue under Proposed Rates for TY

Customer Class	Cost of Service	Estimated Revenue Under Proposed Rates	Total Percent Recovered
\$	%	\$	
Single Family	15,963,200	16,296,500	102.09%
Multi-Family	4,706,200	4,731,100	100.53%
Commercial/M&I/Oceanview/Irrigation	12,595,600	12,133,800	96.33%
Private Firelines	1,606,000	1,606,000	100.00%
Total	34,871,000	34,767,400	99.70%

4.0 Wastewater Rate Study

4.1 Revenue and Revenue Requirements

4.1.1 Customer Usage Projections

To forecast revenue, the number of accounts and billed wastewater sales volume needs to be determined within Wastewater’s service area. Growth is incorporated into the equation by projecting the number of accounts as shown in Table 4.1-1. Based on the wastewater master plan and discussions with City staff, customer account growth is estimated to increase from 41,078 in FY 09/10 to 41,924 in FY 13/14. This represents an estimated annual growth rate of ½ percent per year.

Using the projected number of accounts, historical equivalent dwelling units (EDUs) and wastewater usage patterns per customer class, the projected EDUs and wastewater sales volumes for the City were derived as shown in Table 4.1-2. Since the treatment plant is a regional facility, it was important to determine the contribution of volume and strength for specific customers. In general, Black & Veatch had one year of detailed information of usage, therefore, we recommend that as updated detailed information becomes available, Wastewater should average usage levels by customer class to help normalize the effects of abnormal weather conditions. Using FY 07/08 wastewater EDUs and usage/strength benchmarks, Table 4.1-2 summarizes the projected wastewater EDUs and billed volumes in hundred cubic feet (ccf). For formula customers (Industrial class and the Outside City customers), the table presents billed volumes in millions of gallons (MG) and pollutant strengths loadings for biological oxygen demand (BOD) and total suspended solids (TSS) in thousands of pounds.

Table 4.1-1: Average Number of Accounts

Customer Classes	Projected				
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
	accts	accts	accts	accts	accts
Single Family Residential	36,264	36,445	36,627	36,810	36,994
Multi-Family Residential	2,080	2,096	2,112	2,128	2,144
Contract Customers	323	324	325	326	327
Commercial	1,999	2,009	2,019	2,029	2,039
Restaurant	383	385	387	389	391
Laundry	3	3	3	3	3
Industrial	23	23	23	23	23
USN Pt. Mugu	1	1	1	1	1
USN CBC/NBVC-PH	1	1	1	1	1
Port Hueneme	1	1	1	1	1
Total	41,078	41,288	41,499	41,711	41,924

WASTEWATER RATE STUDY

CITY OF OXNARD, CALIFORNIA
RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Table 4.1-2: Billed Volume and Strength

Customer Classes	Projected				
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
	EDUs	EDUs	EDUs	EDUs	EDUs
Single Family Residential	36,132	36,312	36,493	36,676	36,859
Multi-Family Residential	17,099	17,230	17,362	17,493	17,625
Contract Customers	500	502	503	505	506
Commercial	1,999	2,009	2,019	2,029	2,039
Restaurant	383	385	387	389	391
Laundry	3	3	3	3	3
Industrial	23	23	23	23	23
USN Pt. Mugu	1	1	1	1	1
USN CBC/NBVC-PH	1	1	1	1	1
Port Hueneme	1	1	1	1	1
Total	56,142	56,467	56,793	57,121	57,449

Customer Classes	Projected				
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
	ccf	ccf	ccf	ccf	ccf
Contract Customers	5,000	5,000	5,000	5,000	5,000
Commercial	979,800	984,700	989,600	994,500	999,400
Restaurant	264,300	265,600	267,000	268,300	269,700
Laundry	11,900	11,900	11,900	11,900	11,900
Total	1,261,000	1,267,200	1,273,500	1,279,700	1,286,000

Customer Classes	Projected				
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
	MG	MG	MG	MG	MG
Industrial	1,061	1,061	1,061	1,061	1,061
USN Pt. Mugu	136	136	136	136	136
USN CBC/NBVC-PH	266	266	266	266	266
Total	1,462	1,462	1,462	1,462	1,462

Customer Classes	Projected				
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
	1,000 lbs	1,000 lbs	1,000 lbs	1,000 lbs	1,000 lbs
<u>BOD Loadings</u>					
Industrial	1,406	1,406	1,406	1,406	1,406
USN Pt. Mugu	96	96	96	96	96
USN CBC/NBVC-PH	393	393	393	393	393
Total	1,895	1,895	1,895	1,895	1,895

Customer Classes	Projected				
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
	1,000 lbs	1,000 lbs	1,000 lbs	1,000 lbs	1,000 lbs
<u>TSS Loadings</u>					
Industrial	1,318	1,318	1,318	1,318	1,318
USN Pt. Mugu	86	86	86	86	86
USN CBC/NBVC-PH	524	524	524	524	524
Total	1,927	1,927	1,927	1,927	1,927

4.1.2 Revenue Projections

The City generates revenue from wastewater services, sewer enforcement fees, maintenance charges, and other miscellaneous charges. Since revenue generated outside of wastewater sales are not subject to rate increases, we have excluded them from this portion of the analysis. These additional revenue sources are incorporated later in the cash flow portion of the report.

Wastewater’s revenues are composed of three parts, depending on the type of customer class. There is a flat monthly service charge, a commodity charge, and a strength charge. The monthly service charge is a flat amount charged to customers based on EDUs. EDU customer classes predominately consist of residential customers that have uniform strength characteristics. Residential customers are currently not based on volume. For those customer classes that are charged on a metered use basis, the volume charge is based on units of water consumed with an allowance for system return. This adjustment factor recognizes that not all water consumed is discharged to the wastewater system. The strength charge is a fee based charge for BOD and TSS. These two pollutants must be treated prior to wastewater stream discharge. Industrial and Outside City customers are monitored for strength loading. In general, all fees are designed to recover fixed and variable costs with collecting and treating the wastewater.

Summarized in Table 4.1-3 are the Wastewater’s current rates for all customer classes.

Table 4.1-3: Existing Wastewater Rates

Flat Monthly Service Charge		Commodity Charge	
<u>Customer Class</u>	<u>Effective 7/1/2008</u> \$/mo.	<u>Customer Class</u>	<u>Effective 7/1/2008</u> \$/ccf
Single Family Residential	\$26.36	Commercial	\$2.20
Multi-Family Residential	\$18.08	Restaurant	\$3.49
Outside City - Residential	\$52.72	Laundry	\$2.29
Outside City - Multi	\$35.10	Las Posas	\$2.20
		Oxnard - Water Dept.	\$0.00
<u>Regional Treatment and Disposal Facility User Charge</u> (For Port Hueneme, USN Pt. Mugu and Pt. Hueneme) Formula: RMUC = e (Vm) + f (Bm) + g (Sm) where RMUC = Regional Monthly User Charge Vm = Monthly WW discharge in MGD Bm = Monthly BOD discharge in 1,000 lbs Sm = Monthly SS discharge in 1,000 lbs		<u>City of Oxnard User Charge for WW System</u> (For Industrial) Formula: OMUC = p (Vm) + q (Bm) + r (Sm) where OMUC = Oxnard Monthly User Charge Vm = Monthly WW discharge in MGD Bm = Monthly BOD discharge in 1,000 lbs Sm = Monthly SS discharge in 1,000 lbs	
	<u>7/1/2008</u>		<u>7/1/2008</u>
	e = \$527.10		p = \$1,892.47
	f = \$181.95		q = \$264.11
	g = \$228.46		r = \$364.58

Incorporating the existing wastewater rates with the EDUs, customer usage projections, and strength characteristics, wastewater sales revenue under existing rates is tabulated as shown in Table 4.1-4. The anticipated revenue generated is expected to increase from \$22,956,200 in FY 09/10 to \$23,367,400 in FY 13/14.

Table 4.1-4: Revenues under Existing Rates

Customer Classes	Projected				
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
	\$	\$	\$	\$	\$
Single Family Residential	11,334,700	11,391,000	11,447,800	11,505,400	11,562,700
Multi-Family Residential	3,574,600	3,602,000	3,629,500	3,656,900	3,684,500
Contract Customers	329,100	330,400	331,000	332,300	332,900
Commercial	2,493,800	2,506,300	2,518,800	2,531,300	2,543,700
Restaurant	959,200	964,000	969,000	973,800	978,800
Laundry	23,300	23,300	23,300	23,300	23,300
Industrial	2,849,300	2,849,300	2,849,300	2,849,300	2,849,300
USN Pt. Mugu	116,500	116,500	116,500	116,500	116,500
USN CBC/NBVC-PH	326,500	326,500	326,500	326,500	326,500
Port Hueneme	949,200	949,200	949,200	949,200	949,200
Total	22,956,200	23,058,500	23,160,900	23,264,500	23,367,400

4.1.3 Operation and Maintenance Projections

In order to adequately adjust rates, it is necessary to project operation and maintenance (O&M) expenses. Summarized in Table 4.1-5 are Wastewater's projected O&M expenditures. These expenditures include costs related to personnel, contract services, operating supplies, utilities and general administrative. The forecasted expenditures are based Black & Veatch and City staff's expertise and knowledge. Key assumptions for inflation rates are 2 percent for personnel, contractual services, and operating supplies and 5 percent for utilities. These levels of adjustment are consistent with recent increases seen throughout the area. Total O&M (less capital outlay and transfers) is projected to increase from \$16,319,700 in FY 09/10 to \$17,617,400 in FY 13/14.

In 2012, when Phase I of the GREAT Program is fully functional, there will be an increase in O&M expenditures that are still being negotiated between enterprises as to where the costs will be reflected.

4.1.4 Capital Improvement Program

While O&M expenses cover day-to-day operations, the Wastewater incurs additional capital expenditures to replace existing wastewater facilities or installed new facilities for planned future growth. As a result, Wastewater has developed a long-term Capital Improvement Program (CIP) that identifies future wastewater facilities needs. The CIP shown in Table 4.1-6 is for FY 09/10 through FY 13/14 and consists of capital improvement projects anticipated to be designed and constructed during the study period.

Table 4.1-5: Operating and Maintenance Expenses

Description	Projected				
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
	\$	\$	\$	\$	\$
Fund 611 WW Collection Operating Fund					
Div 01 Source Control / Services					
Salaries and Wages	727,800	727,800	742,300	757,100	772,200
Contractual Services	46,600	46,600	47,500	48,500	49,500
Operating Supplies	19,000	19,000	19,500	20,000	20,500
Utilities	7,300	7,300	7,600	7,900	8,200
General and Administrative	856,100	858,500	884,500	911,100	938,600
Maintenance Services	24,000	24,000	25,000	26,000	27,000
Subtotal Div 01	1,680,800	1,683,200	1,726,400	1,770,600	1,816,000
Div 02 Storm Water Quality Management					
Salaries and Wages	420,700	420,700	429,100	437,600	446,300
Contractual Services	81,200	81,200	82,800	84,400	86,100
Operating Supplies	53,900	53,900	54,900	56,000	57,100
General and Administrative	174,300	174,300	179,500	184,800	190,400
Maintenance Services	10,000	10,000	10,400	10,800	11,200
Subtotal Div 02	740,100	740,100	756,700	773,600	791,100
Div 03 Collection System Main & Upgrade					
Salaries and Wages	926,000	926,000	944,500	963,400	982,600
Contractual Services	52,100	52,100	53,100	54,100	55,100
Operating Supplies	139,800	139,800	142,600	145,500	148,500
General and Administrative	610,500	610,500	632,600	655,500	679,300
Maintenance Services	29,200	29,200	30,400	31,600	32,800
Subtotal Div 03	1,757,600	1,757,600	1,803,200	1,850,100	1,898,300
Div 07 Storm Water Flood Control					
Salaries and Wages	212,700	212,700	217,000	221,300	225,700
Contractual Services	75,500	75,500	77,000	78,500	80,100
Operating Supplies	24,100	24,100	24,500	25,000	25,500
Utilities	194,300	194,300	202,000	210,000	218,300
General and Administrative	60,000	60,000	61,900	63,800	65,700
Maintenance Services	21,200	21,200	22,000	22,900	23,800
Subtotal Div 07	587,800	587,800	604,400	621,500	639,100
Total WWC O&M Expense	4,766,300	4,768,700	4,890,700	5,015,800	5,144,500
Fund 621 WW Treatment Operating Fund					
Div 01 Laboratory Services					
Salaries and Wages	611,700	611,700	624,000	636,400	649,100
Contractual Services	362,900	362,900	370,100	377,400	385,000
Operating Supplies	47,000	47,000	48,000	49,000	50,100
Utilities	32,000	32,000	33,200	34,500	35,800
General and Administrative	448,300	448,300	461,700	475,400	489,500
Maintenance Services	4,200	4,200	4,400	4,600	4,800
Subtotal Div 01	1,506,100	1,506,100	1,541,400	1,577,300	1,614,300
Div 02 Treatment Services					
Salaries and Wages	2,257,900	2,257,800	2,302,900	2,348,900	2,395,900
Contractual Services	151,400	151,400	154,500	157,700	160,900
Operating Supplies	933,000	933,000	951,700	970,800	990,200
Utilities	2,556,900	2,556,900	2,659,200	2,765,700	2,876,300
General and Administrative	553,200	553,100	569,800	586,900	604,500
Maintenance Services	12,400	12,400	12,800	13,200	13,700
Subtotal Div 02	6,464,800	6,464,600	6,650,900	6,843,200	7,041,500
Div 05 Treatment System Maintenance-Upgrades					
Salaries and Wages	1,691,700	1,691,700	1,725,500	1,759,900	1,795,000
Contractual Services	234,300	234,300	238,900	243,600	248,400
Operating Supplies	772,700	772,700	788,200	803,900	819,900
Utilities	37,800	37,800	39,300	40,900	42,600
General and Administrative	409,600	415,000	427,600	440,400	453,700
Maintenance Services	116,200	116,200	120,800	125,700	130,700
Security Costs	320,200	321,800	323,500	325,100	326,800
Subtotal Div 05	3,582,500	3,589,500	3,663,800	3,739,500	3,817,100
Total WWT O&M Expense	11,553,400	11,560,200	11,856,100	12,160,000	12,472,900
Total O&M Expense	16,319,700	16,328,900	16,746,800	17,175,800	17,617,400

WASTEWATER RATE STUDY

CITY OF OXNARD, CALIFORNIA
RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Table 4.1-6: Capital Improvement Program

Line No.	Description	Projected					Total 2009-2014
		FY09/10 \$	FY10/11 \$	FY11/12 \$	FY12/13 \$	FY13/14 \$	
<u>Wastewater Collection System</u>							
1	Septic Conversion Loan Program	0	0	0	0	0	0
2	Redwood Trunk	0	0	0	0	0	0
3	Development Project Infrastructure Report	100,000	0	106,100	0	112,600	318,700
4	Central Trunk Manhole Reconstruction Project (Phase 1)	560,000	865,200	0	0	0	1,425,200
5	Victoria Ave Gravity Sewer	1,500,000	0	0	0	0	1,500,000
6	WWC System Master Plan Update	50,000	0	318,300	0	0	368,300
7	Casden and Village Developments	0	515,000	530,500	0	0	1,045,500
8	Rice Ave Sewer Placement EX-1	0	618,000	636,500	0	0	1,254,500
9	Flow Monitoring System Expansion	0	309,000	0	0	0	309,000
10	DWR Regulatory Compliance	100,000	103,000	106,100	109,300	112,600	531,000
11	Eastern Trunk Line	0	0	0	0	0	0
12	Hansen Computer Upgrade	100,000	103,000	0	0	0	203,000
13	Asset Management Program - Collection System	500,000	515,000	795,700	1,092,700	2,251,000	5,154,400
14	Carry Forward Projects	4,000,000	0	0	0	0	4,000,000
15	Subtotal	6,910,000	3,028,200	2,493,200	1,202,000	2,476,200	16,109,600
<u>Wastewater Treatment System</u>							
16	WWT Plant SCADA Master Plan	0	0	530,500	0	0	530,500
17	WWT Plant Electronic O&M Manual	350,000	103,000	106,100	109,300	112,600	781,000
18	Asset Management Program - Wastewater Treatment	1,000,000	515,000	1,060,900	1,092,700	1,125,500	4,794,100
19	WWT Plant Resurfacing	0	0	0	437,100	0	437,100
20	WWT Plant Effluent Pump Station Upgrade & Expansion	0	0	0	0	5,346,200	5,346,200
21	Secondary Clarifier/DAF	0	0	0	0	0	0
22	WWT Plant Headworks Backup Generator	0	0	848,700	874,200	0	1,722,900
23	WWT Plant Cogeneration Replacement	0	0	0	8,741,800	4,502,000	13,243,800
24	WWT Plant Prechlorination & Ferric System Project	0	4,120,000	0	0	0	4,120,000
25	WWT Plant AST Diffusers Replacement	0	0	0	6,119,300	0	6,119,300
26	WWT Plant Digesters	0	0	0	0	0	0
27	WWT Plant Bio Filter Recirculation Pumps Replacement	0	0	0	0	0	0
28	WWT Plant Biosolid Storage	0	515,000	1,591,400	0	0	2,106,400
29	WWT Plant Centrifuges	0	0	0	0	0	0
30	Hansen Computer Upgrade	100,000	103,000	0	0	0	203,000
31	Plant Control Center Phase I & II	0	1,030,000	4,986,200	5,135,800	5,177,300	16,329,300
32	Carry Forward Projects	1,000,000	0	0	0	0	1,000,000
33	Subtotal	2,450,000	6,386,000	9,123,800	22,510,200	16,263,600	56,733,600
<u>Storm Drain System</u>							
34	Mandalay Beach Road Stormwater Issues Study	0	824,000	3,394,900	0	0	4,218,900
35	Tierra Vista Neighborhood - Sanford Storm Drain Phase 2	700,000	0	0	0	0	700,000
36	Blackstock North - Yucca St Storm Drain Phase 2	800,000	0	0	0	0	800,000
37	Cal-Gisler Neighborhood Storm Drain	0	0	0	0	0	0
38	Storm Water Master Plan Update	0	103,000	0	0	0	103,000
39	Bartolo Square North Neighborhood Storm Drain	0	370,800	572,900	0	0	943,700
40	Commercial Central Neighborhood Storm Drain	0	0	0	1,311,300	1,350,600	2,661,900
41	Sierra Linda Neighborhood Storm Drain	0	0	148,500	611,900	0	760,400
42	Fifth St Storm Drain	0	0	169,700	699,300	0	869,000
43	Five Points Northeast Neighborhood Storm Drain	0	0	84,900	349,700	0	434,600
44	Blackstock South Neighborhood Storm Drain	0	0	106,100	437,100	0	543,200
45	DWR Regulatory Compliance	0	0	0	546,400	562,800	1,109,200
46	Asset Management Program - Stormwater System	0	0	0	0	562,800	562,800
47	Carry Forward Projects	0	0	0	0	0	0
48	Subtotal	1,500,000	1,297,800	4,477,000	3,955,700	2,476,200	13,706,700
49	Total CIP (Uninflated) w/o Asset Mgt Items	10,360,000	10,197,000	15,298,300	26,575,200	18,402,200	80,832,700
50	Total Asset Mgt Items (Routine Capital)	500,000	515,000	795,700	1,092,700	2,813,800	5,717,200

Wastewater is projecting expenditures of \$80,832,700 for collection, treatment and storm drain capital improvement projects over the next 5 years. This total includes capital and replacement projects. Since storm drain has traditionally never been treated as a self-supporting enterprise, Wastewater handles all maintenance and capital needs. As part of the financial plan analyses, an annual inflation allowance of 3 percent was included in the above capital improvement project costs.

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4.1.5 Capital Fund Financing

A proposed financing plan for Wastewater's CIP is shown in Table 4.1-7. Financing for the CIP is anticipated to come from a combination of funds on hand, transfers from wastewater sales revenues derived from rates, and bond proceeds.

Table 4.1-7: CIP Financing Plan

Description	Projected				
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
	\$	\$	\$	\$	\$
Capital Fund 613					
Beginning Balance	465,300	77,900	254,000	304,400	45,300
Sources of Funds					
Collection Connection Fees	500,000	500,000	500,000	500,000	500,000
Revenue Bond Proceeds	5,000,000	0	7,600,000	4,500,000	4,500,000
Transfer from Operating Funds	4,500,000	4,500,000	600,000	1,000,000	1,000,000
Interest Income	6,800	4,100	7,000	4,400	1,100
Total Sources of Funds	10,006,800	5,004,100	8,707,000	6,004,400	6,001,100
Uses of Funds					
Collection Capital Improvement Projects	8,410,000	4,326,000	6,970,200	5,157,700	4,952,400
Storm Drain Capital Improvement Projects	0	0	0	0	0
Bond Issuance Expense	75,000	0	114,000	67,500	67,500
Bond Reserve Fund Requirement	344,000	0	522,900	309,600	309,600
Capitalized Interest	530,000	0	805,700	477,000	477,000
Transfer to Operating Funds	750,000	250,000	0	0	0
Developers Reimbursement	285,200	252,000	243,800	251,700	200,000
Total Uses of Funds	10,394,200	4,828,000	8,656,600	6,263,500	6,006,500
Ending Balance	77,900	254,000	304,400	45,300	39,900
Capital Fund 621					
Beginning Balance	513,100	532,300	420,100	572,000	873,300
Sources of Funds					
Treatment Connection Fees	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Revenue Bond Proceeds	5,500,000	9,200,000	11,300,000	28,000,000	16,000,000
Transfer from Operating Funds	0	0	0	0	3,000,000
Interest Income	13,100	11,900	12,400	18,100	19,700
Total Sources of Funds	6,713,100	10,411,900	12,512,400	29,218,100	20,219,700
Uses of Funds					
Treatment Capital Improvement Projects	2,450,000	6,386,000	9,123,800	22,510,200	16,263,600
Bond Issuance Expense	82,500	138,000	169,500	420,000	240,000
Bond Reserve Fund Requirement	378,400	633,000	777,500	1,926,600	1,100,900
Capitalized Interest	583,000	975,300	1,197,900	2,968,200	1,696,100
Repayment of Water Loan	0	218,400	218,400	218,400	218,400
Repayment of 611 Loan	0	873,400	873,400	873,400	873,400
Transfer to Operating Funds	3,200,000	1,300,000	0	0	0
Total Uses of Funds	6,693,900	10,524,100	12,360,500	28,916,800	20,392,400
Ending Balance	532,300	420,100	572,000	873,300	700,600

Similar to Water, Wastewater maintains two capital funds (collection and treatment) that are used to finance CIP projects as well as to separate the commingling of rate and connection funds. The capital funds generate revenue from developer connection fees, transfers and debt proceeds. With new development in City slowing dramatically, Wastewater will depend on rate revenue and bond proceeds to execute planned CIP projects in addition to a loan of \$4 million from Water. It is anticipated that during the study period, the Wastewater will repay Water in annualized payments.

Based on the proposed CIP, Wastewater will need to issue debt through revenue bonds in FY 09/10 through FY 13/14. The proposed debts is indicated above assume the following service terms: 30-year payment period, 5.5 percent annual interest rate, 1.25 percent issuance expense, and a debt service reserve equal to one years' debt service.

4.1.6 Operating Fund Financing

Summarized in Table 4.1-8 is the proposed long-term operating financial plan for Wastewater. This financial plan is designed to generate sufficient funds to cover short-term and long-term expenses. Sources of revenue include wastewater sales under existing rates, additional revenues realized from proposed rate adjustments, miscellaneous revenue and interest earnings on available balances. As mentioned, other miscellaneous revenue includes sewer code enforcement, maintenance charges, permits fees, and a new security fee charge. Uses of funds include operation and maintenance expenses, routine capital outlay, debt service payments, and transfers to other funds such as the capital fund.

The projected wastewater revenue under existing rates represents service, commodity, and strength charges at current rate levels that are subject to rate adjustments. Based on the existing revenue indicated, additional annual revenue adjustments are necessary to meet operating fund requirements and fiscal policy objectives. Adjustments are typically assumed to become effective July 1 of each fiscal year. Initial analyses indicate that rate increases are needed for the next five years as shown on Lines 3 through 8. Any changes to the capital-financing policies and/or CIP may alter these results since the operating fund helps supplement funds for traditional repair and replace projects. The resulting dollar impact of the proposed revenue adjustments are illustrated on Line 9.

In addition to rate revenue, other operating and non-operating charges contribute to the income of the Wastewater Enterprise. Typically, these revenue sources are minimal and volatile and are thus considered a constant in the revenue projections. A non-operating source includes interest income from the operating fund. Interest income is calculated using an interest rate of 3 percent in order to be conservative.

Projected total O&M expense is shown on Line 28. The O&M expenses shown represent expenses associated with operating the wastewater system. Routine capital outlays and asset management activities are on Lines 29 and 30. For larger routine capital outlay that is represented in the CIP, it is common practice by utilities is to set in reserve approximately the equivalent of annual depreciation for routine capital assets. Based on historical wastewater depreciation, Wastewater should build up to settig aside approximately \$4,100,000 per year.

