ADOPTED REPORT
Water Rate Study

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Kennedy/Jenks Consultants

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Introduction

Due to projected revenue shortfalls, the City of Oxnard (City) recently implemented a two-step water rate increase totaling 9.7 percent for its blended and unblended water customers. The first increase became effective 1 July 2001 and totaled 6 percent. The second increase became effective 1 January 2002 and totaled 3.7 percent. In addition, the City administered two wholesale water rate pass-through increases totaling 2.3 percent for the blended water customers and 1.6 percent for the unblended water customer. These pass-through increases were administered in accordance with Section 33-42, "Water Rates" of the Oxnard City Code. Prior to authorizing the two-step water rate increases a limited analysis of the existing water rates was completed. In recognition of the need to conduct a more comprehensive update of its current water rates using generally accepted methodologies, the City of Oxnard authorized Kennedy/Jenks Consultants to prepare this water rate study.

This study of water rates and costs of water service is conducted to determine appropriate rates, rate levels, and rate structures for the City's water utility operations and enable the City to continue its water utility operations on a financially sound basis. This study was conducted using historical and projected data on operating revenues, operating expenses, capital expenditures, and rate base (utility plant investment) provided by the City.

Historical data were obtained from records and financial statements of the City. The financial projection performed herein to determine revenue and funding requirements, which included projections of operating revenues, operating expenses, and capital expenditures, were developed by Kennedy/Jenks Consultants and City staff.

Study Objectives

The objectives of this water rate study are to:

- Assess annual revenue and funding requirements for the City's water utility operations for the July 2002 through June 2007 planning period.
- Allocate costs of service to water users to test how well present rates are providing revenues which recover allocated cost of service.
- Evaluate alternative ratemaking concepts that may be beneficial to the City's water utility and it's customers.
- Design water rates and structures which recover utility costs, provide for annual debt service coverage, and consider other ratemaking concerns.
- Conduct a rate survey of adjacent utilities.

Conclusions

1. The financial condition of the City's water utility has been declining in recent years (fiscal year (FY) 1998-99 through FY 2001-02). Increases in operating and non-operating expenses have not been offset by increased operating and non-operating revenues.

2. Water sales revenues (at present rates) and other sources of income are not sufficient to provide for projected expenditures in FY 2002-03, nor in all other years of the five-year financial projection (FY 2002-03 through FY 2006-07). This deficit is primarily result of an inadequate water rate schedule.

3. The City's debt coverage ratios are declining (at the present rates) and the City may violate the terms of its bond covenants in FY 2002-03 unless revenues are increased or operating expenses are reduced or both.

4. The current water connection fees do not include the costs of planned capital improvements required to support future customer demands. Increasing connection fees will assist in keeping water sales revenues at a lower level and serve to offset capital costs for additions and improvements to the water system.

5. Utilities that finance all or a portion of their capital requirements should have a computed rate of return that is equal to the interest cost on its debt. Based on the unit cost of service evaluation performed for FY 2001-02, the City's rate of return for was calculated to be a 0.44 percent. This rate of return is below the 6 percent recommended to maintain the City's present capitalization ratio and indicates that an adjustment in water rates would be appropriate. Similarly, this evaluation also indicates that all user classes are providing an insufficient rate-of-return.

6. Based on the unit cost of service evaluation for FY 2001-02 fixed water revenues account for approximately 58 percent of the fixed operating costs. This recovery of fixed operating costs with fixed water revenues is within the generally accepted range of 50 to 100 percent. To the extent that fixed costs are not recovered by fixed revenues, variable revenues must exceed the variable cost of water.

7. The methodology used to develop the current meter charges and water rates is unknown. Because equity among user classes is of paramount importance, American Waterworks Associated (AWWA) methodologies for classifying and allocating costs were employed. Single family residential, multi-family residential, commercial/industrial blended, commercial/industrial unblended, and fireline customers were assigned portions of the City's operating expenses based on the volume of water consumed, peak flow rate, and number of customers. These costs were recovered through a combination of meter charges (fixed costs) and commodity charges (variable costs). Meter charges were based on the number of equivalent meters per user class and commodity charges were based on an inverted block structure that reflected the increasing cost of water resources.

8. Because the commercial/industrial unblended user class consists of a single user who is unique in its use pattern, share of distribution infrastructure, and water quality requirements, it is anticipated that cost recovery for the commercial/industrial unblended class will be accomplished through a water service agreement.