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Table 4.1-8: Operating Fund Financing Plan

Line No.	Description	Projected				
		FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
		\$	\$	\$	\$	\$
Revenue						
1	WWC Revenue Under Existing Rates	7,326,100	7,361,100	7,396,900	7,432,400	7,468,300
2	WWT Revenue Under Existing Rates	15,301,000	15,366,900	15,433,000	15,499,800	15,566,200
Additional Revenue Required:						
	<u>Year</u>	<u>Percent</u>	<u>Months Effective</u>			
3	FY09/10	8.0%	12	586,100	588,900	591,800
		8.0%	12	1,224,100	1,229,400	1,234,600
4	FY10/11	8.0%	12		636,000	639,100
		8.0%	12		1,327,700	1,333,400
5	FY11/12	18.0%	12			1,553,000
		18.0%	12			3,240,200
6	FY12/13	16.0%	12			1,560,500
		16.0%	12			3,254,200
7	FY13/14	4.0%	12			1,636,800
		4.0%	12			3,413,300
8	Total Revenue From Rates	24,437,300	26,510,000	31,422,000	36,613,000	38,247,400
Other WW Collection Revenue						
9	Sewer Code Enforcement Fees	120,000	120,000	120,000	120,000	120,000
10	Sewer Maintenance Charges	75,000	75,000	75,000	75,000	75,000
11	Contract Customers	329,100	330,400	331,000	332,300	332,900
12	Discharge Permit Fees	125,000	125,000	125,000	125,000	125,000
13	Penalties and Forfeitures	144,000	144,000	144,000	144,000	144,000
Other WW Treatment Revenue						
14	Laboratory Service Fees	75,000	75,000	75,000	75,000	75,000
15	Security & Contamination Prev	320,200	321,800	323,500	325,100	326,800
Storm Water Revenue						
16	Storm Water Reimbursements	416,400	292,600	287,300	307,500	300,000
Other Revenue						
17	Interest - Operating Fund	272,000	177,200	146,400	229,000	299,300
18	Interest - Restricted Reserve Fund	263,900	276,100	283,700	306,800	322,200
19	Total Other Revenue	2,140,600	1,937,100	1,910,900	2,039,700	2,120,200
20	Total Revenue	26,577,900	28,447,100	33,332,900	38,652,700	40,367,600
Revenue Requirements						
Operation and Maintenance Expense						
WWC O&M Expenses						
21	Source Control / Services	1,680,800	1,683,200	1,726,400	1,770,600	1,816,000
22	Collection System Maint & Upgrade	1,757,600	1,757,600	1,803,200	1,850,100	1,898,300
WWT O&M Expenses						
23	Laboratory Services	1,506,100	1,506,100	1,541,400	1,577,300	1,614,300
24	Treatment Services	6,464,800	6,464,600	6,650,900	6,843,200	7,041,500
25	Treatment System Maint & Upgrade	3,582,500	3,589,500	3,663,800	3,739,500	3,817,100
Storm Water Expenses						
26	Storm Water Quality Mgmt	740,100	740,100	756,700	773,600	791,100
27	Storm Water Flood Control	587,800	587,800	604,400	621,500	639,100
28	Total O&M Expense	16,319,700	16,328,900	16,746,800	17,175,800	17,617,400
29	Routine Capital Outlay	117,500	117,500	117,500	117,500	117,500
30	Asset Management Activities	1,500,000	1,030,000	1,856,600	2,185,400	3,939,300
31	Total RCO Expense	1,617,500	1,147,500	1,974,100	2,302,900	4,056,800
Debt Service						
Existing						
32	2003 Wastewater Revenue Refunding	3,667,100	3,666,800	3,669,800	3,667,100	3,668,600
33	2004A Wastewater Revenue Bond	4,087,700	4,087,700	4,087,700	4,087,700	4,087,700
34	2004B Wastewater Revenue Bond	1,770,100	1,761,400	1,746,600	1,741,100	1,729,300
35	2006 Wastewater Revenue Bond	794,900	796,100	796,700	796,300	795,500
36	Reimbursement to Other Funds	477,600	0	0	0	0
37	From Fund 613 for Debt Service	(750,000)	(250,000)	0	0	0
38	From Fund 623 for Debt Service	(3,200,000)	(1,300,000)	0	0	0
39	Loan Repayment from Water to 611	0	873,400	873,400	873,400	873,400
Proposed						
40	WWC Revenue Bonds	0	0	200,700	344,000	649,000
41	WWT Revenue Bonds	0	0	220,700	747,700	1,464,900
42	Total Debt Service	6,847,400	9,635,400	11,595,600	12,257,300	13,268,400
Transfers						
Required						
43	WWC Infrastructure Use Fee	470,800	470,800	470,800	470,800	470,800
44	WWT Infrastructure Use Fee	380,300	380,300	380,300	380,300	380,300
Optional						
45	Transfer to WWC Capital Fund	4,500,000	4,500,000	600,000	1,000,000	1,000,000
46	Transfer to WWT Capital Fund	0	0	0	0	3,000,000
47	Total Transfers	5,351,100	5,351,100	1,451,100	1,851,100	4,851,100
48	Total Revenue Requirements	30,135,700	32,462,900	31,767,600	33,587,100	39,793,700
Operating Fund Balance						
49	Net Annual Cash Balance	(3,557,800)	(4,015,800)	1,565,300	5,065,600	573,900
50	Beginning Fund Balance	12,790,000	9,232,200	5,216,400	6,781,700	11,847,300
51	Net Cumulative Fund Balance	9,232,200	5,216,400	6,781,700	11,847,300	12,421,200
52	Target Reserve (25% of O&M)	4,079,900	4,082,200	4,186,700	4,294,000	4,404,400
53	Debt Service Coverage	122%	115%	128%	161%	144%

Debt service on proposed bond issues is shown on Lines 40 and 41 and total debt service is shown on Line 42. All proposed bond issues are forecasted with 30-year terms at an initial 5.5 percent. To date, Wastewater has four outstanding bond debt obligations. Transfers to the capital and other funds are shown on Lines 43 through 46. Funds transferred to the capital fund are used for capital projects. Funds transferred to the R&R Reserve and Rate Stabilization Reserve Funds are intended for long-term capital replacement needs, emergency situations, and to help offset future rate impacts to customers. Lines 49 through 51 summarize the impact to the ending fund balance for Wastewater. A minimum target of 25 percent of O&M expenses plus any encumbrances serves as the minimum level of working capital that Wastewater sets to have on hand for operational purposes.

4.1.7 Summary of Revenue, Expenditures, and Obligations

Based on the analyses of revenues and revenue requirements, it is evident that Wastewater needs a rate revenue increase in order to meet revenue requirements and working capital reserve as a standalone enterprise. The suggested adjustments range from 8 percent per year FY 09/10 and FY 10/11, to 18 percent in FY 11/12, to 16 percent in FY 12/13, to 4 percent in FY 13/14 as shown on Lines 3 through 8. With this adjustment, the City should be able to accomplish its objectives under the assumption that no significant change occurs. While the financial plan should be a working document, Wastewater will need to re-examine the rate structure prior to FY 13/14 to verify it is still adequate.

The revenue requirements of Wastewater consist of system O&M expenses, routine capital outlay for minor expenditures on equipment not financed from bond proceeds, debt service requirements on existing and proposed bonded debt, transfers to other funds, and reserve requirements to ensure that debt service coverage, rate covenant requirements, and adequate levels of working capital are met.

As shown on Line 48 in Table 4.1-8, total revenue requirements for Wastewater increase during the study period and can be correlated with inflationary factors and additional debt service requirements. The total revenue requirements will increase from \$30,135,700 in FY 09/10 to \$39,739,700 in FY 13/14, assuming the revenue adjustment is implemented. Subtracting total revenue requirements from total revenues results in the projected annual operating fund surpluses or deficits shown on Line 49.

As of July 1, 2009, it was estimated that a beginning balance of \$12.8 million was available for use in this fund. An additional \$0.98 million was determined available for use in the capital funds. The ending balance is shown on Line 51, while the minimum ending balance of 25 percent of operation and maintenance expense is shown on Line 52. Applying a cumulative revenue adjustment of approximately 66.0 percent over the 5 year period should allow Wastewater to achieve the desired target level of ending year-end balances, meet minimum working capital and satisfy minimum debt service requirements.

It should be recognized that the indicated percentage revenue increase discussed above are overall revenue increase. The results of the cost of service analysis presented later in this report may indicate that rate increases may vary from this average for the various customer classes with some classes receiving a greater than average increase, while others receive a less than average increase or perhaps a decrease.

4.1.8 Test Year Revenue Requirements

In analyzing Wastewater's cost of service for allocation to customer classes, the annual revenue requirements for FY 09/10 is selected as the Test Year (TY) requirements to demonstrate the development of cost-of-service wastewater rates.

4.2 Cost of Service Allocations

The revenue requirements to be derived from rates and charges for wastewater service are summarized in Lines 1 through 17 of Table 4.2-1. In analyzing Wastewater's cost of service for allocation to customer classes, the annual revenue requirements for FY 09/10 are selected as the Test Year requirements to demonstrate the development of cost of service wastewater rates. In determining the cost of service to be met from charges for wastewater service, we deduct income received from other sources that not subject to rate adjustments from the total revenue requirements. As a result, the total cost of service to be recovered from rates is shown on Line 12, Column 3.

Table 4.2-1: Total Costs to be Recovered from Rates - TY

Line No.	Description	Operating Expense	Capital Cost	Total
		\$	\$	\$
Revenue Requirements				
1	Operating and Maintenance Expense	16,319,700		16,319,700
2	Routine Capital Outlays		1,617,500	1,617,500
3	Debt Service		6,847,400	6,847,400
4	Transfer to Capital Fund		4,500,000	4,500,000
5	Transfers to Others	851,100		851,100
6	Subtotal	17,170,800	12,964,900	30,135,700
Less Revenue Req. Met from Other Sources				
7	Other Operating Income	1,604,700		1,604,700
8	Interest Income	272,000	263,900	535,900
9	Subtotal	1,876,700	263,900	2,140,600
Adjustments				
10	Adjustment for Annual Cash Balance	3,557,800	0	3,557,800
11	Subtotal	3,557,800	0	3,557,800
12	Cost of Service to be Recovered from Rates	11,736,300	12,701,000	24,437,300

4.2.1 Functional Cost Components

In developing an equitable rate structure, revenue requirements are allocated to the various customer classifications according to the cost of service rendered. Allocations of these requirements to customer classes of Wastewater should take into account flow, the number of customers, and other relevant factors.

Customers are classified to reflect groups of customers with similar service requirements who can be served at similar cost. Each class represents a particular type of service requirement. For the purposes of the cost of service analysis, the customer classifications in this study include single family and multi-family residential, commercial, restaurant, laundry, contract customers, industrial, and Regional (Outside City). These customer classes were assumed to exhibit similar types of system load characteristics.

As a basis for allocating costs of service among customer classes, costs are first allocated to functional cost components, then allocated to cost categories, and subsequently distributed to customer classes. In this analysis, there are five primary cost components: (1) base flow, or volume costs, (2) strength (BOD and TSS), (3) customer billing costs and administration, and (4) stormwater.

4.2.2 Allocation to Cost Components

Each element of cost is allocated to functional cost components on the basis of the parameter or parameters having the most significant influence on the magnitude of that element of cost.

4.2.2.1 Allocation of Operation and Maintenance Expenses

The allocation of O&M expense to cost functions is shown in Table 4.2-2. The net operation and maintenance expense to be recovered for wastewater sales is derived by deducting funds available from other sources from the total Test Year expense. Net Test Year operation and maintenance expense of \$11,736,300 is shown allocated to the five primary cost components on Line 14. Note that routine capital outlay is excluded from O&M expenses as these expenses can be deferred based on the financial state of the enterprise. Additionally, adjustments to costs allocated to the Regional customers are made to address capacity agreements for the Wastewater Treatment Plant.

Table 4.2-2: Allocation of O&M to Functional Cost Components

Line No.	Description	Total	Allocation of Expenses							
			Collection Volume	Treatment Volume	Treatment - Strength		Stormwater	Billing & Collection	Admin	
		\$	\$	\$	\$	\$	\$	\$	\$	
Wastewater Collection										
1	Div 01 Source Control / Services	1,680,800	1,596,600	0	0	0	0	42,100	42,100	
2	Div 02 Storm Water Quality Management	740,100	0	0	0	0	592,100	0	148,000	
3	Div 03 Collection System Main & Upgrade	1,757,600	1,625,700	0	0	0	87,900	0	44,000	
4	Div 07 Storm Water Flood Control	587,800	0	0	0	0	558,400	0	29,400	
Wastewater Treatment										
5	Div 01 Laboratory Services	1,506,100	0	677,600	376,600	376,600	0	0	75,300	
6	Div 02 Treatment Services	6,464,800	0	1,616,400	3,878,700	646,400	0	0	323,300	
7	Div 05 Treatment System Maintenance	3,582,500	0	358,300	1,612,100	1,433,000	0	0	179,100	
8	Total (w/o Capital Outlays)	16,319,700	3,222,300	2,652,300	5,867,400	2,456,000	1,238,400	42,100	841,200	
9	Plus Required Transfers	851,100	441,200	87,400	193,100	80,800	12,000	5,800	30,800	
10	Less Other Revenues	5,434,500	2,474,100	530,300	1,173,200	491,100	487,200	32,300	246,300	
11	Net O&M	11,736,300	1,189,400	2,209,400	4,887,300	2,045,700	763,200	15,600	625,700	

4.2.2.2 Allocation of Capital Costs

The estimated investment in wastewater and stormwater facilities is allocated to appropriate cost components as a basis for the further distribution of capital related costs to the various customer classes. The allocation of estimated plant investment serving wastewater customers for the Test Year is shown in Table 4.2-3. The total plant investment of \$241,338,670 shown on Line 6 represents the estimated Test Year original cost less accumulated depreciation of plant in service.

The allocation of specific items of investment to the cost categories, as shown, is made on the basis previously described. For example, collection items are related to flow and these investment costs are assigned to the volume cost component and further delineated by whether the asset is common-to-all or primarily serves specific customers. The treatment is designed primarily on the basis of treatment plant flow and is also assigned to the volume cost function. Elements within this category, such as pumping stations facilities are assigned to the volume category because such facilities are designed for this purpose.

Table 4.2-3: Allocation of Net Plant Investment and Capital Costs to Functional Cost Components

Line No.	Description	Allocation of Plant investment								
		Total	Collection Volume	Treatment Volume	Treatment - Strength		Stormwater	Billing & Collection	Admin	
		\$	\$	\$	BOD	TSS	\$	\$	\$	
1	Collection	68,546,159	61,691,543	0	0	0	6,854,616	0	0	
2	Pumping Plant	1,955,829	1,760,246	0	0	0	195,583	0	0	
3	Treatment	140,118,846	0	14,011,885	63,053,481	63,053,481	0	0	0	
4	Customer Billing	94,717	0	0	0	0	0	94,717	0	
5	General Plant	30,623,120	9,221,397	2,036,336	9,163,511	9,163,511	1,024,600	13,765	0	
6	Total	241,338,670	72,673,186	16,048,221	72,216,992	72,216,992	8,074,799	108,482	0	
7	Less General Plant	210,715,550	63,451,788	14,011,885	63,053,481	63,053,481	7,050,199	94,717	0	
8	Percent		30.1%	6.6%	29.9%	29.9%	3.3%	0.0%	0.0%	
Allocation of Capital Costs										
19	Routine Capital - WWC	500,000	500,000							
20	Routine Capital - WWT	1,050,000		105,000	472,500	472,500				
21	Routine Capital - SW	67,500					67,500			
22	Routine Capital - RW	0								
23	Transfer to WWC Capital Funds	4,500,000	4,050,000				450,000			
24	Debt Service - WWC	4,187,300	3,768,600				418,700			
25	Debt Service - WWT	6,132,500		613,300	2,759,600	2,759,600				
26	Total Capital Costs	16,437,300	8,318,600	718,300	3,232,100	3,232,100	936,200	0	0	
27	Less Other Revenues	263,900	237,500				26,400	0	0	
28	Less WWC Debt Service Transfer	750,000	675,000				75,000			
29	Less WWT Debt Service Transfer	3,200,000		640,000	1,280,000	1,280,000				
30	Net Capital Costs	12,223,400	7,406,100	78,300	1,952,100	1,952,100	834,800	0	0	

4.2.3 Units of Service

The total cost responsibility of each class of service may be established by developing unit costs of service for each cost function and assigning those costs to the customer classes based on the respective service requirements of each. To properly recognize the cost of service, each customer class is allocated its share of base, strength, and direct costs. The number of units of service required by each customer class provides a means for the proportionate distribution of costs previously allocated to respective cost categories. Summarized in Table 4.2-4 are the estimated units of service for the various customer classes.

The wastewater collected and treated by Wastewater is made up of two elements: (1) sanitary flow and (2) infiltration/inflow (I/I) of storm runoff. Sanitary flow is that portion of the annual water use of each customer class estimated to enter the sanitary sewer system.

Based on discussions with staff, it is estimated that the amount of flow entering the collection system through I/I is approximately 10 percent of the total treated wastewater volume. Since I/I is not attributable to a specific customer class, each class will bear its proportionate share of the costs associated with I/I in an equitable manner. Most communities assign at least a portion of the responsibility to customers on the basis of contributed volume by customer class. This philosophy is supported in Financing and Charges for Wastewater Systems published by the AWWA, American Society of Civil Engineers, and WEF. In this study, I/I is allocated 100 percent to customers based on volume.

WASTEWATER RATE STUDY

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Table 4.2-4: TY Units of Service

Line No.	Description	Return Factor	Wastewater Volume	TY2010 BOD	TY2010 TSS	Number of Accts	Number of Units	10.0% I/I	Capacity Reallocation %
		%	ccf	lb	lb	accts	units	ccf	
1	Single Family Residential	80.0%	4,152,100	6,476,000	6,476,000	35,092	35,092	415,200	4.42%
2	Multi-Family Residential	90.0%	1,641,200	2,559,800	2,559,800	2,079	17,098	164,100	10.00%
3	Single Family Residential - PH, Oxnard Residents								
		80.0%	295,100	460,300	460,300	1,172	1,040	29,500	0.00%
4	Multi-Family Residential - PH, Oxnard Residents								
		90.0%	200	300	300	1	1	0	0.00%
5	Contract Customers (CYA, etc.)		0	0	0	0	0	0	
6	Commercial	85.0%	820,400	2,303,200	2,303,200	1,975	1,975	82,000	20.00%
7	Restaurant	80.0%	201,900	1,133,600	755,800	370	370	20,200	15.00%
8	Laundry	90.0%	10,700	15,000	15,000	3	3	1,100	0.58%
9	Commercial - PH		14,600	41,000	41,000	24	24	1,500	0.00%
10	Restaurant - PH		11,900	66,800	44,500	13	13	1,200	0.00%
11	Las Posas	Contract	0	0	0	0	0	0	
12	Super Cooling	Contract	0	0	0	0	0	0	
13	Port Hueneme	Treatmt only	1,752,900	2,734,000	2,734,000	1	1	0	
			<u>MG</u>	<u>1000 lbs</u>	<u>1000 lbs</u>	<u>accts</u>	<u>units</u>	<u>ccf</u>	
14	Industrial		1,061	1,406	1,318	23	23	100	50.00%
15	USN Pt. Mugu	Treatmt only	136	96	86	1	1	0	
16	USN CBC/NBVC-PH	Treatmt only	266	393	524	1	1	0	
17	Port Hueneme	Treatmt only	316.1	2,734	4,264	1	1	0	
	Capacity Rights								
18	USN Pt. Mugu		182.5	456	456				
19	USN CBC/NBVC-PH		547.5	1,369	1,369				
20	Port Hueneme		1,173.8	2,934	2,934				
			<u>ccf</u>			<u>accts</u>	<u>units</u>		
21	Oxnard - Water Dept. (Water Produced to be sold to Water Department)		0			1	1		

For sanitary flow, a wastewater volume is estimated based water consumption. There is an approximate percent of water returned to the system for customer classes on flat and commodity rates. The contributions from industrial and contract users are monitored on a regular basis. The pollutant loadings indicated in Table 4.2-4 represent wastewater quality based on strengths indicated by that monitoring data. Loadings for commercial users are based on recommendations of the State Water Resources Control Board. Loadings for residential classifications are based on an average BOD and TSS concentrations of approximately 248 milligrams per liter (mg/l) based on an analysis of recent years' influent loadings at the treatment plant.

The cost of service responsibility for base costs varies with the volume of wastewater requirements and may be distributed to customer classes on that basis. Strength costs are those costs associated with treating the constituents in the flow and is distributed to customer classes based on their respective loadings into the system. Customer costs, which consist of meter related costs, billing, collection and accounting costs. Stormwater is based on volume and is allocated on that basis.

4.2.4 Cost of Service Allocations

Costs of service are allocated to the customer classes by application of unit costs of service to respective service requirements. Unit costs of service are based upon the total costs previously allocated to functional components and the total number of applicable units of service. Dividing the costs allocated to functional cost components by the respective total units of service requirements develops unit costs of operation and maintenance expense, and net capital costs.

4.2.4.1 Unit Costs of Service

Table 4.2-5 presents total Test Year O&M expense and net capital costs allocated to functional cost component as taken from Tables 4.2-2 and 4.2-3.

4.2.4.2 Distribution of Costs of Service to Customer Classes

The customer class responsibility for service is obtained by applying the unit costs of service to the number of units for which the customer class is responsible. This process is illustrated in Table 4.2-6, in which the unit costs of service are applied to the customer class units of service.

Table 4.2-5: TY Unit Costs of Service

Line No.	Description	Collection		Treatment		Treatment - Strength		Stormwater		Billing & Collection		Admin	
		Volume	Volume	Volume	Volume	BOD	TSS	Volume	Volume	accs	accs		
1	Net Operating Expense (a)	\$	11,736,300	\$	2,209,400	\$	2,045,700	\$	763,200	\$	15,600	\$	625,700
2	Capital Costs (b)		7,883,700		78,300		1,952,100		834,800		0		0
3	Total Cost of Service - \$		24,437,300		2,287,700		3,997,800		1,598,000		15,600		625,700
4	Total Units of Service - Excluding Treatment Units of Measure		8,566,400 ccf		8,566,400 ccf		13,973,700 lbs		8,566,400 ccf		40,752 accs		55,639 units
5	Total Units of Service - Treatment Units of Measure		8,842,600 ccf		8,842,600 ccf		14,732,000 lbs		0 ccf		40,732 accs		55,619 units
6	Total Units of Service - REGIONAL Units of Measure		1,694,500 ccf		1,694,500 ccf		2,076,100 lbs		0 ccf		3 accs		3 units
7	Total Units of Service - OXNARD Units of Measure		7,148,100 ccf		7,148,100 ccf		12,655,900 lbs		0 ccf		40,729 accs		55,616 units
8	Total Units of Service - OXNARD w/o Industrial Units of Measure		5,729,800 ccf		5,729,800 ccf		11,338,100 lbs		0 ccf		40,706 accs		55,593 units
9	Total Units of Service - OXNARD, Industrial Units of Measure		1,418,300 ccf		1,418,300 ccf		1,317,800 lbs		0 ccf		23 accs		23 units
10	Total Unit Cost of Service - \$/unit		1.0592		0.2587		0.4629		0.1865		0.3828		11.2457
11	Total Unit Cost of Service - \$/unit O&M		0.1389		0.2499		0.3308		0.0891		0.3828		11.2457
12	Total Unit Cost of Service - \$/unit O&M w/o Treatment		0.1389		0.0000		0.0000		0.0891		0.0000		0.2804
13	Total Unit Cost of Service - \$/unit O&M TREATMENT only - Oxnard w/o Industrial		0.2749		0.2749		0.3274		0.1001		0.0000		6.1716
14	Total Unit Cost of Service - \$/unit O&M TREATMENT only - Industrial		0.2088		0.2088		0.4658		0.2080		0.0000		2,804.3478
14	Total Unit Cost of Service - \$/unit O&M TREATMENT only - Regional		0.1995		0.1995		0.2439		0.3066		0.0000		24,533.3333
15	Total Unit Cost of Service - \$/unit Capital		0.9203		0.0089		0.1321		0.0975		0.0000		0.0975
16	Total Unit Cost of Service - \$/unit Capital w/o Treatment		0.8646		0.0000		0.0000		0.0975		0.0000		0.0975
17	Total Unit Cost of Service - \$/unit Capital TREATMENT only - Oxnard		0.0110		0.0110		0.1497		0.0000		0.0000		0.1542
18	Total Unit Cost of Service - \$/unit Capital TREATMENT only - Regional		0.0000		0.0000		0.0000		0.0000		0.0000		0.0000

(a) Distributed on basis of total operation and maintenance allocation.
(b) Capital costs allocated based upon allocation of net plant investment.