Recommendations

The findings and conclusions of this water rate study indicate that the City should consider adoption of the following recommendations. In this regard, the City should:

1. Adopt an inverted block rate structure to increase water sales revenues. This increase is necessary to allow the water utility to provide for projected operating expenditures from FY 2002-03 through FY 2006-07.

2. Because different user classes have different water demand characteristics and impose different costs on the water system, separate water rates for each user class are recommended for the City. The current rate structure charges both the single family and multi-family user classes at the same rate and does not account for differences in demand characteristics and costs imposed on the water system.

3. The cost of service analysis indicates that the current rate structure recovers approximately 40 percent of the fixed cost through the variable usage charge. The City's water supply plan is changing, which will result in higher purchased water expenses. Higher purchased water costs may in turn require the variable usage charge to increase. It is therefore, recommended that the City implement the cost of service results and continue to recover 60 percent of its projected fixed costs from fixed monthly service charges and increase its monthly variable volume rate to recover 100 percent of the water purchase costs plus the remaining 40 percent of the fixed costs.

4. Adopt the proposed water rates for each user class. These specific rates will create a fair and equitable recovery of costs and will increase water sales revenues. The new rate schedule is expected to increase the average single family bill by 14.8 percent, multi-family by 16.3 percent, commercial/industrial blended by 12.9 percent, and reduce the average fireline by 11.2 percent.

5. Debt finance capital costs associated with the GREAT Program and authorize a Resolution of Intent to debt finance capital expenditures above $1.36 in FY 2002-03 through FY 2006-07. Debt financing these capital expenditures will help to reduce the cash flow requirements and will levelize annual capital improvement costs over the study period, thereby helping to keep user rates more uniform.

6. Adopt the proposed capital facility charge and water resource development fee. These charges and fees will increase existing connection fee revenues by approximately 776 percent. These changes in fees will recover more of the capital costs incurred by the City to serve new customers and provide increased water supply reliability to existing customers. However, the revenues generated by these two charges based on historically observed new service connections significantly skews the City's non-operating revenues. Because it is unclear if the City can realize these revenues, only one half of the revenues were included in the analysis. The City should closely monitor these revenues, because shortfalls in these revenues will need to be made up by increased rates.

7. The City will reserve 30 cfs of capacity from Callegaus Municipal Water District (CMWD) in calendar year 2003. Since there is no peaking penalty in this first year for exceeding the reserved capacity, the City is confident that it has accounted for that portion of its

water supply costs. In the event that the City needs to adjust its Capacity Reservation Charge in subsequent years, then the rates should be reviewed to determine whether the City is adequately recovering its water supply costs. The same would apply to changes in CMWD's Readiness-to-Serve Charge.

8. Data collection for this rate study was unusually difficult. In order to facilitate future rate studies, it is recommended that the City consider the following items:

   - Many of the City's summary reports combined single family residential and multi-family residential revenues into a single category and commercial/industrial blended and commercial/industrial unblended revenues into a single category. It is recommended that each user classes' revenues be reported separately.

   - Include a summary sheet at the end of the City of Oxnard Revenue Report and Detail Budget Report that summarizes revenues and expenses for the entire water utility and not just by division (i.e., 6001-Production, 6002-Distribution, 6003-Services, and 6010-Procurement).

   - Create a separate account for water sales revenue associated with the Ocean View Municipal Water District water purchases from the UWCD.

9. Based on recommendation numbers 1-4, the proposed water rates and rate structure are summarized below:

TABLE ES-1
PROPOSED FIXED RATES

Meter Size (Inches)	Equivalent Meter Ratio	Single Family	Multi-Family	Comm./Ind. Blended	Fireline
3/4	1.0	$5.49	$4.50	$3.38	$1.21
1	1.7	$9.33	$7.66	$5.75	$2.06
1.5	3.3	$18.11	$14.86	$11.17	$4.00
2	5.3	$29.09	$23.87	$17.94	$6.43
3	11.7	$64.22	$52.70	$39.59	$14.19
4	20.0	$109.78	$90.09	$67.68	$24.26
6	41.7	$228.90	$187.83	$141.11	$50.58
8	60.0	$329.35	$270.26	$203.04	$72.77
10	96.7	$530.81	$435.57	$327.23	$117.29