Table 4.2-6: Allocation of COS to Customer Classes

Line No.	Description	Total	Collection	Treatment	Treatment - Strength		Billing &		
			Volume	Volume	BOD	TSS	Stormwater	Collection	Admin
Number of Units									
1	Unit Cost of Service - \$/unit O&M TREATMENT only - Oxnard w/o Industrial		0.0000	0.2749	0.3274	0.1001	0.0000	0.0000	6.1716
2	Unit Cost of Service - \$/unit O&M TREATMENT only - Industrial		0.0000	0.2088	0.4658	0.2080	0.0000	0.0000	2,804.3478
3	Unit Cost of Service - \$/unit O&M TREATMENT only - Regional		0.0000	0.1995	0.2439	0.3066	0.0000	0.0000	24,533.3333
4	Unit Cost of Service - \$/unit, O&M w/o Treatment		0.1389	0.0000	0.0000	0.0000	0.0891	0.0000	0.2804
5	Unit Cost of Service - \$/unit, Capital w/o Treatment		0.8646	0.0000	0.0000	0.0000	0.0975	0.0000	0.0000
6	Unit Cost of Service - \$/unit, Capital -Treatment - Oxnard		0.0000	0.0110	0.1497	0.1542	0.0000	0.0000	0.0000
7	Unit Cost of Service - \$/unit, Capital -Treatment - Regional		0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
8	Unit Cost of Service - \$/unit, Total (all)		1.0592	0.2587	0.4629	0.2714	0.1865	0.3828	11.2457
9	Units of Measure		ccf	ccf	lbs	lbs	ccf	Accts	Accts
Single Family Residential									
10	Units		4,447,200	4,447,200	6,936,300	6,936,300	444,700	36,264	36,264
11	Costs - \$	11,848,100	4,940,100	865,900	2,639,000	1,429,000	1,522,700	13,900	437,500
Multi-Family Residential									
12	Units		1,641,400	1,641,400	2,560,100	2,560,100	164,100	2,080	2,080
13	Costs - \$	4,043,900	1,647,000	469,300	1,221,600	651,200	30,600	800	23,400
Commercial									
14	Units		835,000	835,000	2,344,200	2,344,200	83,500	1,999	1,999
15	Costs - \$	2,830,300	837,800	238,700	1,118,600	596,300	15,600	800	22,500
Restaurant									
16	Units		213,800	213,800	1,180,400	800,300	21,400	383	383
17	Costs - \$	1,050,900	214,500	61,100	563,300	203,600	4,000	100	4,300
Laundry									
18	Units		10,700	10,700	15,000	15,000	1,100	3	3
19	Costs - \$	25,000	10,700	3,100	7,200	3,800	200	0	0
Industrial									
20	Units		1,418,300	1,418,300	1,406,000	1,317,800	133,700	23	23
21	Costs - \$	3,166,900	1,423,100	311,600	865,400	477,400	24,900	0	64,500
Regional Customers									
22	Units		0	1,694,500	1,740,000	2,076,100	0	3	3
23	Costs - \$	1,472,300	0	338,000	424,300	636,500	0	0	73,500
24	Total Cost of Service - \$	24,437,300	9,073,200	2,287,700	6,839,400	3,997,800	1,598,000	15,600	625,700

4.2.4.3 Adequacy of Existing Rates to meet Costs of Service

Presented in Table 4.2-7 is a comparison of the allocated cost of service and revenue under existing rates for the system in total. The last column indicates the approximate adjustment rate levels necessary to recover 100 percent of the allocated costs of service.

Table 4.2-7: Comparison of Adjusted COS with Revenues under Existing Rates

Customer Classification	Allocated Cost of Service	Revenue Under Existing Rates	Indicated Revenue Increase (Decrease)
	\$	\$	%
Single Family Residential	11,848,100	11,334,700	4.5
Multi-Family Residential	4,043,900	3,574,600	13.1
Commercial	2,830,300	2,493,800	13.5
Restaurant	1,050,900	959,200	9.6
Laundry	25,000	23,300	7.3
Industrial	3,166,900	2,849,300	11.1
Regional	1,472,300	1,392,180	5.8
Total System	24,437,400	22,627,080	8.0

4.3 Proposed Rate Adjustments

The initial consideration in the derivation of wastewater rate schedules for utility service is the establishment of equitable charges to the customers commensurate with the cost of providing that service. While the cost of service allocations to customer classes should not be construed as literal or exact determinations, they offer a guide to the necessity for, and the extent of, rate adjustments. Practical considerations sometimes modify rate adjustments by taking into account additional factors such as the extent of change from previous rate levels, existing contracts, and past local policies and practices.

4.3.1 Existing Rates

A summary of existing wastewater rates was presented earlier in Table 4.1-3. The existing rates consist of a flat monthly charge, which varies by EDUs, a commodity charge for each customer class applicable to each hundred cubic feet of billed water sales, and a strength charge, which is based on monitored pollutant loading data.

4.3.2 Proposed Rates

The costs of service analysis described in preceding sections of this report provide a basis for the design of rates. The rate schedule shown in Table 4.3-1 takes into consideration City policies. At the City's request, Black & Veatch designed rates to move all customer classes to a metered-water based rate structure. For the single-family residential customers, a return to sewer factor of 80 percent was assumed; for multi-family residential units, the return factor is 90 percent. Multi-family units have a higher return factor because there is a smaller amount of irrigable land associated with this customer class.

Table 4.3-1: Proposed Rates for TY

Customer Classification	Proposed Service Charge	Customer Classification	Rate Block	Proposed Volume Charge
	\$/mo		ccf	\$/ccf
Single Family Residential	16.45	Single Family Residential	0 - 9	0.95
Multi-Family Residential	12.03		10 - 18	1.05
Outside City - Residential	56.50		Over 18	1.47
Outside City - Multi/Mobile Home Spaces	37.86			
Non-metered Customers	28.25	Multi-Family Residential	0 - 17	0.95
			18 - 32	1.05
			Over 32	1.47
Oxnard Monthly User Charge	Proposed Rate			
	\$/unit	Commercial	0 - 50	2.05
p =	1,819.43 \$/MG		51 - 930	2.56
q =	515.52 \$/thousand lbs		Over 930	5.13
r =	362.26 \$/thousand lbs	Restaurants	0 - 20	3.15
			21-160	3.94
			Over 160	7.88
Regional Monthly User Charge	Proposed Rate			
	\$/unit	Laundries	0 - 105	2.01
e =	324.67 \$/MG		106 - 525	2.23
f =	243.85 \$/thousand lbs		Over 525	3.12
g =	306.59 \$/thousand lbs			

4.3.3 Revenue Sufficiency

Presented in Table 4.3-3 is a comparison of Test Year allocated cost of service with revenues under the suggested wastewater rate structure. Test year costs of service are obtained from Table 4.2-5 and the proposed rates recover close to 100 percent of the total cost of service for the system.

WASTEWATER RATE STUDY

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Table 4.3-3: Revenue under Proposed Rates for TY

Customer Class	Allocated Cost of Service	Revenue Under Existing Rates	Revenue Under Proposed Rates	Increase Over Existing Rates	Percent Recovery
	\$	\$	\$	%	%
Single Family Residential	11,848,100	11,334,700	11,873,100	4.75	100.21%
Multi-Family Residential	4,043,900	3,574,600	4,049,600	13.29	100.14%
Commercial / Restaurants / Laundries	3,906,200	3,476,300	3,492,000	0.45	89.40%
Industrial	3,166,900	2,849,300	3,132,400	9.94	98.91%
Total w/o Regional Customers	22,965,100	21,234,900	22,547,100	6.18	98.18%
Regional Customers	1,472,300	1,392,180	1,472,300	5.75	100.00%
TOTAL SYSTEM	24,437,400	22,627,080	24,019,400	6.15	98.29%

5.0 Environmental Resources Rate Study

5.1 Revenue and Revenue Requirements

5.1.1 Customer Usage Projections

To forecast revenue, the number of units and tonnage needs to be determined within ER’s service area. Growth is incorporated into the equation by projecting the number of units as shown in Table 5.1-1. Based on discussions with City staff, customer account growth is estimated to increase from 43,822 in FY 09/10 to 46,172 in FY 13/14. This represents an estimated annual growth rate of 1 to 2 percent per year. Similar to the other enterprises, the majority of the growth is expected to come from residential with new development on the outer edge of the City.

Using the historical tonnage patterns per customer class, the projected solid waste sales volumes for ER were derived. Black & Veatch had several years of detailed information and thus historical patterns of solid waste have been determined. We recommend that as updated detailed information becomes available, the City should average waste levels by customer class to help normalize the effects of abnormal conditions. Using FY 07/08 solid waste production benchmarks, the projected solid waste units are shown in Tables 5.1-1.

Table 5.1-1: Average Number of Units

Customer Class	Projected				
	FY09/10 Units	FY10/11 Units	FY11/12 Units	FY12/13 Units	FY13/14 Units
<u>Residential</u>					
T01 Single Unit	30,528	30,833	31,141	31,764	32,399
T022 Second Unit	790	798	806	822	838
T023 Third Unit	181	183	185	189	193
T04 Multi Unit	1,879	1,898	1,917	1,955	1,994
T60 65 Gal Cont.	1,368	1,382	1,396	1,424	1,452
EC Extra Container	5,084	5,135	5,186	5,238	5,290
Subtotal	39,830	40,229	40,631	41,392	42,166

ENVIRONMENTAL RESOURCES RATE STUDY

CITY OF OXNARD, CALIFORNIA
RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Table 5.1-1: Average Number of Units (continued)

Customer Class	Projected						
	FY09/10 Units	FY10/11 Units	FY11/12 Units	FY12/13 Units	FY13/14 Units		
<u>Commercial</u>							
D011	2 Cu. Yards	x1	633	633	633	635	637
D012		x2	399	399	399	400	401
D013		x3	119	119	119	119	119
D014		x4	44	44	44	44	44
D015		x5	29	29	29	29	29
D016		x6	15	15	15	15	15
D021	4 Cu. Yards	x1	457	457	457	458	459
D022		x2	523	523	523	524	525
D023		x3	414	414	414	415	416
D024		x4	140	140	140	140	140
D025		x5	88	88	88	88	88
D026		x6	106	106	106	106	106
D041	95 Gal Cont.	1 Auto	271	271	271	272	273
D042		2 Auto	46	46	46	46	46
D043	105 Gal Cont.	3 Auto	11	11	11	11	11
D044		4 Auto	9	9	9	9	9
D045		5 Auto	1	1	1	1	1
D051	95 Gal Recycle	1 Auto	4	4	4	4	4
2 Cu. Yards							
D101	Compactor	x1	0	0	0	0	0
D102		x2	2	2	2	2	2
D103		x3	0	0	0	0	0
D104		x4	0	0	0	0	0
D105		x5	0	0	0	0	0
D106		x6	0	0	0	0	0
2 Cu. Yards							
D111	Shared	x1	6	6	6	6	6
D112		x2	20	20	20	20	20
D113		x3	11	11	11	11	11
D114		x4	77	77	77	77	77
D115		x5	0	0	0	0	0
D116		x6	0	0	0	0	0
4 Cu. Yards							
D121	Shared	x1	7	7	7	7	7
D122		x2	27	27	27	27	27
D123		x3	19	19	19	19	19
D124		x4	4	4	4	4	4
D125		x5	0	0	0	0	0
D126		x6	2	2	2	2	2
4 Cu. Yards							
D201	Compactor	x1	1	1	1	1	1
D202		x2	1	1	1	1	1
D203		x3	1	1	1	1	1
D204		x4	0	0	0	0	0
D205		x5	0	0	0	0	0
D206		x6	1	1	1	1	1
D421	95 Gal Cont.	2 Auto	1	1	1	1	1
D452	105 Gal Cont.	5 Auto x'	1	1	1	1	1
2 Cu. Yards							
RS11	Recycle Shared	x1	2	2	2	2	2
RS12		x2	0	0	0	0	0
RS13		x3	0	0	0	0	0
RS14		x4	0	0	0	0	0
RS15		x5	0	0	0	0	0
RS16		x6	0	0	0	0	0

ENVIRONMENTAL RESOURCES RATE STUDY

CITY OF OXNARD, CALIFORNIA
RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Table 5.1-1: Average Number of Units (continued)

Customer Class	Projected					
	FY09/10 Units	FY10/11 Units	FY11/12 Units	FY12/13 Units	FY13/14 Units	
4 Cu. Yards						
RS21 Recycle Shared	x1	0	0	0	0	0
RS22	x2	2	2	2	2	2
RS23	x3	0	0	0	0	0
RS24	x4	0	0	0	0	0
RS25	x5	0	0	0	0	0
RS26	x6	0	0	0	0	0
2 Cu. Yards						
R011 Recycle	x1	161	161	161	161	161
R012	x2	48	48	48	48	48
R013	x3	15	15	15	15	15
R014	x4	4	4	4	4	4
R015	x5	1	1	1	1	1
R016	x6	1	1	1	1	1
4 Cu. Yards						
R021 Recycle	x1	115	115	115	115	115
R022	x2	73	73	73	73	73
R023	x3	58	58	58	58	58
R024	x4	8	8	8	8	8
R025	x5	13	13	13	13	13
R026	x6	1	1	1	1	1
2 Cu. Yards						
Recycle						
R111 Compactor	x1	0	0	0	0	0
R112	x2	0	0	0	0	0
R113	x3	0	0	0	0	0
R114	x4	0	0	0	0	0
R115	x5	0	0	0	0	0
R116	x6	0	0	0	0	0
4 Cu. Yards						
Recycle						
R221 Compactor	x1	0	0	0	0	0
R222	x2	0	0	0	0	0
R223	x3	0	0	0	0	0
R224	x4	0	0	0	0	0
R225	x5	0	0	0	0	0
R226	x6	0	0	0	0	0
Subtotal		3,992	3,992	3,992	3,999	4,006

ENVIRONMENTAL RESOURCES RATE STUDY

CITY OF OXNARD, CALIFORNIA
RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Table 5.1-1: Average Number of Units (continued)

		Projected				
		<u>FY09/10</u>	<u>FY10/11</u>	<u>FY11/12</u>	<u>FY12/13</u>	<u>FY13/14</u>
		Units	Units	Units	Units	Units
<u>Industrial</u>						
D05	13.4 Cu. Yards Recycle & GW	5	5	5	5	5
D07	30 Cu. Yards Compactor	18	18	18	18	18
D08	30 Cu. Yards Compactor Rec & GW	1	1	1	1	1
D08	30 Cu. Yards	78	78	78	78	78
D09	30 Cu. Yards Rec & GW x1	5	5	5	5	5
D09	13.4 Cu. Yards x3	25	25	25	25	25
D10	10 Cu. Yards x4	1	1	1	1	1
D41	40 Cu. Yards Compactor	23	23	23	23	23
D41	40 Cu. Yards Compactor Rec & GW	2	2	2	2	2
W01	Transfer Trailer	2	2	2	2	2
	Subtotal	160	160	160	160	160

		Projected				
		<u>FY09/10</u>	<u>FY10/11</u>	<u>FY11/12</u>	<u>FY12/13</u>	<u>FY13/14</u>
		Pick-Ups	Pick-Ups	Pick-Ups	Pick-Ups	Pick-Ups
<u>Industrial</u>						
D05	13.4 Cu. Yards Recycle & GW	36	36	36	36	36
D07	30 Cu. Yards Compactor	840	840	840	840	840
D08	30 Cu. Yards Compactor Rec & GW	12	12	12	12	12
D08	30 Cu. Yards	3,840	3,840	3,840	3,840	3,840
D09	30 Cu. Yards Rec & GW x1	72	72	72	72	72
D09	13.4 Cu. Yards x3	1,800	1,800	1,800	1,800	1,800
D10	10 Cu. Yards x4	60	60	60	60	60
D41	40 Cu. Yards Compactor	1,140	1,140	1,140	1,140	1,140
D41	40 Cu. Yards Compactor Rec & GW	12	12	12	12	12
W01	Transfer Trailer	960	960	960	960	960
	Subtotal	8,772	8,772	8,772	8,772	8,772

ENVIRONMENTAL RESOURCES RATE STUDY

CITY OF OXNARD, CALIFORNIA
RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

5.1.2 Revenue Projections

ER generates revenue from solid waste sales, special pick-ups, MRF reimbursements and other miscellaneous charges. Since revenue generated outside of solid waste sales are not subject to rate increases, we have excluded them from this portion of the analysis. These additional revenue sources are incorporated later in the cash flow portion of the report.

ER's solid waste sales are composed of three parts, a unit charge, a pick-up charge, and a tonnage charge. The unit charge is an amount based on the number and type of trash receptacles. The pick-up charge is specific to commercial user and is based on the number of times ER picks up the waste from a specific location. The tonnage charge is specific to the industrial user and is based on the weight of waste within a specified container. In general, all fees are designed to recover fixed and variable costs with collecting, handling and disposing of refuse.

Summarized in Table 5.1-3 are ER's current solid waste rates for all customer classes.

Table 5.1-3: Existing ER Rates

<u>Code</u>	<u>Description</u>	<u>Eff. Date</u> <u>11/1/2007</u> <u>\$/unit/mo</u>
	<u>Residential</u>	
T01	Single Unit	26.64
T022	Second Unit	25.20
T023	Third Unit	23.37
T04	Multi Unit	22.07
T60	65 Gal Cont.	22.12
EC	Extra Container	10.50

ENVIRONMENTAL RESOURCES RATE STUDY

CITY OF OXNARD, CALIFORNIA
RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Table 5.1-3: Existing ER Rates (continued)

			Eff. Date <u>11/1/2007</u> \$/unit/mo
	<u>Commercial</u>		
D011	2 Cu. Yards	x1	112.67
D012		x2	198.07
D013		x3	256.01
D014		x4	313.97
D015		x5	371.93
D016		x6	429.89
D021	4 Cu. Yards	x1	197.64
D022		x2	313.58
D023		x3	416.28
D024		x4	518.85
D025		x5	626.78
D026		x6	725.32
D041	95 Gal Cont.	1 Auto	34.04
D042		2 Auto	56.47
D043	105 Gal Cont.	3 Auto	70.63
D044		4 Auto	92.87
D045		5 Auto	114.98
D051	95 Gal Recycle	1 Auto	17.03
	2 Cu. Yards		
D101	Compactor	x1	225.34
D102		x2	396.14
D103		x3	512.02
D104		x4	627.94
D105		x5	743.86
D106		x6	859.78
	2 Cu. Yards		
D111	Shared	x1	57.24
D112		x2	99.95
D113		x3	128.91
D114		x4	157.90
D115		x5	186.89
D116		x6	215.86
	4 Cu. Yards		
D121	Shared	x1	99.73
D122		x2	157.70
D123		x3	209.06
D124		x4	260.34
D125		x5	314.31
D126		x6	363.57
	4 Cu. Yards		
D201	Compactor	x1	395.28
D202		x2	627.16
D203		x3	832.56
D204		x4	1,037.70
D205		x5	1,253.56
D206		x6	1,450.64
D421	95 Gal Cont.	2 Auto	51.22
D452	105 Gal Cont.	5 Auto x2	182.87

ENVIRONMENTAL RESOURCES RATE STUDY

CITY OF OXNARD, CALIFORNIA
RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Table 5.1-3: Existing ER Rates (continued)

			Eff. Date <u>11/1/2007</u> \$/unit/mo
<u>Commercial</u>			
2 Cu. Yards			
RS11	Recycle Shared	x1	29.07
RS12		x2	50.42
RS13		x3	64.92
RS14		x4	79.41
RS15		x5	93.89
RS16		x6	108.39
4 Cu. Yards			
RS21	Recycle Shared	x1	50.33
RS22		x2	79.31
RS23		x3	104.99
RS24		x4	130.63
RS25		x5	157.59
RS26		x6	182.25
2 Cu. Yards			
R011	Recycle	x1	56.33
R012		x2	99.04
R013		x3	128.01
R014		x4	156.99
R015		x5	185.97
R016		x6	214.95
4 Cu. Yards			
R021	Recycle	x1	98.83
R022		x2	156.79
R023		x3	208.14
R024		x4	259.42
R025		x5	313.39
R026		x6	362.66
2 Cu. Yards			
Recycle			
R111	Compactor	x1	112.66
R112		x2	198.06
R113		x3	256.02
R114		x4	313.98
R115		x5	371.92
R116		x6	429.90
4 Cu. Yards			
Recycle			
R221	Compactor	x1	197.66
R222		x2	313.58
R223		x3	416.28
R224		x4	518.84
R225		x5	626.78
R226		x6	725.32

ENVIRONMENTAL RESOURCES RATE STUDY

CITY OF OXNARD, CALIFORNIA
RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Table 5.1-3: Existing ER Rates (continued)

		Eff. Date <u>11/1/2007</u> \$/PU
	<u>Industrial</u>	
D05	13.4 Cu. Yards Recycle & GW	102.30
D07	30 Cu. Yards Compactor	182.12
0	30 Cu. Yards Compactor Rec & GW	116.98
D08	30 Cu. Yards	158.70
0	30 Cu. Yards Rec & GW	116.98
D09	13.4 Cu. Yards	116.98
D10	10 Cu. Yards	116.98
D41	40 Cu. Yards Compactor	221.79
0	40 Cu. Yards Compactor Rec & GW	146.22
W01	Transfer Trailer	323.05

Incorporating the existing rates with the customer projections, solid waste sales revenue under existing rates is tabulated as shown in Table 5.1-4. The anticipated revenue generated is expected to increase from \$23,996,000 in FY 09/10 to \$24,684,500 in FY 13/14.

Table 5.1-4: Revenues under Existing Rates

Customer Class	Projected				
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
	\$	\$	\$	\$	\$
<u>Residential</u>					
Residential Pickup	10,280,100	10,383,200	10,487,000	10,696,700	10,910,300
Extra Container	618,600	624,800	631,000	637,300	643,700
<u>Commercial</u>					
FEL - 2 Cu. Yards	2,955,100	2,955,100	2,955,100	2,960,100	2,965,200
FEL - 4 Cu. Yards	8,271,700	8,271,700	8,271,700	8,282,800	8,294,000
Comm Hand Load 35-55 Gal	166,900	166,900	166,900	167,300	167,700
<u>Industrial</u>					
13.4 Cu. Yards	234,200	234,200	234,200	234,200	234,200
30 Cu. Yards	844,300	844,300	844,300	844,300	844,300
40 Cu. Yards	278,300	278,300	278,300	278,300	278,300
10 Cu. Yards	7,700	7,700	7,700	7,700	7,700
Transfer Trailer	339,100	339,100	339,100	339,100	339,100
Total	23,996,000	24,105,300	24,215,300	24,447,800	24,684,500

5.1.3 Operation and Maintenance Projections

In order to adequately adjust rates, it is necessary to project operation and maintenance (O&M) expenses. Summarized in Table 5.1-5 are ER's projected O&M expenditures. These expenditures include costs related to personnel, contract services, operating supplies, utilities and general administrative. The forecasted expenditures are based Black & Veatch and City staff's expertise and knowledge. Key assumptions for inflation rates are 2 percent for personnel, contractual services, and operating supplies and 4 percent for utilities. These levels of adjustment are consistent with recent increases seen throughout the area. Total O&M (less transfers) is projected to increase from \$30,916,118 in FY 09/10 to \$33,875,100 in FY 13/14.

In discussions with City staff, there has been mention of an internal evaluation with regards to taking over operation of the MRF. In 2012, the contract with Republic Services will conclude at which point ER has the option to renew the contract or devise an alternative. To date, there has been no decision on the matter and thus we have escalated O&M costs accordingly.

5.1.4 Capital Improvement Program

While O&M expenses cover day-to-day operations, the City incurs additional capital expenditures to replace existing facilities and equipment or installed new facilities for planned future growth. As a result, ER has developed a long-term Capital Improvement Program (CIP) that identifies future equipment and facilities needs. The CIP shown in Table 5.1-6 is for FY 09/10 through FY 13/14 and consists of capital improvement projects anticipated to be acquired, designed and constructed during the study period.

ER is projecting expenditures of \$7.05 million in capital improvement projects, which include capital and replacement. As part of the financial plan analyses, an annual inflation allowance of 3 percent was included in the above capital improvement project costs.

ENVIRONMENTAL RESOURCES RATE STUDY

CITY OF OXNARD, CALIFORNIA
RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Table 5.1-5: Operating and Maintenance Expenses

Description	Projected				
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
	\$	\$	\$	\$	\$
Fund 631 Solid Waste Operating					
Div 01 Solid Waste Planning					
Salaries and Wages	710,900	710,900	725,100	739,600	754,400
Contractual Services	214,400	214,400	218,700	223,100	227,600
Operating Supplies	5,000	5,000	5,100	5,200	5,300
Utilities	43,400	43,400	45,100	46,800	48,700
General and Administrative	668,000	580,000	597,400	615,200	633,600
Maintenance Services	15,900	15,900	16,500	17,200	17,900
Subtotal Div 01	1,657,600	1,569,600	1,607,900	1,647,100	1,687,500
Div 02 Waste Reduction & Education					
Salaries and Wages	155,900	155,900	159,000	162,200	165,400
Contractual Services	152,800	152,800	155,800	158,900	162,100
Operating Supplies	11,000	11,000	11,200	11,400	11,600
General and Administrative	194,600	194,700	200,500	206,600	212,700
Maintenance Services	2,200	2,200	2,300	2,400	2,500
Subtotal Div 02	516,500	516,600	528,800	541,500	554,300
Div 04 Processing and Disposal					
Salaries and Wages	1,303,200	1,303,300	1,329,400	1,355,900	1,383,100
Contractual Services					
Del Norte Related	6,550,000	6,550,000	6,746,500	6,948,900	7,157,300
All Other	1,960,300	1,960,300	2,019,200	2,079,700	2,142,100
Operating Supplies	11,000	11,000	11,200	11,400	11,600
Utilities					
Del Norte Related	2,804,000	2,804,000	2,916,200	3,032,800	3,154,100
All Other	4,292,100	4,292,100	4,463,700	4,642,200	4,827,800
General and Administrative	1,000,500	1,000,500	1,030,500	1,061,300	1,093,300
Maintenance Services	1,090,300	1,090,300	1,133,900	1,179,300	1,226,500
Subtotal Div 03	19,011,400	19,011,500	19,650,600	20,311,500	20,995,800
Div 07 Residential Collection					
Salaries and Wages	1,864,900	1,865,000	1,902,300	1,940,400	1,979,200
Contractual Services	22,500	22,500	23,000	23,500	24,000
Operating Supplies	70,000	70,000	71,400	72,900	74,400
General and Administrative	300,000	300,100	309,000	318,200	327,700
Customer Billing Charges	309,600	309,600	318,900	328,500	338,400
Maintenance Services	1,329,000	1,329,000	1,382,200	1,437,500	1,495,000
Subtotal Div 07	3,896,000	3,896,200	4,006,800	4,121,000	4,238,700
Div 08 Commercial Collection					
Salaries and Wages	1,772,200	1,772,200	1,807,700	1,843,900	1,880,700
Contractual Services	19,500	19,500	19,900	20,300	20,700
Operating Supplies	167,000	167,000	197,700	229,600	262,900
General and Administrative	179,600	179,600	184,900	190,300	196,000
Customer Billing Charges	96,400	96,400	99,300	102,300	105,400
Maintenance Services	1,003,700	1,003,700	1,043,800	1,085,600	1,129,000
Subtotal Div 08	3,238,400	3,238,400	3,353,300	3,472,000	3,594,700
Div 09 Industrial Collection					
Salaries and Wages	734,400	734,400	749,200	764,200	779,500
Contractual Services	7,000	7,000	7,100	7,200	7,300
Operating Supplies	110,000	110,000	112,200	114,400	116,600
General and Administrative	120,200	120,100	123,600	127,200	131,100
Customer Billing Charges	101,500	101,500	104,500	107,600	110,800
Maintenance Services	589,500	589,500	613,100	637,600	663,100
Subtotal Div 09	1,662,600	1,662,500	1,709,700	1,758,200	1,808,400
Div 10 Inspection Services					
Salaries and Wages	369,800	369,800	377,100	384,500	392,100
Contractual Services	1,000	1,000	1,000	1,000	1,000
Operating Supplies	47,500	47,500	48,400	49,300	50,200
General and Administrative	65,400	65,400	67,400	69,400	71,500
Maintenance Services	11,600	11,600	12,100	12,600	13,100
Subtotal Div 10	495,300	495,300	506,000	516,800	527,900
Div 11 Container Maintenance					
Salaries and Wages	289,900	289,900	295,700	301,600	307,500
Operating Supplies	75,800	75,800	77,300	78,800	80,300
General and Administrative	55,000	55,000	56,700	58,400	60,200
Maintenance Services	17,600	17,700	18,400	19,100	19,800
Subtotal Div 11	438,300	438,400	448,100	457,900	467,800
Total O&M Expense	30,916,100	30,828,500	31,811,200	32,826,000	33,875,100

ENVIRONMENTAL RESOURCES RATE STUDY

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Table 5.1-6: Capital Improvement Program

Line No.	Description	Projected					Total 2009-2014
		FY09/10 \$	FY10/11 \$	FY11/12 \$	FY12/13 \$ \$	FY13/14 \$	
<u>Replacement Projects</u>							
1	DNRRTS Replacement Project	0	0	0	0	0	0
2	Fifth Street Drain	0	0	0	0	0	0
3	Del Norte Facility Equipment	140,000	288,400	445,600	611,900	787,900	2,273,800
4	Residential Side-Loader	0	0	0	0	0	0
5	Commercial Front-Loaders	0	0	0	0	0	0
6	Roll-offs & Rocket	0	0	0	0	0	0
7	Tractor Transfer Vehicle	0	0	0	0	0	0
8	Trailer Transfer Vehicle	0	0	0	0	0	0
9	Authorized Projects						0
10	Asset Management - ER	80,000	82,400	169,700	262,300	450,200	1,044,600
11	Passenger Vehicles/Containers	0	0	0	0	0	0
12	Total Replacement Projects (Inflated)	220,000	370,800	615,300	874,200	1,238,100	3,318,400
<u>Capital Improvement Projects</u>							
13	MFR Second Processing Line	0	0	0	0	0	0
14	Plant Addition & Expansion	0	0	0	0	1,125,500	1,125,500
15	Residential Side-Loader	120,000	247,200	381,900	524,500	675,300	1,948,900
16	Commercial Front-Loaders	100,000	206,000	318,300	437,100	562,800	1,624,200
17	Roll-offs & Rocket	20,000	41,200	63,700	87,400	112,600	324,900
18	Tractor Transfer Vehicle	0	0	0	0	0	0
19	Trailer Transfer Vehicle	20,000	41,200	63,700	87,400	112,600	324,900
20	Passenger Vehicles/Containers	80,000	164,800	254,600	349,700	450,200	1,299,300
21	Hansen Computer Upgrade	198,000	203,900	0	0	0	401,900
22	Total Capital Improvement Projects (Inflated)	538,000	904,300	1,082,200	1,486,100	3,039,000	7,049,600

5.1.5 Capital Fund Financing

A proposed financing plan for ER's CIP is shown in Table 5.1-7. Financing for the CIP is anticipated to come from a combination of funds on hand, transfers from solid waste sales revenues derived from rates, debt issuances, and new impact fees.

Similar to the other enterprises, ER maintains a capital fund that is used to finance CIP projects as well as to separate the commingling of rate and developer funds. The capital fund generates revenue from development fees, transfers and debt proceeds. With new development in City slowing dramatically, ER will depend on rate revenue and bond proceeds to execute planned CIP projects.

Based on the proposed CIP, ER will need to issue debt through revenue bonds in FY 09/10 through FY 13/14. The proposed debts is indicated above assume the following service terms: 30-year payment period, 5.5 percent annual interest rate, 1.25 percent issuance expense, and a debt service reserve equal to one years' debt service.

ENVIRONMENTAL RESOURCES RATE STUDY

CITY OF OXNARD, CALIFORNIA
RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Table 5.1-7: CIP Financing Plan

Description	Projected				
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
	\$	\$	\$	\$	\$
Beginning Balance	(5,600)	19,200	8,800	113,800	62,700
Sources of Funds					
Revenue Bond Proceeds	548,000	954,300	1,082,200	1,386,100	3,339,000
Residential Split Container Fees	20,000	20,000	20,000	20,000	20,000
Residential Split Container Truck Fees	15,000	15,000	15,000	15,000	15,000
Residential GW Container Fees	10,000	10,000	10,000	10,000	10,000
Residential GW Container Truck Fees	10,000	10,000	10,000	10,000	10,000
Commercial 4-CY Container Fee	30,000	30,000	30,000	30,000	30,000
Commercial Front End Truck End	10,000	10,000	10,000	10,000	10,000
New SW Impact Fee	21,000	21,000	210,000	210,000	210,000
Total Sources of Funds	664,000	1,070,300	1,387,200	1,691,100	3,644,000
Uses of Funds					
Capital Improvement Projects	538,000	904,300	1,082,200	1,486,100	3,039,000
Bond Issuance Expense	6,500	11,500	13,000	16,600	40,100
Bond Reserve Fund Requirement	94,700	164,900	187,000	239,500	577,000
Total Uses of Funds	639,200	1,080,700	1,282,200	1,742,200	3,656,100
Ending Balance	19,200	8,800	113,800	62,700	50,600

5.1.6 Operating Fund Financing

Summarized in Table 5.1-8 is the proposed long-term operating financial plan for ER. This financial plan is designed to generate sufficient funds to cover short-term and long-term expenses. Sources of revenue include solid waste sales under existing rates, additional revenues realized from proposed rate adjustments, miscellaneous revenue and interest earnings on available balances. As mentioned, other miscellaneous revenue includes MRF reimbursement, special pick-up fees, rental charges, and security fee charges. Uses of funds include operation and maintenance expenses, routine capital outlay, debt service payments, and transfers to other funds such as the capital fund.

The projected solid waste revenue under existing rates represents service and commodity charges at current rate levels that are subject to rate adjustments. Based on the existing revenue indicated, additional annual revenue adjustments are necessary to meet operating fund requirements and fiscal policy objectives. Adjustments are typically assumed to become effective July 1 of each fiscal year. Initial analyses indicate that steady rate increases are needed for the next five years as shown on Lines 2 through 7. Any changes to the capital-financing policies and/or CIP may alter these results since the operating fund helps supplement funds for traditional repair and replace projects. The resulting dollar impact of the proposed revenue adjustments are illustrated on Line 8.

In addition to rate revenue, other operating and non-operating charges contribute to the income of the ER Enterprise. Typically, these revenue sources are minimal and volatile and are thus considered a constant in the revenue projections. Interest income is calculated using an interest rate of 3 percent in order to be conservative.

ENVIRONMENTAL RESOURCES RATE STUDY

CITY OF OXNARD, CALIFORNIA
RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Table 5.1-8: Operating Fund Financing Plan

Line No.	Description	Projected				
		FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
		\$	\$	\$	\$	\$
Revenue						
1	<u>Revenue Under Existing Rates</u>	31,286,100	31,395,400	31,505,400	31,737,900	31,974,600
	Additional Revenue Required:					
	Year					
	Percent					
	Months Effective					
2	FY09/10	1,095,000	1,098,800	1,102,700	1,110,800	1,119,100
3	FY10/11		1,137,300	1,141,300	1,149,700	1,158,300
4	FY11/12			1,687,500	1,699,900	1,712,600
5	FY12/13				1,784,900	1,798,200
6	FY13/14					1,888,100
7	Total Revenue From Rates	32,381,100	33,631,500	35,436,900	37,483,200	39,650,900
<u>MFR Revenue</u>						
8	MRF Reimbursement	500,000	500,000	250,000	0	0
9	Construction Demolition Debris Fee	110,000	110,000	110,000	110,000	110,000
10	Security Fee	0	58,200	58,700	59,800	60,900
<u>Residential Collection</u>						
11	Residential Special Pickup Fee	180,000	180,000	180,000	180,000	180,000
12	Penalties and Forfeitures	200,000	200,000	200,000	200,000	200,000
13	Miscellaneous Revenue	50,000	50,000	50,000	50,000	50,000
<u>Commercial Collection</u>						
14	Commercial Special Pickup Fee	30,000	30,000	30,000	30,000	30,000
<u>Industrial Collection</u>						
15	Industrial Special Pickup Fee	378,300	378,300	378,300	378,300	378,300
16	Rental Charges/Day	120,000	120,000	120,000	120,000	120,000
<u>Other Revenue</u>						
17	Miscellaneous Revenue	60,600	60,600	60,600	60,600	60,600
18	Interest - Restricted Reserve Fund	135,100	140,900	149,500	159,600	176,500
19	Total Other Revenue	1,764,000	1,828,000	1,587,100	1,348,300	1,366,300
20	Total Revenue	34,145,100	35,459,500	37,024,000	38,831,500	41,017,200
Revenue Requirements						
<u>Operation and Maintenance Expense</u>						
21	Solid Waste Planning	1,657,600	1,569,600	1,607,900	1,647,100	1,687,500
22	Waste Reduction & Education	516,500	516,600	528,800	541,500	554,300
23	Processing and Disposal	19,011,400	19,011,500	19,650,600	20,311,500	20,995,800
24	Residential Collection	3,896,000	3,896,200	4,006,800	4,121,000	4,238,700
25	Commercial Collection	3,238,400	3,238,400	3,353,300	3,472,000	3,594,700
26	Industrial Collection	1,662,600	1,662,500	1,709,700	1,758,200	1,808,400
27	Inspection Services	495,300	495,300	506,000	516,800	527,900
28	Container Maintenance	438,300	438,400	448,100	457,900	467,800
29	Total O&M Expense	30,916,100	30,828,500	31,811,200	32,826,000	33,875,100
30	Routine Capital Outlay	220,000	370,800	615,300	874,200	1,238,100
<u>Debt Service</u>						
Existing Senior Debt						
31	2005 Solid Waste Revenue Refunding Bonds	2,586,800	2,583,000	2,584,800	2,581,500	2,583,300
Existing Junior Debt						
32	LaSalle National Leasing	76,700	32,000	0	0	0
33	Zions Bank - Del Norte Improvements	89,300	88,000	86,700	39,700	0
34	Zions Bank - Del Norte Land Acquisition	139,400	137,000	134,600	147,500	0
35	Upton & Oliver Funding Corp (Lease)	422,900	422,900	422,900	422,900	422,900
36	Loan Repayment	0	0	1,090,200	1,090,200	1,090,200
Proposed						
37	Revenue Bonds	55,200	190,900	368,700	586,300	1,022,700
38	Total Debt Service	3,370,300	3,453,800	4,687,900	4,868,100	5,119,100
<u>Transfers</u>						
39	Infrastructure Use Fee	660,400	660,400	660,400	660,400	660,400
40	Tipping Fee	110,000	110,000	110,000	110,000	110,000
41	Transfer to COFA	25,400	25,400	25,400	25,400	25,400
42	Transfer to General Fund	36,800	36,800	36,800	36,800	36,800
43	Total Transfers	832,600	832,600	832,600	832,600	832,600
44	Total Revenue Requirements	35,339,000	35,485,700	37,947,000	39,400,900	41,064,900
Operating Cash Balance						
45	Net Annual Cash Balance	(1,193,900)	(26,200)	(923,000)	(569,400)	(47,700)
46	Beginning Cash Balance	2,447,000	1,253,100	1,226,900	303,900	(265,500)
47	Net Cumulative Cash Balance	1,253,100	1,226,900	303,900	(265,500)	(313,200)
48	Target Reserve (9% of O&M)	2,782,400	2,774,600	2,863,000	2,954,300	3,048,800
49	Debt Service Coverage - Senior	82%	124%	127%	136%	141%

Projected total O&M expense is shown on Line 29. The O&M expenses shown represent expenses associated with operating the solid waste system minus the MRF. Routine capital outlay is shown on Line 30. Routine capital outlay is typically set aside to purchase minor equipment, less than \$5,000, such as furniture, parts, and minor equipment. For larger routine capital outlay that is represented in the CIP, it is common practice by utilities is to set in reserve approximately the equivalent of annual depreciation for routine capital assets. Based on historical solid waste depreciation, when the ER Division is financially stable, the City should set aside approximately \$1,500,000 per year for a large equipment replacement fund.

Debt service on existing and proposed bond issues is shown on Lines 31 through 38. All proposed bond issues are forecasted with 30-year terms at an initial 5.5 percent. To date, the City has one outstanding bond debt obligations with respect to the ER Enterprise. In addition, the ER Enterprise has subordinate debt totaling about \$700,000. Transfers to the capital and other funds are shown on Lines 39 through 43, respectively. Funds transferred to the capital fund are used for capital projects. Funds transferred to the R&R Reserve and Rate Stabilization Reserve Funds are intended for large equipment replacement and emergency situations. Lines 45 through 47 summarize the impact to the ending fund balance for the City. A minimum target of 9 percent of O&M expenses plus any encumbrances serves as the minimum level of working capital that the City sets to have on hand for operational purposes.

5.1.7 Summary of Revenue, Expenditures, and Obligations

Based on the analyses of revenues and revenue requirements, it is evident that the City needs a rate revenue increase in order to meet revenue requirements and working capital reserve as a standalone enterprise. The suggested adjustments range from 3.5 to 5 percent per year from FY 09/10 to FY 13/14 as shown on Lines 2 through 7. With this adjustment, the City should be able to begin accomplishing its objectives under the assumption that no significant change occurs. While the financial plan should be a working document, the City will need to re-examine the rate structure prior to FY 13/14 to verify it is still adequate.

The revenue requirements of the City consist of system O&M expenses, routine capital outlay for minor expenditures on equipment not financed from bond proceeds, debt service requirements on existing and proposed bonded debt, transfers to other funds, and reserve requirements to ensure that debt service coverage, rate covenant requirements, and adequate levels of working capital are met.

As shown on Line 44 in Table 5.1-8, total revenue requirements for the City increase during the study period and can be correlated with inflationary factors and significant debt service requirements. The total revenue requirements will increase from \$35,339,000 in FY 09/10 to \$41,064,900 in FY 13/14, assuming the revenue adjustment is implemented. Subtracting total revenue requirements from total revenues results in the projected annual operating fund surpluses or deficits shown on Line 45.

As of July 1, 2009, it was estimated that a beginning balance of \$2.4 million was available for use in this fund. There was no additional money available for use in the capital fund. The ending balance is shown on Line 47, while the minimum ending balance of 9 percent of operation and maintenance expense is shown on Line 48. Applying a cumulative revenue adjustment of approximately 24.0 percent over the 5 year period allows the ER Division to start to make progress towards re-establishing financial stability.

It should be recognized that the indicated percentage revenue increase discussed above are overall revenue increase. The results of the cost of service analysis presented later in this report may indicate that rate increases may vary from this average for the various customer classes with some classes receiving a greater than average increase, while others receive a less than average increase or perhaps a decrease.

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5.1.8 Test Year Revenue Requirements

In analyzing the City's cost of service for allocation to customer classes, the annual revenue requirements for FY 09/10 is selected as the Test Year (TY) requirements to demonstrate the development of cost-of-service solid waste rates. The total cost of service to be recovered from rates is \$32,381,100.

5.2 Cost of Service Allocations

The revenue requirements to be derived from rates and charges for solid waste service are summarized in Lines 1 through 16 of Table 5.2-1. In analyzing the City's cost of service for allocation to customer classes, the annual revenue requirements for FY 09/10 are selected as the Test Year requirements to demonstrate the development of cost of service solid waste rates. In determining the cost of service to be met from charges for solid waste service, we deduct income received from other sources that not subject to rate adjustments from the total revenue requirements. As a result, the total cost of service to be recovered from rates is shown on Line 12, Column 3.

Table 5.2-1: Total Costs to be Recovered from Rates - TY

Line No.		Operating Expense	Capital Cost	Total
		\$	\$	\$
	Revenue Requirements			
1	Operating and Maintenance Expense	30,916,100		30,916,100
2	Rountine Captial Outlay		220,000	220,000
3	Debt Service		3,370,300	3,370,300
4	Transfers to Other Funds	832,600	0	832,600
5	Subtotal	31,748,700	3,590,300	35,339,000
	Less Revenue Req. Met from Other Sources			
6	Other Operating Income	1,628,900		1,628,900
7	Interest Income - Operating	0		0
8	Interest Income - Restricted Reserve		135,100	135,100
9	Transfers from Other Funds	0		0
10	Change in Funds Available	1,193,900		1,193,900
11	Subtotal	2,822,800	135,100	2,957,900
12	Cost of Service to be Recovered from Rates	28,925,900	3,455,200	32,381,100

5.2.1 Functional Cost Components

In developing an equitable rate structure, revenue requirements are allocated to the various customer classifications according to the cost of service rendered. Allocations of these requirements to customer classes of the City should take into account the number of units, the number of pick-ups, tonnage, and other relevant factors.

Customers are classified to reflect groups of customers with similar service requirements who can be served at similar cost. Each class represents a particular type of service requirement. For the purposes of the cost of service analysis, the customer classifications in this study include residential, commercial, and industrial. These customer classes were assumed to exhibit similar types of system load characteristics.

As a basis for allocating costs of service among customer classes, costs are first allocated to functional cost components, then allocated to cost categories, and subsequently distributed to customer classes. In

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this analysis, there are six primary cost components: (1) collection, (2) disposal, (3) customer billing costs, (4) administrative, (5) outside city, and (6) Del Norte.

5.2.2 Allocation to Cost Components

Each element of cost is allocated by the base-extra capacity method. In the base-extra capacity method, costs of service are separated into four primary cost components: (1) base costs, (2) extra capacity costs, (3) customer costs, and (4) direct costs. The direct costs are further separated into fire protection and Ocean View.

5.2.2.1 Allocation of Operation and Maintenance Expenses

The allocation of O&M expense to cost functions is shown in Table 5.2-2. The net operation and maintenance expense to be recovered for solid waste sales is derived by deducting funds available from other sources from the total Test Year expense. Net Test Year operation and maintenance expense of \$30,916,100 is shown allocated to the six primary cost components on Line 9..

Table 5.2-2: Allocation of O&M to Functional Cost Components

Line No.	Description	Allocation of Expenses								
		Total	Collection			Disposal	Cust. Billing	Admin	Outside City	Del Norte
		\$	\$	\$	\$	\$	\$	\$	\$	
1	Div 01 Solid Waste Planning	1,657,600	0	0	0	0	0	1,657,600	0	0
2	Div 02 Waste Reduction & Education	516,500	321,900	0	0	0	0	194,600	0	0
3	Div 04 Processing and Disposal	19,011,400	0	0	0	7,492,600	0	0	2,164,300	9,354,600
4	Div 07 Residential Collection	3,896,000	2,136,100	1,150,300	0	0	309,600	300,000	0	0
5	Div 08 Commercial Collection	3,238,400	0	3,142,000	0	0	96,400	0	0	0
6	Div 09 Industrial Collection	1,662,600	0	0	1,501,000	0	101,500	60,100	0	0
7	Div 10 Inspection Services	495,300	42,800	279,500	86,000	0	0	65,400	0	21,600
8	Div 11 Container Maintenance	438,300	43,700	241,100	153,500	0	0	0	0	0
9	Total (w/o Capital Outlays)	30,916,100	2,544,500	4,812,900	1,740,500	7,492,600	507,500	2,277,700	2,164,300	9,376,200
10	Plus Required Transfers	832,600	109,300	206,800	74,800	97,900	0	0	0	0
11	Less Other Revenues	(2,957,900)	(553,000)	(262,700)	(582,300)	(110,100)	(110,000)	(453,100)	0	0
12	Net O&M	28,790,800	2,100,800	4,757,000	1,233,000	7,480,400	397,500	1,824,600	2,164,300	9,376,200

5.2.2.2 Allocation of Capital Costs

The estimated investment in solid waste facilities is allocated to appropriate cost components as a basis for the further distribution of capital related costs to the various customer classes. The allocation of estimated plant investment serving solid waste customers for the Test Year is shown in Table 5.2-3. The total plant investment of \$26,232,100 shown on Line 4 represents the estimated Test Year original cost less accumulated depreciation of plant in service.

Table 5.2-3: Allocation of Net Plant Investment to Functional Cost Components

Line No.	Description	Allocation of Plant Investment								
		Total	Collection			Disposal	Cust. Billing	Admin	Outside City	Del Norte
		\$	\$	\$	\$	\$	\$	\$	\$	
1	Collection	2,142,200	749,700	856,900	535,600	0	0	0	0	0
2	Disposal	23,668,800	0	0	0	5,917,200	0	0	0	17,751,600
3	General Plant	421,100	0	0	0	105,300	0	0	0	315,800
4	Total	26,232,100	749,700	856,900	535,600	6,022,500	0	0	0	18,067,400
5	Less General Plant	25,811,000	749,700	856,900	535,600	5,917,200	0	0	0	17,751,600
6	Percent		77.1%	3.3%	2.1%	22.9%	0.0%	0.0%	0.0%	68.8%
7	Net Plant Investment	26,232,100	749,700	856,900	535,600	6,022,500	0	0	0	18,067,400
8	Percent		2.9%	3.3%	2.0%	23.0%	0.0%	0.0%	0.0%	68.9%
9	Net Plant Investmetn w/o Outside	2,142,200	749,700	856,900	535,600	0	0	0	0	0
10	Percent		35.0%	40.0%	25.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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The allocation of specific items of investment to the cost categories, as shown, is made on the basis previously described. For example, trash cans are related to collection and these investment costs are assigned to the specific customer class within the collection component.

5.2.3 Units of Service

The total cost responsibility of each class of service may be established by developing unit costs of service for each cost function and assigning those costs to the customer classes based on the respective service requirements of each. To properly recognize the cost of service, each customer class is allocated its share of units, pick-up, and tonnage costs. The number of units of service required by each customer class provides a means for the proportionate distribution of costs previously allocated to respective cost categories. Summarized in Table 5.2-4 are the estimated units of service for the various customer classes.