TABLE ES-2
PROPOSED VARIABLE (VOLUME) RATES

Single Family

Monthly Rate Blocks	Amount ($)
0 - 6 ccf	$1.178
6 - 12 ccf	$1.292
12 - over ccf	$1.824

Multi-Family

Monthly Rate Blocks	Amount ($)
0 - 17 ccf	$0.960
17 - 32 ccf	$1.073
32 - over ccf	$1.606

Commercial/Industrial Blended

Monthly Rate Blocks	Amount ($)
0 - 13 ccf	$0.964
13 - 23 ccf	$1.077
23 - over ccf	$1.610

Implementation of the proposed rate schedule and capital facility charges and water resource development fees, will result in adequate operating and non-operating revenues that yield a positive net operating revenue and a positive net income over the study period. Debt service coverage ratio, which is essential to debt financing future projects, exceeds 1.25.

Section 1: Assessment of Revenue Requirements

The purpose of this section is to review and discuss the revenue requirements associated with the City of Oxnard's (City's) water utility. This section addresses several common water utility issues, reviews and evaluates the historical and future costs of providing water service.

1.1 Financial Issues Related to Water Rates

The financial issues related to water rates include the economic nature and basis of accounting in utility operations, and the economic measures of financial condition.

1.1.1 Economic Nature of Utility Operations

Public utility operations, such as the City's water utility, provide a service to a community which is primarily essential to public health and protection of the environment. Utility operations differ from other types of business entities in that they are highly capital intensive. This means that a large amount of capital investment is required to begin and operate a utility compared to most other businesses.

The large amount of capital required to fund a utility system, combined with operating labor, insurance and other costs of operation which do not vary with consumption of water consumed, means that a majority of a water utility costs (typically 70 to 90 percent) are fixed. Fixed costs are incurred whether or not customers consume water and are associated with providing the availability of service at the point of consumer use. A smaller proportion of a utility system's cost is variable and changes with the volume of water consumed (i.e. the cost of chemicals, power for treatment and pumping, etc.). Due to the large amount of capital required to build and operate a water utility, most water utilities are monopolies in their service areas.

Financing is often required to construct facilities; those providing the capital should receive a fair return on invested funds. A fair return may be given to investors in the form of dividends if the utility is privately owned, or in the form of lower customer utility rates if the utility is publicly owned.

Rates for public utilities are often lower than their privately owned counterparts because 1) public utilities do not pay federal income taxes, 2) public utilities receive lower interest rates on financing through tax-exempt bonds, and 3) public utilities do not have to pay dividends to stockholders. Operating funds of a public utility in excess of operating expenses and debt service on financing can be re-invested in the utility system. This reduces the need to finance additional capital and, thus, allows utility rates to be set at a lower level.

1.1.2 Basis of Accounting in Utility Operations

Significant differences exist between the cash and accrual bases of accounting in utility operations. Many public utilities prefer to set rates on the basis of cash requirements. This helps to keep rates at lower levels in the short term. The cash basis includes only cash expenditures of a utility and does not include an allowance for depreciation expense.

Depreciation, however, is a significant means of developing cash reserves for future pay-as-you-go capital investment and replacement.

Privately owned California utilities, regulated by the California Public Utilities Commission and many publicly owned utilities use the accrual basis of accounting for financial reporting. This method includes depreciation as an operating expense, and identifies an appropriate rate of return which the utility can earn on its investment in the system assets. Under the accrual basis, depreciation expense (a noncash item) is included as an operating expense. Depreciation expense may be approximately equivalent to the payback of principal under the cash basis. The rate of return allowance provides for payment of interest costs on debt and that portion of the capital expenditures which the City, for example, may desire to fund from user revenues. The rate of return percentage that is earned by a publicly-owned utility on its investment (rate base) is equal to the weighted interest percentage (percent debt times interest cost of debt) on its outstanding debt plus weighted customer equity (percent equity times interest that can be earned on invested funds).

The City's Comprehensive Annual Financial Report (CAFR) is conducted on an accrual basis in accordance with the Generally Accepted Accounting Principals (GAAP) and standards promulgated by the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB). However, because the City's Water Division prepares its budgets and long-range capital planning on a cash basis, a cash basis is utilized for this study.

1.1.3 Economic Measures of Financial Condition

The financial condition of a water utility can be measured by several parameters. Among these methods is a utility's percentage of net-to-total operating revenues, capitalization ratio, rate of return, and the funding/depreciation policy. Each of these parameters provides valuable information when assessing a utility's financial adequacy and are useful tools for assessing utility revenue requirements.