Table 5.2-4: TY Units of Service

Line No.	<u>Customer Classification</u>	No. of <u>Containers</u> Equiv.	No. of <u>Bills</u> No.	Billing Percent <u>Distribution</u> %	Tonnage Percent <u>Distribution</u> %	<u>Tonnage</u> tonnes
<u>Residential</u>						
1	Single Unit	30,528	366,336	76.6%	76.6%	43,688
2	Second Unit	790	9,480	2.0%	2.0%	1,131
3	Third Unit	181	2,172	0.5%	0.5%	259
4	Multi Unit	1,879	22,548	4.7%	4.7%	2,689
5	65 Gal Cont.	1,368	16,416	3.4%	3.4%	1,958
6	Extra Container	5,084	61,008	12.8%	12.8%	7,276
7	Subtotal	39,830	477,960	100.0%		57,000

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Table 5.2-4: TY Units of Service (continued)

Line No.	Customer Classification		No. of Containers Equiv.	No. of Bills No.	Percent Distribution %	Percent Distribution %	Tonnage tonnes
<u>Commercial</u>							
8	2 Cu. Yards	x1	633	7,596	15.9%	18.2%	8,750
9		x2	399	4,788	10.0%	11.4%	5,515
10		x3	119	1,428	3.0%	3.4%	1,645
11		x4	44	528	1.1%	1.3%	608
12		x5	29	348	0.7%	0.8%	401
13		x6	15	180	0.4%	0.4%	207
14	4 Cu. Yards	x1	457	5,484	11.4%	13.1%	6,317
15		x2	523	6,276	13.1%	15.0%	7,229
16		x3	414	4,968	10.4%	11.9%	5,723
17		x4	140	1,680	3.5%	4.0%	1,935
18		x5	88	1,056	2.2%	2.5%	1,216
19		x6	106	1,272	2.7%	3.0%	1,465
20	95 Gal Cont.	1 Auto	271	3,252	6.8%	7.8%	3,746
21		2 Auto	46	552	1.2%	1.3%	636
22	105 Gal Cont.	3 Auto	11	132	0.3%	0.3%	152
23		4 Auto	9	108	0.2%	0.3%	124
24		5 Auto	1	12	0.0%	0.0%	14
25	95 Gal Recycle	1 Auto	4	48	0.1%	0.8%	17
2 Cu. Yards							
26	Compactor	x1	0	0	0.0%	0.0%	0
27		x2	2	24	0.1%	0.1%	28
28		x3	0	0	0.0%	0.0%	0
29		x4	0	0	0.0%	0.0%	0
30		x5	0	0	0.0%	0.0%	0
31		x6	0	0	0.0%	0.0%	0
2 Cu. Yards							
32	Shared	x1	6	72	0.2%	0.2%	83
33		x2	20	240	0.5%	0.6%	276
34		x3	11	132	0.3%	0.3%	152
35		x4	77	924	1.9%	2.2%	1,064
36		x5	0	0	0.0%	0.0%	0
37		x6	0	0	0.0%	0.0%	0
4 Cu. Yards							
38	Shared	x1	7	84	0.2%	0.2%	97
39		x2	27	324	0.7%	0.8%	373
40		x3	19	228	0.5%	0.5%	263
41		x4	4	48	0.1%	0.1%	55
42		x5	0	0	0.0%	0.0%	0
43		x6	2	24	0.1%	0.1%	28
4 Cu. Yards							
44	Compactor	x1	1	12	0.0%	0.0%	14
45		x2	1	12	0.0%	0.0%	14
46		x3	1	12	0.0%	0.0%	14
47		x4	0	0	0.0%	0.0%	0
48		x5	0	0	0.0%	0.0%	0
49		x6	1	12	0.0%	0.0%	14
50	95 Gal Cont.	2 Auto	1	12	0.0%	0.0%	14
51	105 Gal Cont.	5 Auto x2	2	24	0.1%	0.1%	28

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Table 5.2-4: TY Units of Service (continued)

Line No.	Customer Classification	No. of Containers Equiv.	No. of Bills No.	Billing Percent Distribution %	Tonnage Percent Distribution %	Tonnage tonnes
2 Cu. Yards						
52	Recycle Shared x1	2	24	0.1%	0.4%	9
53	x2	0	0	0.0%	0.0%	0
54	x3	0	0	0.0%	0.0%	0
55	x4	0	0	0.0%	0.0%	0
56	x5	0	0	0.0%	0.0%	0
57	x6	0	0	0.0%	0.0%	0
4 Cu. Yards						
58	Recycle Shared x1	0	0	0.0%	0.0%	0
59	x2	2	24	0.1%	0.4%	9
60	x3	0	0	0.0%	0.0%	0
61	x4	0	0	0.0%	0.0%	0
62	x5	0	0	0.0%	0.0%	0
63	x6	0	0	0.0%	0.0%	0
2 Cu. Yards						
64	Recycle x1	161	1,932	4.0%	31.8%	700
65	x2	48	576	1.2%	9.5%	209
66	x3	15	180	0.4%	3.0%	65
67	x4	4	48	0.1%	0.8%	17
68	x5	1	12	0.0%	0.2%	4
69	x6	1	12	0.0%	0.2%	4
4 Cu. Yards						
70	Recycle x1	115	1,380	2.9%	22.7%	500
71	x2	73	876	1.8%	14.4%	317
72	x3	58	696	1.5%	11.5%	252
73	x4	8	96	0.2%	1.6%	35
74	x5	13	156	0.3%	2.6%	57
75	x6	1	12	0.0%	0.2%	4
2 Cu. Yards						
Recycle						
76	Compactor x1	0	0	0.0%	0.0%	0
77	x2	0	0	0.0%	0.0%	0
78	x3	0	0	0.0%	0.0%	0
79	x4	0	0	0.0%	0.0%	0
80	x5	0	0	0.0%	0.0%	0
81	x6	0	0	0.0%	0.0%	0
4 Cu. Yards						
Recycle						
82	Compactor x1	0	0	0.0%	0.0%	0
83	x2	0	0	0.0%	0.0%	0
84	x3	0	0	0.0%	0.0%	0
85	x4	0	0	0.0%	0.0%	0
86	x5	0	0	0.0%	0.0%	0
87	x6	0	0	0.0%	0.0%	0
88	Subtotal	3,993	47,916	100%		50,400

Table 5.2-4: TY Units of Service (continued)

	No. of <u>Units</u> Units	No. of <u>Bills</u> Eq. Bills	No. of <u>Pick Ups</u> Pick Ups	Tonnage Percent <u>Distribution</u> %	<u>Tonnage</u> tonnes
<u>Industrial</u>					
89 13.4 Cu. Yards Recycle & GW	5	60	36	11.8%	12
90 30 Cu. Yards Compactor	18	216	840	24.3%	5,203
91 30 Cu. Yards Compactor Rec & GW	1	12	12	26.5%	26
92 30 Cu. Yards	78	936	3,840	24.3%	5,203
93 30 Cu. Yards Rec & GW	5	60	72	26.5%	26
94 13.4 Cu. Yards	25	300	1,800	10.9%	2,324
95 10 Cu. Yards	1	12	60	8.1%	1,734
96 40 Cu. Yards Compactor	23	276	1,140	32.4%	6,937
97 40 Cu. Yards Compactor Rec & GW	2	24	12	35.3%	35
98 Transfer Trailer	2	24	960	100.0%	10,100
99 Subtotal	160		8,772		31,600

5.2.4 Cost of Service Allocations

Costs of service are allocated to the customer classes by application of unit costs of service to respective service requirements. Unit costs of service are based upon the total costs previously allocated to functional components and the total number of applicable units of service. Dividing the costs allocated to functional cost components by the respective total units of service requirements develops unit costs of operation and maintenance expense, and net capital costs.

5.2.4.1 Unit Costs of Service

Table 5.2-5 presents total Test Year O&M expense and net capital costs allocated to functional cost component as taken from Tables 5.2-2 and 5.2-3.

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Table 5.2-5: TY Unit Costs of Service

Line No.	Description	Cost Components					
		Total	Collection	Disposal	Cust. Billing	Admin	Outside City
		\$	\$	\$	\$	\$	\$
1	Net Operating Expense (a)	28,925,900	2,235,800	4,757,000	1,233,000	6,952,500	504,700
2	Capital Costs (b)	3,455,200	453,800	2,104,700	280,700	32,200	0
3	Total Cost of Service - \$	32,381,100	2,689,600	6,861,700	1,513,700	6,984,700	504,700
4	Total Units of Service		39,830	139,000	525,876	52,595	85,300
	Units of Measure		containers	tonnage	Eqv. Bills	containers	tonnage
5	Total Unit Cost of Service - \$		67.53	1,718.43	172.56	50.25	0.96

- (a) Distributed on basis of total operation and maintenance allocation.
(b) Capital costs allocated based upon allocation of net plant investment.

5.2.4.2 Distribution of Costs of Service to Customer Classes

The customer class responsibility for service is obtained by applying the unit costs of service to the number of units for which the customer class is responsible. This process is illustrated in Table 5.2-6, in which the unit costs of service are applied to the customer class units of service.

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Table 5.2-6: Allocation of COS to Customer Classes

Line No.	Description	Total	Cost Components				Outside City
			Collection	Disposal	Cust. Billing	Admin	
<u>Number of Units</u>							
1	Unit Cost of Service - \$/Unit		67.53	1,718.43	172.56	50.25	0.96
2	Units of Measure		containers	containers	pickups	tonnage	Eqv. Bills
<u>Residential</u>							
Single Unit							
3	Units		35,612	0	0	50,964	427,344
4	Costs - \$	11,163,700	2,404,800	0	0	2,560,900	408,400
Second Unit							
5	Units		790	0	0	1,131	9,480
6	Costs - \$	211,500	53,300	0	0	56,800	9,100
Third Unit							
7	Units		181	0	0	259	2,172
8	Costs - \$	48,500	12,200	0	0	13,000	2,100
Multi Unit							
9	Units		1,879	0	0	2,689	22,548
10	Costs - \$	503,100	126,900	0	0	135,100	21,600
65 Gal Cont.							
11	Units		1,368	0	0	1,958	16,416
12	Costs - \$	366,400	92,400	0	0	98,400	15,800
<u>Commercial</u>							
2 Cu. Yards							
13	Units		0	1,239	0	17,126	14,868
14	Costs - \$	3,940,300	0	2,129,200	0	860,600	14,300
4 Cu. Yards							
15	Units		0	1,728	0	23,886	20,736
16	Costs - \$	5,495,300	0	2,969,500	0	1,200,300	19,900
95 Gal Cont.							
17	Units		0	317	0	4,382	3,804
18	Costs - \$	1,008,200	0	544,700	0	220,200	3,700
105 Gal Cont.							
19	Units		0	21	0	290	252
20	Costs - \$	66,800	0	36,100	0	14,600	200
95 Gal Recycle							
21	Units		0	4	0	17	48
22	Costs - \$	8,900	0	6,900	0	900	0
2 Cu. Yards Compactor							
23	Units		0	2	0	28	24
24	Costs - \$	6,300	0	3,400	0	1,400	0
2 Cu. Yards Shared							
25	Units		0	114	0	1,576	1,368
26	Costs - \$	362,500	0	195,900	0	79,200	1,300
4 Cu. Yards Shared							
27	Units		0	59	0	816	708
28	Costs - \$	187,600	0	101,400	0	41,000	700
4 Cu. Yards Compactor							
29	Units		0	4	0	55	48
30	Costs - \$	12,700	0	6,900	0	2,800	0
95 Gal Cont.							
31	Units		0	1	0	14	12
32	Costs - \$	3,100	0	1,700	0	700	0
105 Gal Cont.							
33	Units		0	2	0	28	24

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Table 5.2-6: Allocation of COS to Customer Classes (continued)

Line No.	Description	Cost Components					
		Total	Collection	Disposal	Cust. Billing	Admin	Outside City
34	Costs - \$	6,300	0	3,400	0	1,400	0
	2 Cu. Yards Recycle Shared						
35	Units		0	2	0	9	24
36	Costs - \$	4,300	0	3,400	0	400	0
	4 Cu. Yards Recycle Shared						
37	Units		0	2	0	9	24
38	Costs - \$	4,300	0	3,400	0	400	0
	2 Cu. Yards Recycle						
39	Units		0	230	0	1,000	2,760
40	Costs - \$	509,400	0	395,200	0	50,200	2,600
	4 Cu. Yards Recycle						
41	Units		0	268	0	1,165	3,216
42	Costs - \$	593,800	0	460,500	0	58,600	3,100
	2 Cu. Yards Recycle Compactor						
43	Units		0	0	0	0	0
44	Costs - \$	0	0	0	0	0	0
	4 Cu. Yards Recycle Compactor						
45	Units		0	0	0	0	0
46	Costs - \$	0	0	0	0	0	0
	<u>Industrial</u>						
	13.4 Cu. Yards Recycle & GW						
47	Units		0	0	36	12	60
48	Costs - \$	8,500	0	0	6,200	600	100
	30 Cu. Yards Compactor						
49	Units		0	0	840	5,203	216
50	Costs - \$	442,800	0	0	145,000	261,400	200
	30 Cu. Yards Compactor Rec & GW						
51	Units		0	0	12	26	12
52	Costs - \$	3,900	0	0	2,100	1,300	0
	30 Cu. Yards						
53	Units		0	0	3,840	5,203	936
54	Costs - \$	1,090,300	0	0	662,600	261,400	900
	30 Cu. Yards Rec & GW						
55	Units		0	0	72	26	60
56	Costs - \$	16,900	0	0	12,400	1,300	100
	13.4 Cu. Yards						
57	Units		0	0	1,800	2,324	300
58	Costs - \$	505,100	0	0	310,500	116,800	300
	10 Cu. Yards						
59	Units		0	0	60	1,734	12
60	Costs - \$	100,100	0	0	10,400	87,100	0
	40 Cu. Yards Compactor						
61	Units		0	0	1,140	6,937	276
62	Costs - \$	594,700	0	0	196,700	348,600	300
	40 Cu. Yards Compactor Rec & GW						
63	Units		0	0	12	35	24
64	Costs - \$	4,400	0	0	2,100	1,800	0
	Transfer Trailer						
65	Units		0	0	960	10,100	24
66	Costs - \$	714,600	0	0	165,700	507,500	0
67	Total Cost of Service - \$	32,381,100	2,689,600	6,861,700	1,513,700	6,984,700	504,700

ENVIRONMENTAL RESOURCES RATE STUDY

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5.2.4.3 Adequacy of Existing Rates to meet Costs of Service

Presented in Table 5.2-7 is a comparison of the allocated cost of service and revenue under existing rates for the system in total. The last column indicates the approximate adjustment rate levels necessary to recover 100 percent of the allocated costs of service.

Table 5.2-7: Comparison of Adjusted COS with Revenues under Existing Rates

<u>Customer Classification</u>	<u>Allocated Cost of Service</u> \$	<u>Revenue Under Existing Rates</u> \$	<u>Indicated Revenue Increase</u> %
<u>Residential</u>			
Single Unit	11,163,700	9,196,100	21.4%
Second Unit	211,500	225,100	-6.0%
Third Unit	48,500	47,800	1.5%
Multi Unit	503,100	468,900	7.3%
65 Gal Cont.	366,400	342,200	7.1%
<u>Commercial</u>			
2 Cu. Yards	3,940,300	2,551,300	54.4%
4 Cu. Yards	5,495,300	7,602,500	-27.7%
95 Gal Cont.	1,008,200	142,400	608.0%
105 Gal Cont.	66,800	20,900	219.6%
95 Gal Recycle	8,900	800	1012.5%
2 Cu. Yards Compactor	6,300	9,500	-33.7%
2 Cu. Yards Shared	362,500	191,700	89.1%
4 Cu. Yards Shared	187,600	128,800	45.7%
4 Cu. Yards Compactor	12,700	39,900	-68.2%
95 Gal Cont.	3,100	600	416.7%
105 Gal Cont.	6,300	2,200	186.4%
2 Cu. Yards Recycle Shared	4,300	700	514.3%
4 Cu. Yards Recycle Shared	4,300	1,900	126.3%
2 Cu. Yards Recycle	509,400	201,900	152.3%
4 Cu. Yards Recycle	593,800	498,600	19.1%
2 Cu. Yards Recycle Compactor	0	0	0.0%
4 Cu. Yards Recycle Compactor	0	0	0.0%
<u>Industrial</u>			
13.4 Cu. Yards Recycle & GW	8,500	4,000	112.5%
30 Cu. Yards Compactor	442,800	167,300	164.7%
30 Cu. Yards Compactor Rec & GW	3,900	1,500	160.0%
30 Cu. Yards	1,090,300	666,300	63.6%
30 Cu. Yards Rec & GW	16,900	9,200	83.7%
13.4 Cu. Yards	505,100	230,200	119.4%
10 Cu. Yards	100,100	7,700	1200.0%
40 Cu. Yards Compactor	594,700	276,400	115.2%
40 Cu. Yards Compactor Rec & GW	4,400	1,900	131.6%
Transfer Trailer	714,600	339,100	110.7%
Total System w/o Outside City	27,984,300	23,377,400	19.7%
Del Norte, Tonnage Charges & Other Revenues	4,396,700	7,908,700	
Total System	32,381,000	31,286,100	3.5%

5.3 Proposed Rate Adjustments

The initial consideration in the derivation of solid waste rate schedules for utility service is the establishment of equitable charges to the customers commensurate with the cost of providing that service. While the cost of service allocations to customer classes should not be construed as literal or exact determinations, they offer a guide to the necessity for, and the extent of, rate adjustments. Practical considerations sometimes modify rate adjustments by taking into account additional factors such as the extent of change from previous rate levels, existing contracts, and past local policies and practices.

5.3.1 Existing Rates

A summary of existing solid waste rates was presented earlier in Table 5.1-3. The existing rates consist of a unit's charge, which varies by customer class, a pick-up charge and a tonnage charge for each customer class applicable.

5.3.2 Proposed Rates

The costs of service analysis described in preceding sections of this report provide a basis for the design of rates. The rate schedule shown in Table 5.3-1 takes into consideration City policies and shows rates reflecting no changes to the existing tier structure.

5.3.3 Revenue Sufficiency

Presented in Table 5.3-3 is a comparison of Test Year allocated cost of service with revenues under the suggested solid waste rate structure. Test year costs of service are obtained from Table 5.3-5 and the proposed rates recover essentially 100 percent of the total cost of service.

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Table 5.3-1: Proposed Rates for TY

Customer Class	Pickup Frequency	Proposed Rates \$/month	Pickup Frequency	Proposed Rates \$/month
<u>Residential</u>			<u>Commercial</u>	
Single Unit		28.50	2 Cu. Yards Recycle Shared x1	29.75
Second Unit		25.65	x2	52.06
Third Unit		24.23	x3	66.94
Multi Unit		22.80	x4	81.81
65 Gal Cont. Extra Container		22.80 11.40	x5 x6	96.69 111.56
<u>Commercial</u>			4 Cu. Yards Recycle Shared x1	51.75
2 Cu. Yards	x1	119.00	x2	90.56
	x2	208.25	x3	116.44
	x3	267.75	x4	142.31
	x4	327.25	x5	168.19
	x5	386.75	x6	194.06
	x6	446.25	2 Cu. Yards Recycle x1	59.50
4 Cu. Yards	x1	207.00	x2	104.13
	x2	362.25	x3	133.88
	x3	465.75	x4	163.63
	x4	569.25	x5	193.38
	x5	672.75	x6	223.13
	x6	776.25	4 Cu. Yards Recycle x1	103.50
95 Gal Cont.	1 Auto	40.00	x2	181.13
	2 Auto	70.00	x3	232.88
	3 Auto	90.00	x4	284.63
	4 Auto	110.00	x5	336.38
			x6	388.13
	5 Auto	130.00	2 Cu. Yards Recycle Compactor x1	127.50
95 Gal Recycle	1 Auto	20.00	x2	223.13
2 Cu. Yards Compactor	x1	255.00	x3	286.88
	x2	446.25	x4	350.63
	x3	573.75	x5	414.38
	x4	701.25	x6	478.13
	x5	828.75	4 Cu. Yards Recycle Compactor x1	208.50
	x6	956.25	x2	364.88
2 Cu. Yards Shared	x1	59.50	x3	469.13
	x2	104.13	x4	573.38
	x3	133.88	x5	677.63
	x4	163.63	x6	781.88
	x5	193.38	<u>Industrial</u>	
	x6	223.13	13.4 Cu. Yards Recycle & GW	72.50
4 Cu. Yards Shared	x1	103.50	30 Cu. Yards Compactor	215.00
	x2	181.13	30 Cu. Yards Compactor Rec & GW	107.50
	x3	232.88	30 Cu. Yards Compactor Rec & GW	95.00
	x4	284.63	13.4 Cu. Yards	145.00
	x5	336.38	10 Cu. Yards	145.00
	x6	388.13	40 Cu. Yards Compactor	265.00
4 Cu. Yards Compactor	x1	417.00	40 Cu. Yards Compactor Rec & GW	132.50
	x2	729.75	Transfer Trailer	365.00
	x3	938.25		
	x4	1146.75		
	x5	1355.25		
	x6	1563.75		
105 Gal Cont.	5 Auto x2	227.50		

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Table 5.3-3: Revenue under Proposed Rates for TY

<u>Customer Classification</u>	Allocated	Revenue	Total
	Cost of	Under	Percent
	Service	Proposed	Recovered
	\$	\$	%
Residential	12,293,200	12,320,300	100.2%
Commercial	12,209,800	12,404,700	101.6%
Industrial	<u>3,481,300</u>	<u>3,474,600</u>	<u>99.8%</u>
Total	27,984,300	28,199,600	100.8%
Outside Customers	<u>4,396,700</u>	<u>4,396,700</u>	<u>100.0%</u>
Total System	32,381,000	32,596,300	100.7%

Appendix A – Water

	Projected Number of Bills									
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Single Family Residential	369,577	373,272	377,004	380,774	384,581	388,426	392,309	396,232	400,194	404,196
Multi-Family Residential	24,402	24,524	24,646	24,769	24,893	25,018	25,143	25,269	25,395	25,522
Commercial/Institutional	29,749	30,046	30,346	30,649	30,954	31,264	31,576	31,891	32,208	32,529
Industrial	1,776	1,776	1,776	1,776	1,776	1,776	1,776	1,776	1,776	1,776
Irrigation	14,550	14,842	14,803	14,410	13,662	11,842	11,539	11,375	11,158	11,158
Oceanview	50	51	52	53	54	55	56	57	58	59
Recycled Water	0	0	480	8,640	10,044	11,448	11,400	14,304	14,304	14,304
Private Firelines	13,015	13,145	13,276	13,409	13,544	13,679	13,816	13,954	14,093	14,234
Total	453,119	457,656	462,383	474,480	479,508	483,508	487,615	494,858	499,186	503,778

	Projected Billed Volumes									
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Single Family Residential	4,989,300	5,039,200	5,089,600	5,140,400	5,191,800	5,243,800	5,296,200	5,349,100	5,402,600	5,456,600
Multi-Family Residential	1,805,700	1,814,800	1,823,800	1,832,900	1,842,100	1,851,300	1,860,600	1,869,900	1,879,200	1,888,600
Commercial/Institutional	1,710,600	1,727,600	1,744,900	1,762,300	1,779,900	1,797,700	1,815,600	1,833,700	1,852,000	1,870,400
Industrial	751,200	751,200	751,200	751,200	751,200	751,200	751,200	751,200	751,200	751,200
Irrigation	1,527,800	1,558,400	1,554,300	1,513,100	1,434,500	1,243,400	1,211,600	1,194,400	1,171,600	1,171,600
Oceanview	363,000	370,300	377,500	384,800	392,100	399,300	406,600	413,800	421,100	428,400
Recycled Water	0	0	55,100	1,306,800	1,524,600	1,742,400	1,742,400	2,178,000	2,178,000	2,178,000
Total	11,147,600	11,261,500	11,396,400	12,691,500	12,916,200	13,029,100	13,084,200	13,590,100	13,655,700	13,744,800

Customer Class	Projected Revenues Under Existing Rates									
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Single Family Residential	\$ 17,183,000	\$ 17,355,000	\$ 17,528,500	\$ 17,703,300	\$ 17,880,500	\$ 18,059,300	\$ 18,239,800	\$ 18,422,100	\$ 18,606,300	\$ 18,792,200
Multi-Family Residential	4,895,400	4,919,800	4,944,100	4,968,800	4,993,600	5,018,500	5,043,600	5,068,700	5,093,700	5,119,000
Commercial/Institutional	5,109,700	5,160,300	5,211,900	5,263,800	5,316,000	5,369,100	5,422,500	5,476,300	5,530,900	5,585,600
Industrial	2,121,700	2,121,700	2,121,700	2,121,700	2,121,700	2,121,700	2,121,700	2,121,700	2,121,700	2,121,700
Irrigation	4,269,800	4,355,400	4,344,000	4,228,800	4,009,200	3,475,100	3,386,200	3,338,100	3,274,300	3,274,300
Oceanview	262,300	262,500	262,800	263,100	263,300	263,600	263,800	264,100	264,300	264,600
Recycled Water	0	0	95,200	2,257,800	2,634,200	3,010,500	3,010,500	3,763,100	3,763,100	3,763,100
Private Firelines	513,900	519,000	524,300	529,500	534,800	540,200	545,600	551,100	556,700	562,000
Total	34,355,800	34,693,700	35,032,500	37,336,800	37,753,300	37,858,000	38,033,700	39,005,200	39,211,000	39,482,500

Description	Projected O&M Expenses									
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Production (Fund 6001)										
Salaries and Wages	842,000	842,000	859,000	876,300	893,800	911,600	930,000	948,700	967,700	987,000
Contractual Services	150,000	150,000	153,000	156,100	159,200	162,400	165,600	168,900	172,300	175,700
Operating Supplies	435,000	435,000	443,700	452,500	461,600	470,800	480,200	489,800	499,600	509,500
Utilities	415,000	415,000	435,800	457,600	480,500	529,700	579,700	556,200	584,000	613,200
Total Production	1,842,000	1,842,000	1,891,500	1,942,500	1,995,100	2,049,300	2,105,500	2,163,600	2,223,600	2,285,400
Distribution (Fund 6002)										
Salaries and Wages	2,650,400	2,650,400	2,703,500	2,757,600	2,812,800	2,869,000	2,926,400	2,985,000	3,044,600	3,105,500
Contractual Services	400,000	400,000	408,000	416,200	424,500	433,000	441,700	450,500	459,500	468,700
Operating Supplies	588,000	588,000	599,800	611,800	624,000	636,500	649,200	662,200	675,400	688,900
Total Distribution	3,638,400	3,638,400	3,711,300	3,785,600	3,861,300	3,938,500	4,017,300	4,097,700	4,179,500	4,263,100
Procurement (Fund 6010)										
Salaries and Wages	623,500	623,500	636,000	648,800	661,900	675,200	688,700	702,500	716,600	731,000
Contractual Services	460,600	460,600	469,800	479,100	488,500	498,300	508,200	518,300	528,700	539,300
Operating Supplies	2,875,000	2,875,000	2,875,000	2,875,000	2,875,000	2,875,000	2,875,000	2,875,000	2,875,000	2,875,000
Water Acquisition-UMCD	9,360,600	9,360,600	9,360,600	9,360,600	9,360,600	9,360,600	9,360,600	9,360,600	9,360,600	9,360,600
Water Acquisition-CMWD	700,000	700,000	714,000	728,300	742,900	757,800	773,000	788,500	804,300	820,400
Water Acquisition-City	976,000	976,000	995,500	1,015,400	1,035,700	1,056,400	1,077,500	1,099,100	1,121,100	1,143,500
All Other Operating Supplies	95,600	95,600	97,400	99,300	101,200	103,200	105,200	107,300	109,400	111,500
Utilities	104,500	104,500	109,800	115,200	120,800	126,700	132,800	139,500	146,400	153,700
General and Administrative	2,160,500	2,159,700	2,259,700	2,364,400	2,474,500	2,590,100	2,711,400	2,838,900	2,972,600	3,113,200
Repairs and Maintenance	299,300	299,300	311,300	323,800	336,800	350,300	364,300	378,800	394,000	409,800
Total Procurement	17,655,600	17,654,800	17,829,100	18,009,900	18,197,900	18,393,600	18,596,700	18,808,500	19,028,700	19,258,000
Conservation / Outreach (Fund 6011)										
Salaries and Wages	219,900	219,900	224,200	228,600	233,100	237,700	242,400	247,200	252,100	257,000
Contractual Services	2,500	2,500	2,600	2,700	2,800	2,900	3,000	3,100	3,200	3,300
Operating Supplies	31,600	31,600	32,200	32,900	33,600	34,300	35,000	35,700	36,400	37,100
General and Administrative	125,200	125,200	131,400	137,900	144,700	151,800	159,300	167,100	175,300	183,900
Total Conservation / Outreach	379,200	379,200	390,400	402,100	414,200	426,700	439,700	453,100	467,000	481,300
Oceanview (Fund 6012)										
Operating Supplies	227,300	227,300	227,300	227,300	227,300	227,300	227,300	227,300	227,300	227,300
Total Oceanview	227,300	227,300	227,300	227,300	227,300	227,300	227,300	227,300	227,300	227,300
Security and Contamination Prevention (Fund 6015)										
Salaries and Wages	300,400	300,400	306,300	312,400	318,600	324,900	331,300	337,800	344,500	351,300
Contractual Services	175,900	175,900	179,400	182,900	186,600	190,300	194,100	197,900	201,900	206,000
Operating Supplies	5,000	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,800
General and Administrative	10,600	10,600	11,000	11,400	11,800	12,200	12,600	13,000	13,400	13,900
Total Security	491,900	491,900	501,800	511,900	522,300	532,800	543,500	554,300	565,500	577,000
Recycled Water (Fund 6041)										
Salaries and Wages	0	0	226,800	4,536,000	5,512,800	5,623,100	5,735,600	6,222,400	6,713,500	6,847,800
General and Administrative	0	0	(31,600)	(750,000)	(875,000)	(1,000,000)	(1,125,000)	(1,250,000)	(1,375,000)	(1,500,000)
Total Recycled Water	0	0	195,200	3,786,000	4,637,800	4,623,100	4,735,600	4,972,400	5,463,500	5,597,800
Total O&M	24,234,400	24,233,600	24,746,600	28,665,300	29,855,900	30,191,300	30,665,600	31,276,900	32,155,100	32,689,900