1.1.3.1 Net Operating Revenues

Net operating revenues represent the amount of funds remaining after day-to-day operating expenses are subtracted from operating revenues. Net revenues provide for debt service payments and revenue-paid capital expenditures. Since a positive cash flow is required for debt payments, net operating revenues should always be positive, and should be 20 to 40 percent of total operating revenues. This range depends largely on the level of net non-operating revenues and expenses, such as interest earnings, debt service, and in-lieu taxes. If net operating revenues are negative, revenues collected are not providing for ongoing operating costs and are not contributing to payment of utility capital costs.

1.1.3.2 Capitalization Ratio

The capitalization ratio is a measure of the amount of the utility plant in service which is owned and has been paid for by the ratepayer, and the amount of the utility assets which has been financed. The capitalization ratio for a utility system relates the amount of debt outstanding relative to the present depreciated cost of the utility assets, and equals one minus the debt ratio, where the debt ratio is the total debt divided by the total value of the fixed assets. Under normal

financial conditions, utility operations are considered financially sound if the capitalization ratio is at least 30 percent.

If net operating revenues are positive by an appropriate amount, a utility will have funds to pay for new capital projects and the capitalization ratio for the utility will remain at the same level or increase. If net operating revenues are less than sufficient to maintain the utility's capitalization ratio, the ratio will decline. A declining capitalization ratio indicates revenues are not providing for the same proportion of paid capital expenditures (equity) as had occurred in the past and that the debt ratio is increasing.

1.1.3.3 Rate of Return

Utilities that finance all capital requirements should have a computed rate of return which is equal to the interest cost on its debt. Normally, utilities which use financing to a large extent own 10 to 40 percent of the utility assets. The rate of return for these utilities typically ranges from 5 to 8 percent. When 40 to 70 percent of the assets are owned, a rate of return allowance of 8 to 11 percent is generally common, if the utility desires to maintain a capitalization ratio in this range. For utilities which are 70 to 100 percent owned, rates of return ranging from 12 to 16 percent are required if the utility desires to continue to pay for all or most of additional capital expenditures from revenues.

From the proceeding, it is concluded that with greater ownership in the utility, a higher rate of return on investment is required to maintain or improve the equity position of the utility and to maintain or improve its bond rating. Rate levels should be set so that the rate of return allowance is positive and adequate debt service coverage is provided.

1.1.3.4 Depreciation Expenses

Depreciation is a source of internal cash, used for financing normal system replacements or increasing ratepayer's equity in a utility system. Depreciation expense is, in utility financial statements, an estimate of the annual cost of using an asset. Wear and tear, corrosion, action of the elements on a utility asset, and obsolescence are reasons why depreciation expense is recorded as a cost of utility operation. Since depreciation does not normally incur a cost which requires an immediate cash outlay on a day-to-day basis, it is considered a non-cash expense.

Cash generated by the recognition of a non-cash expense, such as depreciation, is usually a source of internal financing which allows the utility to pay for and preserve its original investment. In other words, it pays for capital projects involving system renewals and replacements, and funds the retirement of bond debt service. Cash retained should be used in such a manner as to minimize or reduce future capital costs.

As previously discussed, although the amount of annual depreciation is reflected in the City's CAFR under the accrual basis of accounting, depreciation expense is not incorporated in the revenue requirement projections performed herein. Although depreciation is not included as a line item in the revenue projections or cost of service analysis, it is functionally accommodated as an embedded cost within other object codes.

1.2 Current Revenue Requirements

An evaluation of the current financial condition is primarily based on fiscal year (FY) 2001-02. Although, the financial data for FY 2001-02 have not been audited, it represents the most current and complete financial data available. The historical revenues and expenses and the current condition are described below.

1.2.1 Historical Revenues and Expenses

Historical income and expense data for the City were obtained from Comprehensive Annual Financial Reports (CAFRs) for FY 1997-98 through 2000-01 and worksheets (provided by City staff) used to prepare the FY 2001-02 CAFR. Data for FY 2002-03 were obtained primarily from the City's Revenue and Detail Budget Reports and include projections developed for this study by Kennedy/Jenks Consultants. The closing financial performance of these historical years is shown in Table 1-1. This analysis is not a restatement of the City's audit or budget, but does rely heavily on these data.

As shown in Table 1-1, the percentage of net operating revenue to total operating revenue is negative in FY 1997-98 and 2001-02 and positive in FY 1998-99 through 2000-01. Over these five fiscal years, net operating revenues as a percent of total operating revenues has ranged from a negative 7.7 to a positive 5.7 percent. Based upon the projected budget, FY 2002-03 will also yield a negative net operating revenue. These low net operating revenues are due to consistent increases in operating costs coupled with increasing but inadequate revenues.

Incorporating the utility non-operating revenues and expenses, the annual net income was also negative in FY 1997-98 and 2001-02 and positive in FY 1998-99 through 2000-01, and ranged from a negative $1.80 to a positive $1.31 million. Non-operating revenues appear to be sufficient to cover non-operating expenses in all years except FY 2001-02. Based upon the projected budget, FY 2002-03 is also projected to yield a negative net income. Net income losses are primarily due to an insufficient level of operating and connection fee revenue to recover budgeted operating and capital improvement expenditures. The City's annual change in balance of funds has ranged from a negative $2.66 million in FY 2001-02 to a positive $0.29 million in FY 1998-99. This range of annual historical performance can be attributed primarily to the magnitude of capital expenditures, the escalation in water supply costs, and changes in levels of water consumption.

The City's current outstanding debt service obligation includes the recent issuance of the City of Oxnard Financing Authority Water Revenue Refunding and Project Bonds, Series 2001. A portion of the proceeds from the sale of the Bonds, together with interest earned thereon, was used to advance refund the outstanding City of Oxnard Financing Authority Water Revenue Bond, Series 1993. The remaining funds will be used to complete the 2001 Project.

Although the City's debt coverage ratios for FY 1998-99, 1999-00 and 2000-01 do not apply to the current Water Revenue Refunding and Project bonds, they do appear to be within typical coverage limits. The debt coverage ratio for FY 1997-98 was extremely low and was the result of increases in wholesale prices of water from United Water Conservation District and Calleguas Municipal Water District. In 1999, the City Council passed Ordinance No. 2490 which allowed the Water System to pass through wholesale water cost increases directly to customers without

TABLE 1-1
HISTORICAL AND BUDGETED WATER REVENUES AND EXPENDITURES

Sources and Uses of Funds	Historical					Budgeted
	FY 97-98 (a)	FY 98-99 (a)	FY 99-00 (a)	FY 00-01 (a)	FY 01-02 (a)	FY 02-03 (b)
Beginning Cash and Equivalents (c)	$8,170,970	$6,611,086	$6,900,017	$6,654,245	$6,014,398	$3,350,164
Operating Revenues	12,506,526	14,496,137	15,964,414	15,775,398	16,849,213	17,588,012
Operating Expenses						
Salaries and Wages	1,640,516	1,689,763	1,774,028	1,847,639	2,506,847	2,364,659
Contractual Services	731,972	303,728	249,299	508,371	1,341,857	798,084
Water Purchases (f)	8,849,449	9,206,476	10,339,366	9,715,092	9,685,316	11,129,837
Operating Supplies	196,103	189,140	229,404	518,990	1,299,120	886,139
Utilities	478,302	832,478	877,899	1,007,036	1,115,377	1,147,589
General and Administrative	1,370,447	1,439,744	1,413,154	1,624,860	2,032,852	1,843,312
Repairs and Maintenance	98,069	119,258	174,097	125,739	160,287	175,314
Total Operating Expenses	13,364,858	13,780,587	15,057,247	15,347,727	18,141,656	18,344,934
Net Operating Revenue	(858,332)	715,550	907,167	427,671	(1,292,443)	(756,922) (i)
Net Operating Revenue as % of Operating Revenue	-6.9%	4.9%	5.7%	2.7%	-7.7%	-4.3%
Non-Operating Revenues						
Interest Income	529,080	484,666	564,714	451,063	649,749	267,740
Connection/Developer's Fees	105,373	262,212	611,240	408,854	357,132	300,000
Other	472,568	N/A	N/A	N/A	N/A	N/A
Total Non-Operating Revenues	1,107,021	746,878	1,175,954	859,917	1,006,881	567,740
Non-Operating Expenses						
Principal Payment on Long-Term Debt (1993 Series)	551,127	543,537	534,643	522,065	504,000	-
Interest Expense (1993 Series) (g)	185,572	128,855	242,351	236,322	204,624	-
Principal Payment on Long-Term Debt (2001 Series)	-	-	-	-	290,388	225,000
Interest Expense (2001 Series) (h)	-	-	-	-	516,178	580,196
Total Non-Operating Expenses	736,699	672,392	776,994	758,387	1,515,190	805,196
Net Income (Loss)	(488,010)	790,036	1,306,127	529,201	(1,800,752)	(994,378)
Capital Improvement Expenditures	940,047	348,561	1,293,790	1,194,137	2,787,586	1,397,275
Ending Cash and Equivalents (c)	$6,611,086	$6,900,017	$6,654,245	$6,014,398	$3,350,164	958,511
Net Increase (Decrease) in Cash (c)	($1,559,884)	$288,931	($245,772)	($639,847)	($2,664,234)	($2,391,653)
Debt Service Coverage Ratio (d)(e)	0.19	1.78	1.89	1.18	(0.35)	(0.23)