Line No.	Description	Projected CIP												Total 2009-2024			
		FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21		FY21/22	FY22/23	FY23/24
Capital Improvements																	
1	BS2 SCADA	0	0	0	0	562,800	0	0	0	0	0	0	0	0	0	0	562,800
2	Blending Station No.2 Rehab	0	515,000	954,800	0	0	0	0	0	0	0	0	0	0	0	0	1,469,800
3	Hydraulic Improvements	0	5,356,000	4,031,400	1,420,500	3,939,300	0	18,507,800	0	0	0	0	0	0	0	0	33,255,000
4	Hydrant Replacements	50,000	51,500	53,000	54,600	56,300	58,000	59,700	61,500	63,300	65,200	67,200	69,200	71,300	73,400	75,600	929,000
5	Clywise SCADA Upgrades	0	257,500	0	0	0	0	0	0	0	0	0	0	0	0	0	257,500
6	3 Comm Towers for BS - Upgrades	0	0	0	273,200	0	0	0	0	316,700	0	0	0	0	0	0	968,000
7	Puritec (New Well)	0	0	0	0	0	2,318,500	0	0	0	0	0	0	0	0	0	2,318,500
8	Blending Station No. 3 Desalter	1,200,000	412,000	5,304,500	8,741,900	0	0	0	12,298,700	0	0	0	0	0	0	0	15,658,300
9	Water Campus Improvement Projects	0	0	1,060,900	0	0	0	0	0	0	0	0	0	0	0	0	1,060,900
10	Water Campus Improvement Projects	0	309,000	0	0	0	0	0	0	0	0	0	0	0	0	0	309,000
11	Concentrate Collection System Study	0	515,000	530,500	546,400	562,800	579,600	597,000	614,900	633,400	652,400	672,000	692,100	712,800	734,300	756,300	9,299,600
12	Recycled Water Customer Retrofits	0	203,900	210,100	0	0	0	0	0	0	0	0	0	0	0	0	414,000
13	Hansen Computer Upgrade	6,100,000	6,283,000	6,471,500	6,611,000	6,809,300	5,854,300	5,030,000	6,210,900	6,397,200	6,598,100	6,798,800	6,990,400	7,200,100	7,416,100	7,639,600	99,388,300
14	Asset Management - Water	9,850,000	14,832,900	18,616,700	17,647,500	11,930,500	8,810,400	25,194,500	19,186,000	7,410,600	7,306,700	7,526,000	7,751,700	7,984,300	8,223,800	8,448,600	181,220,200
15	Subtotal	0	0	0	0	11,930,500	8,810,400	25,194,500	19,186,000	7,410,600	7,306,700	7,526,000	7,751,700	7,984,300	8,223,800	8,448,600	181,220,200
Recycle Water - GREAT Program																	
16	Recycled ASR Pilot Well Design	200,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	200,000
17	AVPF - Phase 1	28,000,000	28,000,000	19,000,000	0	0	0	0	0	0	0	0	0	0	0	0	72,000,000
18	Recycled Water Distribution - Phase 1A	8,000,000	8,000,000	9,000,000	0	0	0	0	0	0	0	0	0	0	0	0	25,000,000
19	BS1/ASR Wellfield No. 1	0	0	0	3,000,000	0	0	0	0	0	0	0	0	0	0	0	3,000,000
20	Recycled Water Distribution - Phase 1B	0	0	0	0	0	0	5,000,000	0	0	0	0	0	0	0	0	5,000,000
21	Blending Station No.1 Desalter - Phase 2	0	0	0	0	0	0	0	6,000,000	0	0	0	0	0	0	0	6,000,000
22	Total Capital Improvements (Inflated)	36,200,000	36,000,000	28,000,000	3,000,000	11,930,500	8,810,400	25,194,500	19,186,000	7,410,600	7,306,700	7,526,000	7,751,700	7,984,300	8,223,800	8,448,600	111,200,000
23	Total (Inflated)	9,850,000	14,832,900	18,616,700	17,647,500	11,930,500	8,810,400	25,194,500	19,186,000	7,410,600	7,306,700	7,526,000	7,751,700	7,984,300	8,223,800	8,448,600	181,220,200

Line No.	Description	Project CIP Financing Plan											
		FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19		
1	Beginning Balance	1,602,400	561,700	345,800	1,214,400	2,692,300	3,034,100	13,488,300	3,157,500	4,088,400			3,752,600
	Sources of Funds												
2	Capital Facility Charge	194,400	196,700	247,700	997,800	239,400	194,400	135,500	467,100	152,700			177,900
3	Water Resource Development Fee	397,900	402,700	507,100	2,042,400	490,100	260,800	277,300	956,200	312,500			364,100
4	Revenue Bond Proceeds	38,000,000	52,000,000	46,500,000	12,500,000	7,500,000	15,000,000	15,000,000	21,000,000	0			0
5	Transfer from Operating Fund	10,500,000	6,500,000	6,500,000	6,500,000	3,000,000	4,000,000	5,500,000	6,000,000	5,000,000			5,500,000
6	Transfer from Operating Fund - Security	418,100	418,100	418,100	418,100	418,100	418,100	418,100	418,100	418,100			418,100
7	Repayment of ER Loan (Fund 603)	0	0	1,090,200	1,090,200	1,090,200	1,090,200	1,090,200	1,090,200	1,090,200			1,090,200
8	Repayment of WW Loan	0	873,400	873,400	873,400	873,400	873,400	0	0	0			0
9	Interest Income	32,500	500	0	29,100	56,400	218,400	233,300	92,300	101,300			101,400
10	Total Sources of Funds	51,145,300	60,953,100	56,482,300	25,665,400	16,359,900	25,089,400	36,142,700	33,181,400	11,163,200			11,404,300
	Uses of Funds												
11	Capital Improvements	46,050,000	50,932,900	46,616,700	20,647,500	11,930,500	8,810,400	30,194,500	25,186,000	7,410,600			7,306,700
12	Bond Issuance Expense	4,533,600	6,096,500	5,451,700	1,465,500	879,300	1,758,600	1,758,600	2,462,100	0			0
13	Bond Reserve Fund Requirement	0	3,577,900	3,199,500	860,100	516,000	1,032,100	1,032,100	1,444,900	0			0
14	Total Uses of Funds	50,583,600	60,607,300	55,267,900	22,973,100	13,325,800	11,601,100	32,985,200	29,093,000	7,410,600			7,306,700
15	Ending Balance	561,700	345,800	1,214,400	2,692,300	3,034,100	13,488,300	3,157,500	4,088,400				4,097,600

CITY OF OXNARD, CALIFORNIA
RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Line No.	Description	Projected Operating Fund Financing Plan											
		FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19		
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Revenue													
1	Water Revenue Under Existing Rates	34,355,800	34,693,700	35,032,500	37,336,800	37,753,300	37,858,000	38,033,700	39,005,200	39,211,000	39,482,500		
2	RW Revenue Under Existing Rates	0	0	95,200	2,257,800	2,634,200	3,010,500	3,010,500	3,763,100	3,763,100	3,763,100		
Additional Revenue Required:													
		Months											
		Year	Percent	Effective									
3	FY09/10	1.5%	12	515,300	520,400	526,900	593,900	605,800	613,000	615,700	641,500	644,600	648,700
4	FY10/11	2.0%	12		704,300	713,100	803,800	819,900	829,600	833,200	868,200	872,400	877,900
5	FY11/12	3.0%	12			1,091,000	1,229,800	1,269,300	1,274,800	1,328,300	1,334,700	1,343,200	
6	FY12/13	3.0%	12				1,266,700	1,292,000	1,307,400	1,313,000	1,368,200	1,374,800	1,383,500
7	FY13/14	3.0%	12					1,330,800	1,346,600	1,352,400	1,409,200	1,416,000	1,425,000
8	FY14/15	3.0%	12						1,387,000	1,393,000	1,451,500	1,458,500	1,467,700
9	FY15/16	3.0%	12							1,434,800	1,495,100	1,502,300	1,511,700
10	FY16/17	3.0%	12								1,539,900	1,547,300	1,557,100
11	FY17/18	3.0%	12									1,593,700	1,603,800
12	FY18/19	3.0%	12										1,651,900
13	Total Revenue From Rates	34,871,100	35,918,400	37,458,700	43,488,800	45,690,400	47,621,400	49,261,100	52,870,200	54,718,400	56,716,100		
14	P&G Water Supply Agreement	1,873,500	1,873,500	1,873,500	1,873,500	1,873,500	1,873,500	1,873,500	1,873,500	1,873,500	1,873,500		
15	Security Prevention Fee	418,100	418,100	418,100	418,100	418,100	418,100	418,100	418,100	418,100	418,100		
16	Contamination Prevention Fee	87,500	87,500	87,500	87,500	87,500	87,500	87,500	87,500	87,500	87,500		
17	Water Resource Fee	0	228,800	231,200	237,200	239,800	241,800	243,800	247,400	249,600	251,900		
Non-Operating Revenue													
18	Miscellaneous Services	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000		
19	Trust Agency Revenues	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000		
20	Other Water Revenues	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000		
21	Interest - Operating Fund	282,400	207,300	231,600	261,500	314,400	443,000	509,000	586,400	702,800	829,900		
22	Interest - Restricted Reserve Fund	495,000	722,300	1,045,700	1,287,400	1,418,700	0	0	0	0	0		
23	Total Revenue	40,587,600	42,015,900	43,906,300	50,214,000	52,602,400	53,245,300	54,953,000	58,643,100	60,609,900	62,737,000		
Revenue Requirements													
Operation and Maintenance Expense													
24	Production (Fund 6001)	1,842,000	1,842,000	1,891,500	1,942,500	1,995,100	2,049,300	2,105,500	2,163,600	2,223,600	2,285,400		
25	Distribution (Fund 6002)	3,638,400	3,638,400	3,711,300	3,785,600	3,861,300	3,938,500	4,017,300	4,097,700	4,179,500	4,263,100		
26	Procurement (Fund 6010)	17,655,600	17,654,800	17,829,100	18,009,900	18,197,900	18,393,600	18,596,700	18,808,500	19,028,700	19,258,000		
27	Conservation (Fund 6011)	379,200	379,200	390,400	402,100	414,200	426,700	439,700	453,100	467,000	481,300		
28	Oceanview (Fund 6012)	227,300	227,300	227,300	227,300	227,300	227,300	227,300	227,300	227,300	227,300		
29	Security (Fund 6015)	491,900	491,900	501,800	511,900	522,300	532,800	543,500	554,300	565,500	577,000		
30	Recycled Water (Fund 6041)	0	0	226,800	4,536,000	5,512,800	5,623,100	5,735,600	6,222,400	6,713,500	6,847,800		
31	LRP Credit			(31,600)	(750,000)	(875,000)	(1,000,000)	(1,000,000)	(1,250,000)	(1,250,000)	(1,250,000)		
32	Total O&M Expense	24,234,400	24,233,600	24,746,600	28,665,300	29,855,900	30,191,300	30,665,600	31,276,900	32,155,100	32,689,900		
33	Routine Capital	420,000	416,400	416,400	416,400	416,400	416,400	416,400	416,400	416,400	416,400		
Debt Service													
Existing													
34	2001 Water Revenue Refunding	813,900	811,600	808,300	809,100	808,800	807,100	804,500	806,100	805,800	804,600		
35	2004 Water Revenue Bond	3,030,100	3,029,000	3,028,000	3,023,900	3,024,200	3,023,900	3,024,900	3,027,900	3,028,200	3,024,800		
36	2006 Water Revenue Bond	3,430,500	3,438,500	3,426,400	3,427,600	3,426,600	3,428,400	3,430,200	3,427,500	3,425,600	3,433,100		
Proposed													
37	Revenue Bonds	0	0	0	3,577,900	6,777,400	7,637,500	8,153,500	9,185,600	10,217,700	11,662,600		
38	Total Debt Service	7,274,500	7,279,100	7,262,700	10,838,500	14,037,000	14,896,900	15,413,100	16,447,100	17,477,300	18,925,100		
Transfers													
39	Infrastructure Use Fee	731,500	731,500	731,500	731,500	731,500	731,500	731,500	731,500	731,500	731,500		
40	Transfer to Capital Imp. Fund	10,500,000	6,500,000	6,500,000	6,500,000	3,000,000	4,000,000	5,500,000	6,000,000	5,000,000	5,500,000		
41	Transfer to Capital Imp. Fund - Security	418,100	418,100	418,100	418,100	418,100	418,100	418,100	418,100	418,100	418,100		
42	Transfer to Reserve Fund (R & R)	1,500,000	1,500,000	1,500,000	1,500,000	1,000,000	0	0	0	0	0		
43	Transfer to Reserve Fund (Rate Stabilization)	500,000	500,000	500,000	500,000	0	0	0	0	0	0		
44	Total Transfers	13,649,600	9,649,600	9,649,600	9,649,600	5,149,600	5,149,600	6,649,600	7,149,600	6,149,600	6,649,600		
45	Total Revenue Requirements	45,578,500	41,578,700	42,075,300	49,569,800	49,458,900	50,654,200	53,144,700	55,290,000	56,198,400	58,681,000		
Operating Fund Balance													
46	Net Annual Cash Balance	(4,990,900)	437,200	1,831,000	644,200	3,143,500	2,591,100	1,808,300	3,353,100	4,411,500	4,056,000		
47	Beginning Cash Balance	12,484,800	7,493,900	7,931,100	9,762,100	10,406,300	13,549,800	16,140,900	17,949,200	21,302,300	25,713,800		
48	Net Cumulative Cash Balance	7,493,900	7,931,100	9,762,100	10,406,300	13,549,800	16,140,900	17,949,200	21,302,300	25,713,800	29,769,800		
49	Net Cumulative Cash Balance	7,493,900	7,931,100	9,762,100	10,406,300	13,549,800	16,140,900	17,949,200	21,302,300	25,713,800	29,769,800		
50	Target Reserve (25% of O&M)	6,058,600	6,058,400	6,186,700	7,166,300	7,464,000	7,547,800	7,666,400	7,819,200	8,038,800	8,172,500		
51	Debt Service Coverage	215%	234%	254%	192%	157%	150%	153%	162%	159%	155%		

Appendix B – Wastewater

Customer Classes	Projected Number of Accounts									
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
	accts	accts	accts	accts	accts	accts	accts	accts	accts	accts
Single Family Residential	36,264	36,445	36,627	36,810	36,994	37,179	37,365	37,552	37,740	37,929
Multi-Family Residential	2,080	2,096	2,112	2,128	2,144	2,160	2,176	2,192	2,208	2,225
Contract Customers	323	324	325	326	327	328	329	330	331	332
Commercial	1,999	2,009	2,019	2,029	2,039	2,049	2,059	2,069	2,079	2,089
Restaurant	383	385	387	389	391	393	395	397	399	401
Laundry	3	3	3	3	3	3	3	3	3	3
Industrial	23	23	23	23	23	23	23	23	23	23
USN Pt. Mugu	1	1	1	1	1	1	1	1	1	1
USN CBC/NBYC-PH	1	1	1	1	1	1	1	1	1	1
Port Hueneme	1	1	1	1	1	1	1	1	1	1
Total	41,078	41,288	41,499	41,711	41,924	42,138	42,353	42,569	42,786	43,005

CITY OF OXNARD, CALIFORNIA
RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Customer Classes	Projected Number of EDUs									
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
	EDUs	EDUs	EDUs	EDUs	EDUs	EDUs	EDUs	EDUs	EDUs	EDUs
Single Family Residential	36,132	36,312	36,493	36,676	36,859	37,043	37,229	37,415	37,602	37,791
Multi-Family Residential	17,099	17,230	17,362	17,493	17,625	17,757	17,888	18,020	18,151	18,291
Contract Customers	500	502	503	505	506	508	510	511	513	514
Commercial	1,999	2,009	2,019	2,029	2,039	2,049	2,059	2,069	2,079	2,089
Restaurant	383	385	387	389	391	393	395	397	399	401
Laundry	3	3	3	3	3	3	3	3	3	3
Industrial	23	23	23	23	23	23	23	23	23	23
USN Pt. Mugu	1	1	1	1	1	1	1	1	1	1
USN CBC/NBVC-PH	1	1	1	1	1	1	1	1	1	1
Port Hueneme	1	1	1	1	1	1	1	1	1	1
Total	56,142	56,467	56,793	57,121	57,449	57,779	58,110	58,441	58,773	59,115

Customer Classes	Projected Billed Volumes									
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
	ccf	ccf	ccf	ccf	ccf	ccf	ccf	ccf	ccf	ccf
Contract Customers	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Commercial	979,800	984,700	989,600	994,500	999,400	1,004,200	1,009,100	1,014,000	1,018,900	1,023,800
Restaurant	264,300	265,600	267,000	268,300	269,700	271,100	272,400	273,800	275,200	276,500
Laundry	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900	11,900
Total	1,261,000	1,267,200	1,273,500	1,279,700	1,286,000	1,292,200	1,298,400	1,304,700	1,311,000	1,317,200

Customer Classes	Projected Billed Volumes									
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
	MG	MG	MG	MG	MG	MG	MG	MG	MG	MG
Industrial	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061
USN Pt. Mugu	136	136	136	136	136	136	136	136	136	136
USN CBC/NBVC-PH	266	266	266	266	266	266	266	266	266	266
Total	1,462	1,462	1,462	1,462	1,462	1,462	1,462	1,462	1,462	1,462

Customer Classes	Projected BOD Loadings									
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
	1,000 lbs	1,000 lbs	1,000 lbs	1,000 lbs	1,000 lbs	1,000 lbs	1,000 lbs	1,000 lbs	1,000 lbs	1,000 lbs
BOD Loadings										
Industrial	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406
USN Pt. Mugu	96	96	96	96	96	96	96	96	96	96
USN CBC/NBVC-PH	393	393	393	393	393	393	393	393	393	393
Total	1,895	1,895	1,895	1,895	1,895	1,895	1,895	1,895	1,895	1,895

Customer Classes	Projected TSS Loadings									
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
	1,000 lbs	1,000 lbs	1,000 lbs	1,000 lbs	1,000 lbs	1,000 lbs	1,000 lbs	1,000 lbs	1,000 lbs	1,000 lbs
TSS Loadings										
Industrial	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318
USN Pt. Mugu	86	86	86	86	86	86	86	86	86	86
USN CBC/NBVC-PH	524	524	524	524	524	524	524	524	524	524
Total	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927

Customer Classes	Projected Revenues under Existing Rates									
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Single Family Residential	\$ 11,334,700	\$ 11,391,000	\$ 11,447,800	\$ 11,505,400	\$ 11,562,700	\$ 11,620,300	\$ 11,678,900	\$ 11,737,100	\$ 11,795,700	\$ 11,855,100
Multi-Family Residential	3,574,600	3,602,000	3,629,500	3,656,900	3,684,500	3,712,100	3,739,500	3,767,100	3,794,500	3,823,700
Contract Customers	329,100	330,400	331,000	332,300	332,900	334,200	335,400	336,100	337,300	338,000
Commercial	2,493,800	2,506,300	2,518,800	2,531,300	2,543,700	2,556,000	2,568,400	2,580,900	2,593,400	2,605,800
Restaurant	959,200	964,000	969,000	973,800	978,800	983,900	988,600	993,700	998,800	1,003,500
Laundry	23,300	23,300	23,300	23,300	23,300	23,300	23,300	23,300	23,300	23,300
Industrial	2,849,300	2,849,300	2,849,300	2,849,300	2,849,300	2,849,300	2,849,300	2,849,300	2,849,300	2,849,300
USN Pt. Mugu	116,500	116,500	116,500	116,500	116,500	116,500	116,500	116,500	116,500	116,500
USN CBC/NBVC-PH	326,500	326,500	326,500	326,500	326,500	326,500	326,500	326,500	326,500	326,500
Port Hueneme	949,200	949,200	949,200	949,200	949,200	949,200	949,200	949,200	949,200	949,200
Total	22,956,200	23,058,500	23,160,900	23,264,500	23,367,400	23,471,300	23,575,600	23,679,700	23,784,500	23,890,900