(a) Source: Compiled from City Comprehensive Annual Financial Reports (CAFRs) for fiscal years 1997-98 through 2000-01. Draft worksheets used to compile the fiscal year 2001-02 CAFR were provided by City staff on 10/1/02.
(b) Source: City of Oxnard Revenue Report and Detail Budget Report, dated 10/3/02 and engineering estimates.
(c) Source: City's Water Utility Combining Statement of Cash Flows.
(d) Debt coverage ratios for FY 1997-98 through FY 2000-01 are associated with the 1993 Bond Series and FY 2001-02 and 2002-03 reflect the 2001 Bond Series.
(e) Provided by City staff on 6/12/01 and 9/30/02. Coverage variances existed in fiscal year 1997-98 as a result of increases in wholesale prices of water from United Water Conservation District and Calleguas Municipal Water District. In 1999 the City Council passed Ordinance No. 2490 which allowed the Water System to pass these increased wholesale costs to customers. Coverage variances in fiscal years 2001-02 and 2002-03 are due to inadequate rate increases.
(f) Includes United Water Conservation District, Calleguas Municipal Water District, and City water acquisition costs.
(g) Includes amortization and interest expenses associated with the outstanding bonds.
(h) FY 2002-03 amortization expense was not available so only the interest associated with the 2001 Bond Series is included.
(i) Cash balances have been allocated to different funds. Excess operating revenues should be used to reduce negative fund balances in the operating (Fund #601) and debt service (Fund #604).

requiring Council action. The debt coverage ratio for FY 2001-02 reflects the current applicable debt and is a negative 0.35. A negative debt coverage ratio is an indication that net operating income is not adequate to cover current and/or additional debt in future years. Furthermore, because of the low debt coverage ratio projected for FY 2002-03, the City may violate the terms of its bond covenants unless revenues are increased or operating expenses are reduced or both.

It should also be noted that the City maintains four separate reserve funds, which are combined and shown as the ending cash and equivalents in Table 1-1 and a bond reserve fund which is not shown in Table 1-1. These funds are managed by the City's Treasurer. The following is a brief description of each of the reserve funds:

- Fund 601 – Operating: The purpose of the operating fund is to provide the City's Water Division with a cash-in cash-out system of paying the day-to-day expenses of the Water Division. In general, most of the operating revenues, including user fees, and operating expenses are paid in and out of this fund. The operating fund balance as 30 June 2002 was a negative $1,902,916.

- Fund 602 – Capital Projects: The capital projects fund includes monies that will be used for planned capital improvements. The capital projects fund balance as 30 June 2002 was $3,308,828.

- Fund 603 – Connection Fee: This fund is comprised of connection fee revenues. These revenues can only be used for capital improvement projects identified in the analysis utilized to establish connection fees or projects which are substituted for identified projects. The connection fee fund balance as of 30 June 2002 was $2,077,188.

- Fund 604 – Debt Service: The sole purpose of this fund is to pay the principal and interest on the City's 2001 Bond Series as it comes due. The account balance as of 30 June 2002 was a negative $132,936.

- Bond Reserve Fund – The City also maintains a Bond Reserve Fund. The bond reserve fund is required by the City's bond covenants. The bond reserve fund balance as of 30 June 2002 was $969,228.

1.2.2 FY 2002-03 Budget Revenue Requirements

Revenue requirements are costs of providing service (which may include operating expenses, debt service and some portion of capital expenditures) recovered through water user charges. Funding requirements consider total expenditure of the water utility to be recovered by sources other than user charges. These sources may include bond financing, connection fees and other elements of a revenue/income mix.