CITY OF OXNARD, CALIFORNIA
RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Line No.	Description	Projected O&M Expenses									
		FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund 611 WW Collection Operating Fund											
Div 01 Source Control / Services											
1	Salaries and Wages	727,800	727,800	742,300	757,100	772,200	787,600	803,400	819,500	836,000	852,800
2	Contractual Services	46,600	46,600	47,500	48,500	49,500	50,500	51,500	52,500	53,500	54,600
3	Operating Supplies	19,000	19,000	19,500	20,000	20,500	21,000	21,500	22,000	22,500	23,000
4	Utilities	7,300	7,300	7,600	7,900	8,200	8,500	8,800	9,200	9,600	10,000
5	General and Administrative	856,100	858,500	884,500	911,100	938,600	966,800	995,800	1,025,700	1,056,400	1,088,100
6	Maintenance Services	24,000	24,000	25,000	26,000	27,000	28,100	29,200	30,400	31,600	32,900
7	Subtotal Div 01	1,680,800	1,683,200	1,726,400	1,770,600	1,816,000	1,862,500	1,910,200	1,959,300	2,009,600	2,061,400
Div 02 Storm Water Quality Management											
8	Salaries and Wages	420,700	420,700	429,100	437,600	446,300	455,100	464,200	473,400	482,900	492,500
9	Contractual Services	81,200	81,200	82,800	84,400	86,100	87,800	89,500	91,300	93,100	94,900
10	Operating Supplies	53,900	53,900	54,900	56,000	57,100	58,200	59,300	60,400	61,600	62,800
11	General and Administrative	174,300	174,300	179,500	184,800	190,400	196,100	201,900	207,800	213,900	220,200
12	Maintenance Services	10,000	10,000	10,400	10,800	11,200	11,600	12,100	12,600	13,100	13,600
13	Subtotal Div 02	740,100	740,100	756,700	773,600	791,100	808,800	827,000	845,500	864,600	884,000
Div 03 Collection System Main & Upgrade											
14	Salaries and Wages	926,000	926,000	944,500	963,400	982,600	1,002,300	1,022,300	1,042,800	1,063,600	1,084,900
15	Contractual Services	52,100	52,100	53,100	54,100	55,100	56,200	57,300	58,400	59,500	60,600
16	Operating Supplies	139,800	139,800	142,600	145,500	148,500	151,600	154,700	157,900	161,100	164,400
17	General and Administrative	610,500	610,500	632,600	655,500	679,300	704,000	729,400	755,700	783,000	811,500
18	Maintenance Services	29,200	29,200	30,400	31,600	32,800	34,100	35,400	36,800	38,200	39,700
19	Subtotal Div 03	1,757,600	1,757,600	1,803,200	1,850,100	1,898,300	1,948,200	1,999,100	2,051,600	2,105,400	2,161,100
Div 07 Storm Water Flood Control											
20	Salaries and Wages	212,700	212,700	217,000	221,300	225,700	230,100	234,700	239,300	244,000	248,800
21	Contractual Services	75,500	75,500	77,000	78,500	80,100	81,700	83,300	85,000	86,700	88,400
22	Operating Supplies	24,100	24,100	24,500	25,000	25,500	26,000	26,600	27,200	27,800	28,400
23	Utilities	194,300	194,300	202,000	210,000	218,300	226,900	235,900	245,200	254,900	265,000
24	General and Administrative	60,000	60,000	61,900	63,800	65,700	67,700	69,700	71,700	73,900	76,100
25	Maintenance Services	21,200	21,200	22,000	22,900	23,800	24,800	25,800	26,800	27,900	29,000
26	Subtotal Div 07	587,800	587,800	604,400	621,500	639,100	657,200	676,000	695,200	715,200	735,700
27	Total WWC O&M Expense	4,766,300	4,768,700	4,890,700	5,015,800	5,144,500	5,276,700	5,412,300	5,551,600	5,694,800	5,842,200
Fund 621 WW Treatment Operating Fund											
Div 01 Laboratory Services											
28	Salaries and Wages	611,700	611,700	624,000	636,400	649,100	662,100	675,400	688,900	702,800	716,900
29	Contractual Services	362,900	362,900	370,100	377,400	385,000	392,700	400,500	408,400	416,600	424,900
30	Operating Supplies	47,000	47,000	48,000	49,000	50,100	51,200	52,300	53,400	54,500	55,600
31	Utilities	32,000	32,000	33,200	34,500	35,800	37,200	38,600	40,100	41,600	43,200
32	General and Administrative	448,300	448,300	461,700	475,400	489,500	504,000	518,900	534,200	550,000	566,300
33	Maintenance Services	4,200	4,200	4,400	4,600	4,800	5,000	5,200	5,400	5,600	5,800
34	Subtotal Div 01	1,506,100	1,506,100	1,541,400	1,577,300	1,614,300	1,652,200	1,690,900	1,730,400	1,771,100	1,812,700
Div 02 Treatment Services											
35	Salaries and Wages	2,257,900	2,257,800	2,302,900	2,348,900	2,395,900	2,443,800	2,492,700	2,542,500	2,593,200	2,645,100
36	Contractual Services	151,400	151,400	154,500	157,700	160,900	164,200	167,500	170,900	174,300	177,800
37	Operating Supplies	933,000	933,000	951,700	970,800	990,200	1,010,000	1,030,200	1,050,800	1,071,800	1,093,200
38	Utilities	2,556,900	2,556,900	2,659,200	2,765,700	2,876,300	2,991,400	3,110,900	3,235,400	3,364,900	3,499,400
39	General and Administrative	553,200	553,100	569,800	586,900	604,500	622,400	641,100	660,200	679,900	700,100
40	Maintenance Services	12,400	12,400	12,800	13,200	13,700	14,200	14,700	15,200	15,700	16,200
41	Subtotal Div 02	6,464,800	6,464,600	6,650,900	6,843,200	7,041,500	7,246,000	7,457,100	7,675,000	7,899,800	8,131,800
Div 05 Treatment System Maintenance-Upgrades											
42	Salaries and Wages	1,691,700	1,691,700	1,725,500	1,759,900	1,795,000	1,830,900	1,867,600	1,905,000	1,943,100	1,982,000
43	Contractual Services	234,300	234,300	238,900	243,600	248,400	253,200	258,100	263,200	268,400	273,700
44	Operating Supplies	772,700	772,700	788,200	803,900	819,900	836,300	852,900	870,000	887,500	905,200
45	Utilities	37,800	37,800	39,300	40,900	42,600	44,300	46,000	47,800	49,800	51,800
46	General and Administrative	409,600	415,000	427,600	440,400	453,700	467,300	481,200	495,700	510,500	525,600
47	Maintenance Services	116,200	116,200	120,800	125,700	130,700	136,000	141,500	147,200	153,100	159,200
48	Security Costs	320,200	321,800	323,500	325,100	326,800	328,500	330,200	331,800	333,500	335,200
49	Subtotal Div 05	3,582,500	3,589,500	3,663,800	3,739,500	3,817,100	3,896,500	3,977,500	4,060,700	4,145,900	4,232,700
50	Total WWT O&M Expense	11,553,400	11,560,200	11,856,100	12,160,000	12,472,900	12,794,700	13,125,500	13,466,100	13,816,800	14,177,200
51	Total O&M Expense	16,319,700	16,328,900	16,746,800	17,175,800	17,617,400	18,071,400	18,537,800	19,017,700	19,511,600	20,019,400

Description	Projected CIP Financing Plan										
	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	
Capital Fund 613											
Beginning Balance	465,300	77,900	254,000	304,400	45,300	39,900	199,800	14,600	58,100	144,800	
Sources of Funds											
Collection Connection Fees	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	
Revenue Bond Proceeds	5,000,000	0	7,600,000	4,500,000	4,500,000	7,800,000	10,000,000	4,500,000	9,000,000	5,500,000	
Transfer from Operating Funds	4,500,000	4,500,000	600,000	1,000,000	1,000,000	2,000,000	1,500,000	2,000,000	2,500,000	1,500,000	
Interest Income	6,800	4,100	7,000	4,400	1,100	3,000	2,700	900	2,500	3,600	
Total Sources of Funds	10,006,800	5,004,100	8,707,000	6,004,400	6,001,100	10,303,000	12,002,700	7,000,900	12,002,500	7,503,600	
Uses of Funds											
Collection Capital Improvement Projects	8,410,000	4,326,000	6,970,200	5,157,700	4,952,400	8,462,500	10,089,700	5,903,300	10,007,500	6,262,900	
Storm Drain Capital Improvement Projects	0	0	0	0	0	0	0	0	0	0	
Bond Issuance Expense	75,000	0	114,000	67,500	67,500	117,000	150,000	67,500	135,000	82,500	
Bond Reserve Fund Requirement	344,000	0	522,900	309,600	309,600	536,700	688,100	309,600	619,200	378,400	
Capitalized Interest	530,000	0	805,700	477,000	477,000	826,900	1,060,100	477,000	954,100	583,000	
Transfer to Operating Funds	750,000	250,000	0	0	0	0	0	0	0	0	
Developers Reimbursement	285,200	252,000	243,800	251,700	200,000	200,000	200,000	200,000	200,000	200,000	
Total Uses of Funds	10,384,200	4,828,000	8,656,600	6,263,500	6,006,500	10,143,100	12,187,900	6,957,400	11,915,800	7,506,800	
Ending Balance	77,900	254,000	304,400	45,300	39,900	199,800	14,600	58,100	144,800	141,600	
Capital Fund 621											
Beginning Balance	513,100	532,300	420,100	572,000	873,300	700,600	1,506,700	1,549,900	1,017,700	1,077,000	
Sources of Funds											
Treatment Connection Fees	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	
Revenue Bond Proceeds	5,500,000	9,200,000	11,300,000	28,000,000	16,000,000	19,500,000	14,000,000	0	0	0	
Transfer from Operating Funds	0	0	0	0	3,000,000	2,000,000	0	5,000,000	2,000,000	2,500,000	
Interest Income	13,100	11,900	12,400	18,100	19,700	27,600	38,200	32,100	26,200	32,800	
Total Sources of Funds	6,713,100	10,411,900	12,512,400	29,218,100	20,219,700	22,727,600	15,238,200	6,232,100	3,226,200	3,732,800	
Uses of Funds											
Treatment Capital Improvement Projects	2,450,000	6,386,000	9,123,800	22,510,200	16,263,600	17,128,300	12,537,600	6,764,300	3,166,900	3,261,900	
Bond Issuance Expense	82,500	138,000	169,500	420,000	240,000	292,500	210,000	0	0	0	
Bond Reserve Fund Requirement	378,400	633,000	777,500	1,926,600	1,100,900	1,341,700	963,300	0	0	0	
Capitalized Interest	583,000	975,300	1,197,900	2,968,200	1,696,100	2,067,200	1,484,100	0	0	0	
Repayment of Water Loan	0	218,400	218,400	218,400	218,400	218,400	0	0	0	0	
Repayment of 611 Loan	0	873,400	873,400	873,400	873,400	873,400	0	0	0	0	
Transfer to Operating Funds	3,200,000	1,300,000	0	0	0	0	0	0	0	0	
Total Uses of Funds	6,693,900	10,524,100	12,360,500	28,916,800	20,392,400	21,921,500	15,195,000	6,764,300	3,166,900	3,261,900	
Ending Balance	532,300	420,100	572,000	873,300	700,600	1,506,700	1,549,900	1,017,700	1,077,000	1,547,900	

CITY OF OXNARD, CALIFORNIA
RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Line No.	Description	Projected Operating Fund Financing Plan											
		FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19		
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Revenue													
1	WWC Revenue Under Existing Rates	7,326,100	7,361,100	7,396,900	7,432,400	7,468,300	7,503,900	7,539,700	7,576,000	7,612,000	7,649,000		
2	WWT Revenue Under Existing Rates	15,301,000	15,366,900	15,433,000	15,499,800	15,566,200	15,633,200	15,700,500	15,767,600	15,835,200	15,903,800		
Additional Revenue Required:													
		Months Effective											
3	FY09/10	8.0%	12	586,100	588,900	591,800	594,600	597,500	600,300	603,200	606,100	609,000	611,900
4	FY10/11	8.0%	12	1,224,100	1,229,400	1,234,600	1,240,000	1,245,300	1,250,700	1,256,000	1,261,400	1,266,800	1,272,300
5	FY11/12	8.0%	12	636,000	639,100	642,200	645,300	648,400	651,500	654,600	657,700	660,800	663,900
6	FY12/13	8.0%	12	1,327,700	1,333,400	1,339,200	1,344,900	1,350,700	1,356,500	1,362,300	1,368,200	1,374,100	1,380,000
7	FY13/14	18.0%	12	1,553,000	1,560,500	1,568,000	1,575,500	1,583,000	1,590,500	1,598,000	1,605,500	1,613,000	1,620,500
8	FY14/15	18.0%	12	3,240,200	3,254,200	3,268,200	3,282,200	3,296,200	3,310,200	3,324,200	3,338,200	3,352,200	3,366,200
9	FY15/16	16.0%	12	1,636,800	1,644,700	1,652,600	1,660,500	1,668,400	1,676,300	1,684,200	1,692,100	1,700,000	1,707,900
10	FY16/17	16.0%	12	3,413,300	3,427,900	3,442,500	3,457,100	3,471,700	3,486,300	3,500,900	3,515,500	3,530,100	3,544,700
11	FY17/18	4.0%	12	477,000	479,200	481,400	483,600	485,800	488,000	490,200	492,400	494,600	496,800
12	FY18/19	4.0%	12	994,100	998,400	1,002,700	1,007,000	1,011,300	1,015,600	1,019,900	1,024,200	1,028,500	1,032,800
13	Total Revenue From Rates	6.0%	12	747,600	751,200	754,800	758,400	762,000	765,600	769,200	772,800	776,400	780,000
14	Other WW Collection Revenue	6.0%	12	1,557,500	1,564,200	1,570,900	1,577,600	1,584,300	1,591,000	1,597,700	1,604,400	1,611,100	1,617,800
15	Sewer Code Enforcement Fees	6.0%	12	796,200	800,100	804,000	807,900	811,800	815,700	819,600	823,500	827,400	831,300
16	Sewer Maintenance Charges	6.0%	12	1,658,000	1,665,100	1,672,200	1,679,300	1,686,400	1,693,500	1,700,600	1,707,700	1,714,800	1,721,900
17	Contract Customers	6.0%	12	800,100	803,900	807,700	811,500	815,300	819,100	822,900	826,700	830,500	834,300
18	Discharge Permit Fees	6.0%	12	1,665,100	1,672,200	1,679,300	1,686,400	1,693,500	1,700,600	1,707,700	1,714,800	1,721,900	1,729,000
19	Penalties and Forfeitures	6.0%	12	800,100	803,900	807,700	811,500	815,300	819,100	822,900	826,700	830,500	834,300
20	Other WW Treatment Revenue	6.0%	12	1,658,000	1,665,100	1,672,200	1,679,300	1,686,400	1,693,500	1,700,600	1,707,700	1,714,800	1,721,900
21	Laboratory Service Fees	6.0%	12	800,100	803,900	807,700	811,500	815,300	819,100	822,900	826,700	830,500	834,300
22	Security & Contamination Prev	6.0%	12	1,658,000	1,665,100	1,672,200	1,679,300	1,686,400	1,693,500	1,700,600	1,707,700	1,714,800	1,721,900
23	Storm Water Reimbursements	6.0%	12	800,100	803,900	807,700	811,500	815,300	819,100	822,900	826,700	830,500	834,300
24	Other Revenue	6.0%	12	1,658,000	1,665,100	1,672,200	1,679,300	1,686,400	1,693,500	1,700,600	1,707,700	1,714,800	1,721,900
25	Total Revenue	6.0%	12	26,577,900	28,447,100	33,332,900	38,652,700	40,367,600	42,858,100	45,518,900	48,299,300	51,219,000	54,374,000
Revenue Requirements													
<u>Operation and Maintenance Expense</u>													
<u>WWC O&M Expenses</u>													
26	Source Control / Services	1,680,800	1,683,200	1,726,400	1,770,600	1,816,000	1,862,500	1,910,200	1,959,300	2,009,600	2,061,400		
27	Collection System Maint & Upgrade	1,757,600	1,757,600	1,803,200	1,850,100	1,898,300	1,948,200	1,999,100	2,051,600	2,105,400	2,161,100		
<u>WWT O&M Expenses</u>													
28	Laboratory Services	1,506,100	1,506,100	1,541,400	1,577,300	1,614,300	1,652,200	1,690,900	1,730,400	1,771,100	1,812,700		
29	Treatment Services	6,464,800	6,464,800	6,650,900	6,843,200	7,041,500	7,246,000	7,457,100	7,675,000	7,899,800	8,131,800		
30	Treatment System Maint & Upgrade	3,582,500	3,589,500	3,663,800	3,739,500	3,817,100	3,896,500	3,977,500	4,060,700	4,145,900	4,232,700		
<u>Storm Water Expenses</u>													
31	Storm Water Quality Mgmt	740,100	740,100	756,700	773,600	791,100	808,800	827,000	845,500	864,600	884,000		
32	Storm Water Flood Control	587,800	587,800	604,400	621,500	639,100	657,200	676,000	695,200	715,200	735,700		
33	Total O&M Expense	16,319,700	16,328,900	16,746,800	17,175,800	17,617,400	18,071,400	18,537,800	19,017,700	19,511,600	20,019,400		
34	Routine Capital Outlay	117,500	117,500	117,500	117,500	117,500	117,500	117,500	117,500	117,500	117,500		
35	Asset Management Activities	1,500,000	1,030,000	1,856,600	2,185,400	3,939,300	5,796,300	5,970,200	6,764,300	6,967,200	7,176,200		
36	Total RCO Expense	1,617,500	1,147,500	1,974,100	2,302,900	4,056,800	5,913,800	6,087,700	6,881,800	7,084,700	7,293,700		
<u>Debt Service</u>													
Existing													
37	2003 Wastewater Revenue Refunding	3,667,100	3,666,800	3,669,800	3,667,100	3,668,600	3,667,300	3,669,000	3,665,300	3,669,500	3,666,000		
38	2004A Wastewater Revenue Bond	4,087,700	4,087,700	4,087,700	4,087,700	4,087,700	4,087,700	4,087,700	4,087,700	4,087,700	4,087,700		
39	2004B Wastewater Revenue Bond	1,770,100	1,761,400	1,746,600	1,741,100	1,729,300	1,716,600	1,707,800	1,697,800	1,681,700	1,674,500		
40	2006 Wastewater Revenue Bond	794,900	796,100	796,700	796,300	795,500	799,300	797,500	795,300	796,900	797,800		
41	Reimbursement to Other Funds	477,600	0	0	0	0	0	0	0	0	0		
42	From Fund 613 for Debt Service	(750,000)	(250,000)	0	0	0	0	0	0	0	0		
43	From Fund 623 for Debt Service	(3,200,000)	(1,300,000)	0	0	0	0	0	0	0	0		
44	Loan Repayment from Water to 611	0	873,400	873,400	873,400	873,400	873,400	873,400	873,400	873,400	873,400		
Proposed													
45	WWC Revenue Bonds	0	0	200,700	344,000	649,000	1,047,500	1,357,100	1,799,200	2,424,200	2,891,500		
46	WWT Revenue Bonds	0	0	220,700	747,700	1,464,900	2,912,800	4,357,700	5,599,100	6,720,000	7,121,400		
47	Total Debt Service	6,847,400	9,635,400	11,595,600	12,257,300	13,268,400	15,104,600	15,976,800	17,644,400	19,380,000	20,238,900		
<u>Transfers</u>													
<u>Required</u>													
48	WWC Infrastructure Use Fee	470,800	470,800	470,800	470,800	470,800	470,800	470,800	470,800	470,800	470,800		
49	WWT Infrastructure Use Fee	380,300	380,300	380,300	380,300	380,300	380,300	380,300	380,300	380,300	380,300		
<u>Optional</u>													
50	Transfer to WWC Capital Fund	4,500,000	4,500,000	600,000	1,000,000	1,000,000	2,000,000	1,500,000	2,000,000	2,500,000	1,500,000		
51	Transfer to WWT Capital Fund	0	0	0	0	3,000,000	2,000,000	0	5,000,000	2,000,000	2,500,000		
52	Total Transfers	5,351,100	5,351,100	1,451,100	1,851,100	4,851,100	4,851,100	4,351,100	7,000,000	7,351,100	9,351,100		
53	Total Revenue Requirements	30,135,700	32,462,900	31,767,600	33,587,100	39,793,700	43,940,900	44,953,400	53,395,000	53,327,400	56,903,100		
Operating Fund Balance													
54	Net Annual Cash Balance	(3,557,800)	(4,015,800)	1,565,300	5,065,600	573,900	(1,082,800)	565,500	(5,095,700)	(2,108,400)	(2,529,100)		
55	Beginning Fund Balance	12,790,000	9,232,200	5,216,400	6,781,700	11,847,300	12,421,200	11,338,400	11,903,900	6,808,200	4,699,800		
56	Net Cumulative Fund Balance	9,232,200	5,216,400	6,781,700	11,847,300	12,421,200	11,338,400	11,903,900	6,808,200	4,699,800	2,170,700		
57	Target Reserve (25% of O&M)	4,079,900	4,082,200	4,186,700	4,294,000	4,404,400	4,517,900	4,634,500	4,754,400	4,877,900	5,004,900		
58	Debt Service Coverage	122%	115%	128%	161%	144%	127%	125%	122%	123%	130%		

Appendix C – Environmental Resources

APPENDICES

CITY OF OXNARD, CALIFORNIA RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Customer Class	Projected									
	FY09/10 Units	FY10/11 Units	FY11/12 Units	FY12/13 Units	FY13/14 Units	FY14/15 Units	FY15/16 Units	FY16/17 Units	FY17/18 Units	FY18/19 Units
Residential										
Single Unit	30,528	30,833	31,141	31,764	32,399	33,047	33,377	33,711	34,048	34,388
Second Unit	790	798	806	822	838	855	864	873	882	891
Third Unit	181	183	185	189	193	197	199	201	203	205
Multi Unit	1,879	1,898	1,917	1,955	1,994	2,034	2,054	2,075	2,096	2,117
65 Gal Cont.	1,368	1,382	1,396	1,424	1,452	1,481	1,496	1,511	1,526	1,541
Extra Container	5,084	5,135	5,186	5,238	5,290	5,343	5,356	5,369	5,382	5,395
Subtotal	39,830	40,229	40,631	41,392	42,166	42,957	43,346	43,740	44,137	44,537
Commercial										
2 Cu. Yards										
x1	633	633	633	635	637	639	641	643	645	647
x2	399	399	399	400	401	402	403	404	405	406
x3	119	119	119	119	119	119	119	119	119	119
x4	44	44	44	44	44	44	44	44	44	44
x5	29	29	29	29	29	29	29	29	29	29
x6	15	15	15	15	15	15	15	15	15	15
4 Cu. Yards										
x1	457	457	457	458	459	460	461	462	463	464
x2	523	523	523	524	525	526	527	528	529	530
x3	414	414	414	415	416	417	418	419	420	421
x4	140	140	140	140	140	140	140	140	140	140
x5	88	88	88	88	88	88	88	88	88	88
x6	106	106	106	106	106	106	106	106	106	106
95 Gal Cont.										
1 Auto	271	271	271	272	273	274	275	276	277	278
2 Auto	46	46	46	46	46	46	46	46	46	46
105 Gal Cont.										
3 Auto	11	11	11	11	11	11	11	11	11	11
4 Auto	9	9	9	9	9	9	9	9	9	9
5 Auto	1	1	1	1	1	1	1	1	1	1
95 Gal Recycle										
1 Auto	4	4	4	4	4	4	4	4	4	4
2 Cu. Yards										
Compactor										
x1	0	0	0	0	0	0	0	0	0	0
x2	2	2	2	2	2	2	2	2	2	2
x3	0	0	0	0	0	0	0	0	0	0
x4	0	0	0	0	0	0	0	0	0	0
x5	0	0	0	0	0	0	0	0	0	0
x6	0	0	0	0	0	0	0	0	0	0
2 Cu. Yards										
Shared										
x1	6	6	6	6	6	6	6	6	6	6
x2	20	20	20	20	20	20	20	20	20	20
x3	11	11	11	11	11	11	11	11	11	11
x4	77	77	77	77	77	77	77	77	77	77
x5	0	0	0	0	0	0	0	0	0	0
x6	0	0	0	0	0	0	0	0	0	0
4 Cu. Yards										
Shared										
x1	7	7	7	7	7	7	7	7	7	7
x2	27	27	27	27	27	27	27	27	27	27
x3	19	19	19	19	19	19	19	19	19	19
x4	4	4	4	4	4	4	4	4	4	4
x5	0	0	0	0	0	0	0	0	0	0
x6	2	2	2	2	2	2	2	2	2	2
4 Cu. Yards										
Compactor										
x1	1	1	1	1	1	1	1	1	1	1
x2	1	1	1	1	1	1	1	1	1	1
x3	1	1	1	1	1	1	1	1	1	1
x4	0	0	0	0	0	0	0	0	0	0
x5	0	0	0	0	0	0	0	0	0	0
x6	1	1	1	1	1	1	1	1	1	1
95 Gal Cont.										
2 Auto	1	1	1	1	1	1	1	1	1	1
105 Gal Cont.										
5 Auto x2	1	1	1	1	1	1	1	1	1	1
2 Cu. Yards										
Recycle Shared										
x1	2	2	2	2	2	2	2	2	2	2
x2	0	0	0	0	0	0	0	0	0	0
x3	0	0	0	0	0	0	0	0	0	0
x4	0	0	0	0	0	0	0	0	0	0
x5	0	0	0	0	0	0	0	0	0	0
x6	0	0	0	0	0	0	0	0	0	0
4 Cu. Yards										
Recycle Shared										
x1	0	0	0	0	0	0	0	0	0	0
x2	2	2	2	2	2	2	2	2	2	2
x3	0	0	0	0	0	0	0	0	0	0
x4	0	0	0	0	0	0	0	0	0	0
x5	0	0	0	0	0	0	0	0	0	0
x6	0	0	0	0	0	0	0	0	0	0
2 Cu. Yards										
Recycle										
x1	161	161	161	161	161	161	161	161	161	161
x2	48	48	48	48	48	48	48	48	48	48
x3	15	15	15	15	15	15	15	15	15	15
x4	4	4	4	4	4	4	4	4	4	4
x5	1	1	1	1	1	1	1	1	1	1
x6	1	1	1	1	1	1	1	1	1	1
4 Cu. Yards										
Recycle										
x1	115	115	115	115	115	115	115	115	115	115
x2	73	73	73	73	73	73	73	73	73	73
x3	58	58	58	58	58	58	58	58	58	58
x4	8	8	8	8	8	8	8	8	8	8
x5	13	13	13	13	13	13	13	13	13	13
x6	1	1	1	1	1	1	1	1	1	1

APPENDICES

CITY OF OXNARD, CALIFORNIA RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Customer Class		Projected									
		FY09/10 Units	FY10/11 Units	FY11/12 Units	FY12/13 Units	FY13/14 Units	FY14/15 Units	FY15/16 Units	FY16/17 Units	FY17/18 Units	FY18/19 Units
2 Cu. Yards Recycle											
Compactor	x1	0	0	0	0	0	0	0	0	0	0
	x2	0	0	0	0	0	0	0	0	0	0
	x3	0	0	0	0	0	0	0	0	0	0
	x4	0	0	0	0	0	0	0	0	0	0
	x5	0	0	0	0	0	0	0	0	0	0
	x6	0	0	0	0	0	0	0	0	0	0
4 Cu. Yards Recycle											
Compactor	x1	0	0	0	0	0	0	0	0	0	0
	x2	0	0	0	0	0	0	0	0	0	0
	x3	0	0	0	0	0	0	0	0	0	0
	x4	0	0	0	0	0	0	0	0	0	0
	x5	0	0	0	0	0	0	0	0	0	0
	x6	0	0	0	0	0	0	0	0	0	0
Subtotal		3,992	3,992	3,992	3,999	4,006	4,013	4,020	4,027	4,034	4,041
		Projected									
		FY09/10 Units	FY10/11 Units	FY11/12 Units	FY12/13 Units	FY13/14 Units	FY14/15 Units	FY15/16 Units	FY16/17 Units	FY17/18 Units	FY18/19 Units
Industrial											
13.4 Cu. Yards Recycle & GW		5	5	5	5	5	5	5	5	5	5
30 Cu. Yards Compactor		18	18	18	18	18	18	18	18	18	18
30 Cu. Yards Compactor Rec & GW		1	1	1	1	1	1	1	1	1	1
30 Cu. Yards		78	78	78	78	78	78	78	78	78	78
30 Cu. Yards Rec & GW		5	5	5	5	5	5	5	5	5	5
13.4 Cu. Yards	x3	25	25	25	25	25	25	25	25	25	25
10 Cu. Yards	x4	1	1	1	1	1	1	1	1	1	1
40 Cu. Yards Compactor		23	23	23	23	23	23	23	23	23	23
40 Cu. Yards Compactor Rec & GW		2	2	2	2	2	2	2	2	2	2
Transfer Trailer		2	2	2	2	2	2	2	2	2	2
Subtotal		160	160	160	160	160	160	160	160	160	160
		Projected									
		FY09/10 Pick-Ups	FY10/11 Pick-Ups	FY11/12 Pick-Ups	FY12/13 Pick-Ups	FY13/14 Pick-Ups	FY14/15 Pick-Ups	FY15/16 Pick-Ups	FY16/17 Pick-Ups	FY17/18 Pick-Ups	FY18/19 Pick-Ups
Industrial											
13.4 Cu. Yards Recycle & GW		36	36	36	36	36	36	36	36	36	36
30 Cu. Yards Compactor		840	840	840	840	840	840	840	840	840	840
30 Cu. Yards Compactor Rec & GW		12	12	12	12	12	12	12	12	12	12
30 Cu. Yards		3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840
30 Cu. Yards Rec & GW		72	72	72	72	72	72	72	72	72	72
13.4 Cu. Yards	x3	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
10 Cu. Yards	x4	60	60	60	60	60	60	60	60	60	60
40 Cu. Yards Compactor		1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140
40 Cu. Yards Compactor Rec & GW		12	12	12	12	12	12	12	12	12	12
Transfer Trailer		960	960	960	960	960	960	960	960	960	960
Subtotal		8,772	8,772	8,772	8,772	8,772	8,772	8,772	8,772	8,772	8,772

Line No.	Customer Class	Projected Revenues Under Existing Rates																			
		FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19										
	Residential																				
1	Residential Pickup	10,280,100	10,383,200	10,487,000	10,696,700	10,910,300	11,128,600	11,239,900	11,352,600	11,466,200	11,580,700										
2	Extra Container	618,600	624,800	631,000	637,300	643,700	650,100	651,700	653,300	654,800	656,400										
	Commercial																				
3	FEL - 2 Cu. Yards	2,955,100	2,955,100	2,955,100	2,960,100	2,965,200	2,970,400	2,975,500	2,980,600	2,985,700	2,990,800										
4	FEL - 4 Cu. Yards	8,271,700	8,271,700	8,271,700	8,282,800	8,294,000	8,305,200	8,316,300	8,327,500	8,338,600	8,349,900										
5	Comm Hand Load 35-55 Gal	166,900	166,900	166,900	167,300	167,700	168,100	168,500	168,900	169,300	169,800										
	Industrial																				
6	13.4 Cu. Yards	234,200	234,200	234,200	234,200	234,200	234,200	234,200	234,200	234,200	234,200										
7	30 Cu. Yards	844,300	844,300	844,300	844,300	844,300	844,300	844,300	844,300	844,300	844,300										
8	40 Cu. Yards	278,300	278,300	278,300	278,300	278,300	278,300	278,300	278,300	278,300	278,300										
9	10 Cu. Yards	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700	7,700										
10	Transfer Trailer	339,100	339,100	339,100	339,100	339,100	339,100	339,100	339,100	339,100	339,100										
11	Total	23,996,000	24,105,300	24,215,300	24,447,800	24,684,500	24,926,000	25,065,500	25,186,500	25,318,200	25,451,200										
	MRF Revenues																				
12	Del Norte Host Fee [1]	21,700	21,700	21,700	21,700	21,700	21,700	21,700	21,700	21,700	21,700										
13	Del Norte Tipping Fee [2]	5,598,400	5,598,400	5,598,400	5,598,400	5,598,400	5,598,400	5,598,400	5,598,400	5,598,400	5,598,400										
14	30 Cu. Yd Pass-Thru [3]	780,000	780,000	780,000	780,000	780,000	780,000	780,000	780,000	780,000	780,000										
15	13.4 Cu. Yd Pass-Thru [3]	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000										
16	Industrial Special Pickup Pass-Thru [3]	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000										
17	Walking Floor Trailer Pass-Thru [3]	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000										

[1] The Del Norte Host Fee represents an additional \$2.00 per ton charge to permitted haulers and self-haulers who collect solid waste outside the City limits and deliver it to the Del Norte Facility.
 [2] The Tipping Fee represents revenue received from permitted haulers and self-haulers delivering waste to the Del Norte Facility. The Del Norte Facility charges a tip fee to haulers to primarily cover the cost of landfill disposal, processing the waste at the Facility, and transporting the waste to the landfill. The current fee is \$44.10 per ton.
 [3] The line items that have pass-through represent the charge for disposal. For example, a customer that request the use of a 30-yard industrial rolloff container will pay a fee for the use of the 30 yard container and a separate fee representing the disposal charge. The disposal charge is the rate charged at Del Norte for tipping waste - \$44.10 per ton.

CITY OF OXNARD, CALIFORNIA
RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Line No.	Description	Projected O&M Expenses									
		FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund 631 Solid Waste Operating											
Div 01 Solid Waste Planning											
1	Salaries and Wages	710,900	710,900	725,100	739,600	754,400	769,400	784,800	800,400	816,400	832,700
2	Contractual Services	214,400	214,400	218,700	223,100	227,600	232,100	236,700	241,400	246,200	251,100
3	Operating Supplies	5,000	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,800
4	Utilities	43,400	43,400	45,100	46,800	48,700	50,600	52,600	54,700	56,800	59,100
5	General and Administrative	668,000	580,000	597,400	615,200	633,600	652,400	672,100	692,300	713,100	734,500
6	Maintenance Services	15,900	15,900	16,500	17,200	17,900	18,600	19,300	20,100	20,900	21,700
7	Subtotal Div 01	1,657,600	1,569,600	1,607,900	1,647,100	1,687,500	1,728,500	1,771,000	1,814,500	1,859,100	1,904,900
Div 02 Waste Reduction & Education											
8	Salaries and Wages	155,900	155,900	159,000	162,200	165,400	168,700	172,000	175,400	178,900	182,400
9	Contractual Services	152,800	152,800	155,800	158,900	162,100	165,300	168,600	171,900	175,300	178,800
10	Operating Supplies	11,000	11,000	11,200	11,400	11,600	11,800	12,000	12,200	12,400	12,600
11	General and Administrative	194,600	194,700	200,500	206,600	212,700	219,200	225,700	232,500	239,300	246,400
12	Maintenance Services	2,200	2,200	2,300	2,400	2,500	2,600	2,700	2,800	2,900	3,000
13	Subtotal Div 02	516,500	516,600	528,800	541,500	554,300	567,600	581,000	594,800	608,800	623,200
Div 04 Processing and Disposal											
14	Salaries and Wages	1,303,200	1,303,300	1,329,400	1,355,900	1,383,100	1,410,800	1,439,000	1,467,800	1,497,100	1,527,000
	Contractual Services										
15	Del Norte Related	6,550,000	6,550,000	6,746,500	6,948,900	7,157,300	7,372,100	7,593,300	7,821,100	8,055,800	8,297,500
16	All Other	1,960,300	1,960,300	2,019,700	2,079,700	2,142,100	2,206,400	2,272,600	2,340,700	2,411,000	2,483,300
17	Operating Supplies	11,000	11,000	11,200	11,400	11,600	11,800	12,000	12,200	12,400	12,600
	Utilities										
18	Del Norte Related	2,804,000	2,804,000	2,916,200	3,032,800	3,154,100	3,280,300	3,411,500	3,548,000	3,689,900	3,837,500
19	All Other	4,292,100	4,292,100	4,463,700	4,642,200	4,827,800	5,020,800	5,221,500	5,430,300	5,647,500	5,873,400
20	General and Administrative	1,000,500	1,000,500	1,030,500	1,061,300	1,093,300	1,126,100	1,159,800	1,194,600	1,230,300	1,267,100
21	Maintenance Services	1,090,300	1,090,300	1,133,900	1,179,300	1,226,500	1,275,600	1,326,600	1,379,700	1,434,900	1,492,300
22	Subtotal Div 03	19,011,400	19,011,500	19,650,600	20,311,500	20,995,800	21,703,900	22,436,300	23,194,400	23,978,900	24,790,700
Div 07 Residential Collection											
23	Salaries and Wages	1,864,900	1,865,000	1,902,300	1,940,400	1,979,200	2,018,900	2,059,300	2,100,500	2,142,500	2,185,400
24	Contractual Services	22,500	22,500	23,000	23,500	24,000	24,500	25,000	25,500	26,000	26,500
25	Operating Supplies	70,000	70,000	71,400	72,900	74,400	75,900	77,400	78,900	80,400	81,900
26	General and Administrative	300,000	300,100	309,000	318,200	327,700	337,500	347,500	357,800	368,500	379,500
27	Customer Billing Charges	309,600	309,600	318,900	328,500	338,400	348,600	359,100	369,900	381,000	392,400
28	Maintenance Services	1,329,000	1,329,000	1,382,200	1,437,500	1,495,000	1,554,800	1,617,000	1,681,700	1,749,000	1,819,000
29	Subtotal Div 07	3,896,000	3,896,200	4,006,800	4,121,000	4,238,700	4,360,200	4,485,300	4,614,300	4,747,400	4,884,700
Div 08 Commercial Collection											
30	Salaries and Wages	1,772,200	1,772,200	1,807,700	1,843,900	1,880,700	1,918,300	1,956,600	1,995,600	2,035,500	2,076,200
31	Contractual Services	19,500	19,500	19,900	20,300	20,700	21,200	21,700	22,200	22,700	23,200
32	Operating Supplies	167,000	167,000	197,700	229,600	262,900	298,100	334,400	371,800	410,300	449,000
33	General and Administrative	179,600	179,600	184,900	190,300	196,000	202,000	208,100	214,400	220,900	227,500
34	Customer Billing Charges	96,400	96,400	99,300	102,300	105,400	108,600	111,900	115,300	118,800	122,400
35	Maintenance Services	1,003,700	1,003,700	1,043,800	1,085,600	1,129,000	1,174,200	1,221,200	1,270,000	1,320,800	1,373,600
36	Subtotal Div 08	3,238,400	3,238,400	3,353,300	3,472,000	3,594,700	3,692,400	3,792,900	3,896,500	4,003,400	4,113,400
Div 09 Industrial Collection											
37	Salaries and Wages	734,400	734,400	749,200	764,200	779,500	795,100	810,900	827,100	843,700	860,600
38	Contractual Services	7,000	7,000	7,100	7,200	7,300	7,400	7,500	7,600	7,700	7,800
39	Operating Supplies	110,000	110,000	112,200	114,400	116,600	119,000	121,400	123,800	126,300	128,800
40	General and Administrative	120,200	120,100	123,600	127,200	131,100	135,000	139,100	143,200	147,500	151,900
41	Customer Billing Charges	101,500	101,500	104,500	107,600	110,800	114,100	117,500	121,000	124,600	128,300
42	Maintenance Services	589,500	589,500	613,100	637,600	663,100	689,600	717,200	745,900	775,700	806,700
43	Subtotal Div 09	1,662,600	1,662,500	1,709,700	1,758,200	1,808,400	1,860,200	1,913,600	1,968,600	2,025,500	2,084,100
Div 10 Inspection Services											
44	Salaries and Wages	369,800	369,800	377,100	384,500	392,100	399,900	407,800	415,900	424,100	432,500
45	Contractual Services	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
46	Operating Supplies	47,500	47,500	48,400	49,300	50,200	51,100	52,000	52,900	53,900	54,900
47	General and Administrative	65,400	65,400	67,400	69,400	71,500	73,600	75,800	78,000	80,300	82,600
48	Maintenance Services	11,600	11,600	12,100	12,600	13,100	13,600	14,100	14,700	15,300	15,900
49	Subtotal Div 10	495,300	495,300	506,000	516,800	527,900	539,200	550,700	562,500	574,600	586,900
Div 11 Container Maintenance											
50	Salaries and Wages	289,900	289,900	295,700	301,600	307,500	313,600	319,800	326,200	332,700	339,300
51	Operating Supplies	75,800	75,800	77,300	78,800	80,300	81,900	83,500	85,100	86,700	88,400
52	General and Administrative	55,000	55,000	56,700	58,400	60,200	62,000	63,900	65,800	67,800	69,800
53	Maintenance Services	17,600	17,700	18,400	19,100	19,800	20,600	21,500	22,400	23,300	24,200
54	Subtotal Div 11	438,300	438,400	448,100	457,900	467,800	478,100	488,700	499,500	510,500	521,700
55	Total O&M Expense	30,916,100	30,828,500	31,811,200	32,826,000	33,875,100	34,930,100	36,019,500	37,145,100	38,308,200	39,509,600

RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Line No.	Description	Projected CIP													Total 2005-2024		
		FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22		FY22/23	FY23/24
1	DNRRTS Replacement Project	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Fifth Street Drain	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Del Norte Facility Equipment	140,000	288,400	445,600	611,900	787,900	866,900	940,700	913,300	986,000	998,000	1,028,000	1,028,000	1,028,000	1,028,000	1,028,000	1,028,000
4	Residential Side-Loader	0	0	0	0	0	716,400	737,900	782,900	806,300	830,500	855,500	881,100	907,600	934,100	960,600	987,100
5	Commercial Front-Loaders	0	0	0	0	0	597,000	633,400	669,800	706,200	742,600	779,000	815,400	851,800	888,200	924,600	961,000
6	Roll-offs & Rocket	0	0	0	0	0	119,400	123,000	126,600	130,200	133,800	137,400	141,000	144,600	148,200	151,800	155,400
7	Tractor Transfer Vehicle	0	0	0	0	0	368,000	368,000	368,000	368,000	368,000	368,000	368,000	368,000	368,000	368,000	368,000
8	Trailer Transfer Vehicle	0	0	0	0	0	119,400	123,000	126,600	130,200	133,800	137,400	141,000	144,600	148,200	151,800	155,400
9	Authorized Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Asset Management - ER	80,000	82,400	169,700	262,300	450,200	597,000	614,900	632,800	650,700	668,600	686,500	704,400	722,300	740,200	758,100	776,000
11	Passenger Vehicles/Containers	0	0	0	0	0	477,600	491,900	506,200	520,500	534,800	549,100	563,400	577,700	592,000	606,300	620,600
12	Total Replacement Projects (Inflated)	220,000	370,800	615,300	874,200	1,238,100	3,462,600	3,320,600	3,673,700	3,522,900	3,897,400	3,737,400	4,134,800	3,965,200	4,386,600	4,217,000	4,618,400
13	Capital Improvement Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	MFR Second Processing Line	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Plant Addition & Expansion	120,000	247,200	381,900	524,500	676,300	828,100	979,900	1,131,700	1,283,500	1,435,300	1,587,100	1,738,900	1,890,700	2,042,500	2,194,300	2,346,100
16	Residential Side-Loader	100,000	206,000	318,300	437,100	562,800	688,500	814,200	939,900	1,065,600	1,191,300	1,317,000	1,442,700	1,568,400	1,694,100	1,819,800	1,945,500
17	Commercial Front-Loaders	20,000	41,200	63,700	87,400	112,600	137,800	163,000	188,200	213,400	238,600	263,800	289,000	314,200	339,400	364,600	389,800
18	Roll-offs & Rocket	0	0	0	0	0	347,800	347,800	347,800	347,800	347,800	347,800	347,800	347,800	347,800	347,800	347,800
19	Tractor Transfer Vehicle	20,000	41,200	63,700	87,400	112,600	137,800	163,000	188,200	213,400	238,600	263,800	289,000	314,200	339,400	364,600	389,800
20	Trailer Transfer Vehicle	80,000	164,800	254,800	345,700	450,200	597,000	614,900	632,800	650,700	668,600	686,500	704,400	722,300	740,200	758,100	776,000
21	Passenger Vehicles/Containers	196,000	206,900	254,800	345,700	450,200	597,000	614,900	632,800	650,700	668,600	686,500	704,400	722,300	740,200	758,100	776,000
22	Hansen Computer Upgrade	538,000	904,300	1,082,200	1,465,100	3,038,000	1,738,900	3,038,000	1,738,900	3,038,000	1,738,900	3,038,000	1,738,900	3,038,000	1,738,900	3,038,000	1,738,900
	Total Capital Improvement Projects (Inflated)	538,000	904,300	1,082,200	1,465,100	3,038,000	1,738,900	3,038,000	1,738,900	3,038,000	1,738,900	3,038,000	1,738,900	3,038,000	1,738,900	3,038,000	1,738,900

Line No.	Description	Projected CIP Financing Plan										
		FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	
1	Beginning Balance	\$ (5,600)	\$ 19,200	\$ 8,800	\$ 113,800	\$ 62,700	\$ 50,600	\$ 316,700	\$ 621,700	\$ 409,200	\$ 504,200	
	Sources of Funds											
2	Revenue Bond Proceeds	548,000	954,300	1,082,200	1,386,100	3,339,000	0	0	0	0	0	0
3	Transfer from Operating Fund	0	0	0	0	0	1,700,000					
4	Residential Split Container Fees	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
5	Residential Split Container Truck Fees	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
6	Residential GW Container Fees	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
7	Residential GW Container Truck Fees	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
8	Commercial 4-CY Container Fee	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
9	Commercial Front End Truck End	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
10	New SW Impact Fee	21,000	21,000	210,000	210,000	210,000	210,000	210,000	0	0	0	0
11	Total Sources of Funds	664,000	1,070,300	1,387,200	1,691,100	3,644,000	2,005,000	305,000	95,000	95,000	95,000	95,000
	Uses of Funds											
12	Capital Improvement Projects	538,000	904,300	1,082,200	1,486,100	3,039,000	1,738,900	0	307,500	0	0	0
13	Bond Issuance Expense	6,500	11,500	13,000	16,600	40,100	0	0	0	0	0	0
14	Bond Reserve Fund Requirement	94,700	164,900	187,000	239,500	577,000	0	0	0	0	0	0
15	Total Uses of Funds	639,200	1,080,700	1,282,200	1,742,200	3,656,100	1,738,900	0	307,500	0	0	0
16	Ending Balance	19,200	8,800	113,800	62,700	50,600	316,700	621,700	409,200	504,200	599,200	

CITY OF OXNARD, CALIFORNIA
RATE STUDY FOR WATER, WASTEWATER & ENVIRONMENTAL RESOURCES DIVISIONS

Line No.	Description	Projected Operating Fund Financial Plan									
		FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue											
1	<u>Revenue Under Existing Rates</u>	31,286,100	31,395,400	31,505,400	31,737,900	31,974,600	32,216,100	32,345,600	32,476,600	32,608,300	32,741,300
	Additional Revenue Required:										
	Year	Percent	Months Effective								
2	FY09/10	3.5%	12	1,095,000	1,098,800	1,102,700	1,110,800	1,119,100	1,127,600	1,132,100	1,136,700
3	FY10/11	3.5%	12		1,137,300	1,141,300	1,149,700	1,158,300	1,167,000	1,171,700	1,176,500
4	FY11/12	5.0%	12			1,687,500	1,699,900	1,712,600	1,725,500	1,732,500	1,739,500
5	FY12/13	5.0%	12				1,784,900	1,798,200	1,811,800	1,819,100	1,826,500
6	FY13/14	5.0%	12					1,888,100	1,902,400	1,910,100	1,917,800
7	FY14/15	5.0%	12						1,997,500	2,005,600	2,013,700
8	FY15/16	2.0%	12						842,300	845,700	849,200
9	FY16/17	2.0%	12							862,700	866,700
10	FY17/18	1.0%	12								441,700
11	FY18/19	1.0%	12								448,000
12	Total Revenue From Rates	32,381,100	33,631,500	35,436,900	37,483,200	39,650,900	41,947,900	42,959,000	43,995,700	44,615,700	45,245,700
<u>MFR Revenue</u>											
13	MFR Reimbursement	500,000	500,000	250,000	0	0	0	0	0	0	0
14	Construction Demolition Debris Fee	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
15	Security Fee	0	58,200	58,700	59,800	60,900	62,100	62,600	63,200	63,800	64,400
<u>Residential Collection</u>											
16	Residential Special Pickup Fee	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
17	Penalties and Forefeitures	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
18	Miscellaneous Revenue	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
<u>Commercial Collection</u>											
19	Commercial Special Pickup Fee	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
<u>Industrial Collection</u>											
20	Industrial Special Pickup Fee	378,300	378,300	378,300	378,300	378,300	378,300	378,300	378,300	378,300	378,300
21	Rental Charges/Day	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
<u>Other Revenue</u>											
22	Miscellaneous Revenue	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600	60,600
23	Interest - Restricted Reserve Fund	135,100	140,900	149,500	159,600	176,500	0	0	0	0	0
24	Total Other Revenue	1,764,000	1,828,000	1,587,100	1,348,300	1,366,300	1,191,000	1,191,500	1,192,100	1,192,700	1,193,300
25	Total Revenue	34,145,100	35,459,500	37,024,000	38,831,500	41,017,200	43,138,900	44,150,500	45,187,800	45,808,400	46,439,000
Revenue Requirements											
<u>Operation and Maintenance Expense</u>											
26	Solid Waste Planning	1,657,600	1,569,600	1,607,900	1,647,100	1,687,500	1,728,500	1,771,000	1,814,500	1,859,100	1,904,900
27	Waste Reduction & Education	516,500	516,600	528,800	541,500	554,300	567,600	581,000	594,800	608,800	623,200
28	Processing and Disposal	19,011,400	19,011,500	19,650,600	20,311,500	20,995,800	21,703,900	22,436,300	23,194,400	23,978,900	24,790,700
29	Residential Collection	3,896,000	3,896,200	4,006,800	4,121,000	4,238,700	4,360,200	4,485,300	4,614,300	4,747,400	4,884,700
30	Commercial Collection	3,238,400	3,238,400	3,353,300	3,472,000	3,594,700	3,692,400	3,792,900	3,896,500	4,003,400	4,113,400
31	Industrial Collection	1,662,600	1,662,500	1,709,700	1,758,200	1,808,400	1,860,200	1,913,600	1,968,600	2,025,500	2,084,100
32	Inspection Services	495,300	495,300	506,000	516,800	527,900	539,200	550,700	562,500	574,600	586,900
33	Container Maintenance	438,300	438,400	448,100	457,900	467,800	478,100	488,700	499,500	510,500	521,700
34	Total O&M Expense	30,916,100	30,828,500	31,811,200	32,826,000	33,875,100	34,930,100	36,019,500	37,145,100	38,308,200	39,509,600
35	Routine Capital Outlay	220,000	370,800	615,300	874,200	1,238,100	1,391,100	3,462,600	3,320,600	3,673,700	3,522,900
<u>Debt Service</u>											
Existing Senior Debt											
36	2005 Solid Waste Revenue Refunding Bonds	2,586,800	2,583,000	2,584,800	2,581,500	2,583,300	2,584,500	1,575,000	0	0	0
Existing Junior Debt											
37	LaSalle National Leasing	76,700	32,000	0	0	0	0	0	0	0	0
38	Zions Bank - Del Norte Improvements	89,300	88,000	86,700	39,700	0	0	0	0	0	0
39	Zions Bank - Del Norte Land Acquisition	139,400	137,000	134,600	147,500	0	0	0	0	0	0
40	Upton & Oliver Funding Corp (Lease)	422,900	422,900	422,900	422,900	422,900	422,900	422,900	422,900	422,900	422,900
41	Loan Repayment	0	0	1,090,200	1,090,200	1,090,200	1,090,200	1,090,200	1,090,200	1,090,200	1,090,200
Proposed											
42	Revenue Bonds	55,200	190,900	368,700	586,300	1,022,700	1,263,100	1,263,100	1,263,100	1,263,100	1,263,100
43	Total Debt Service	3,370,300	3,453,800	4,687,900	4,868,100	5,119,100	5,360,700	4,351,200	2,776,200	2,776,200	2,353,300
<u>Transfers</u>											
44	Infrastructure Use Fee	660,400	660,400	660,400	660,400	660,400	660,400	660,400	660,400	660,400	660,400
45	Tipping Fee	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
46	Transfer to COFA	25,400	25,400	25,400	25,400	25,400	25,400	25,400	25,400	25,400	25,400
47	Transfer to General Fund	36,800	36,800	36,800	36,800	36,800	36,800	36,800	36,800	36,800	36,800
48	Transfer to Capital Fund	0	0	0	0	0	1,700,000	0	0	0	0
49	Transfer to Rate Stabilization Fund	0	0	0	0	0	0	0	0	500,000	1,500,000
50	Transfer to Special Reserve Fund	0	0	0	0	0	0	0	0	1,000,000	2,000,000
51	Total Transfers	832,600	832,600	832,600	832,600	832,600	2,532,600	832,600	832,600	2,332,600	4,332,600
52	Total Revenue Requirements	35,339,000	35,485,700	37,947,000	39,400,900	41,064,900	44,214,500	44,665,900	44,074,500	47,090,700	49,718,400
Operating Cash Balance											
53	Net Annual Cash Balance	(1,193,900)	(26,200)	(923,000)	(569,400)	(47,700)	(1,075,600)	(515,400)	1,113,300	(1,282,300)	(3,279,400)
54	Beginning Cash Balance	2,447,000	1,253,100	1,226,900	303,900	(265,500)	(313,200)	(1,388,800)	(1,904,200)	(790,900)	(2,073,200)
55	Net Cumulative Cash Balance	1,253,100	1,226,900	303,900	(265,500)	(313,200)	(1,388,800)	(1,904,200)	(790,900)	(2,073,200)	(5,352,600)
56	Target Reserve (9% of O&M)	2,782,400	2,774,600	2,863,000	2,954,300	3,048,800	3,143,700	3,241,800	3,343,100	3,447,700	3,555,900
57	Debt Service Coverage - Senior	82%	124%	127%	136%	141%	111%	135%	NA	NA	NA