Based on the City's FY 2002-03 estimated water usage, operating revenues of $17,558,012 are budgeted. Based on the City's FY 2002-03 budget, operating expenses are expected to increase from $18,141,656 in FY 2001-02 to $18,344,934 in FY 2002-03.

Connection fees are generally charged to new customer's to reimburse the utility for capacity in the existing system. The City's current water connection fee is based calculations performed in

1991 by the City. In FY 2001-02, revenues from connection fees totaled $357,132. Based on the projected number of new connections, estimated revenues from current connection fees for FY 2002-03 are estimated to be $300,000. It should also be noted that the City has authorized Kennedy/Jenks Consultants to review the current water connection fees and to calculate new fees for the recovery of capital improvements identified in the draft Water System Master Plan and GREAT Program Advanced Planning Study. The proposed water connection fee is discussed in Section 4 of this report.

In FY 2002-03, capital improvement expenditures of approximately $8,112,800 are budgeted. These funds will be used for a variety of identified capital improvements including projects which will be cash funded and those which will be debt funded.

1.2.3 Evaluation of Current Financial Condition

The financial condition of a water utility can be measured by several parameters. Among these parameters are a utility's percentage of net-to-total operating revenues, capitalization ratio, rate of return, and debt service coverage ratio.

In an adequately financed utility, net operating revenues should always be positive so that day-to-day operating expenses are provided from operating revenues. Generally, net operating revenues should be 20 to 40 percent of total operating revenues to generate adequate capital improvement funding. As indicated previously, the City is not generating a sufficient level of operating revenues to cover operating expenses. This historical trend is reflected in the FY 2002-03 budget as net operating revenues for the City is projected to be a negative 4.3 percent (see Table 1-1). Furthermore, to achieve a 20 percent net operating revenue level in FY 2002-03, total revenue increases of approximately $5,330,000 would be necessary to offset the budgeted operating expense.

As discussed, the capitalization ratio is another indicator of financial stability. In FY 2001-02 worksheets used to prepare the City's CAFR reported depreciated fixed assets at $61.7 million and debt outstanding at $12.1 million. The result is a debt ratio of 19.6 percent and a capitalization ratio of 80.4 percent, well above the 30 percent usually considered sufficient. A high capitalization ratio will tend to reduce interest rates if the City utilizes bond financing for future capital improvements.

The third measure of financial condition is the utility's rate of return. As discussed previously, the rate of return is indicated by the ratio of net operating revenues (Total Operating Revenues minus Total Operating Expenses) to the utility's rate base (property, plants, and equipment asset value). For FY 2001-02, the City's financial statement indicated a water utility rate base of $61.7 million on a negative net operating revenue of $1,292,443. As such, the rate of return for FY 2001-02 is a negative 2.1 percent. This rate or return is significantly below the 12 to 16 percent needed to maintain the City's present capitalization ratio.

The City's outstanding debt service obligation includes the recent issuance of City of Oxnard Financing Authority Water Revenue Refunding and Project Bonds, Series 2001 in the aggregate principal amount of $12,410,000. A portion of the proceeds from the sale of the Bonds, together with interest earned thereon, was used to advance refund the outstanding City of Oxnard Financing Authority Water Revenue Bond Series 1993. The remaining funds will be used to

complete the 2001 Project. The 2001 Project includes improvements to the City's Blending Station No. 1 Disinfection System; the replacement of cast iron pipe in the City's downtown area; an upgrade of the City's Blending Station No. 1 to improve its energy efficiency; improvements to the City's Automated Meter Reading Program; the replacement and upgrading of existing pipeline corrosion protection systems and the rehabilitation of certain waterwells.

Under the Installment Purchase Agreement, the City has agreed that it will fix, prescribe and collect rates and charges for water service which will be at least sufficient to yield during each fiscal year net water system revenues equal to the sum of (a) 100 percent of the debt service plus (b) the amount by which the amount on deposit in the Revenue Fund on the last day of the immediately preceding fiscal year was less than 25 percent of the maximum annual debt service as of such day. Proceeds of the Bonds in the amount of $969,228 will be deposited in the Reserve Fund. This deposit is equivalent to the reserve fund requirements of the bond covenant.

The debt coverage ratio for FY 2001-02 is a negative 0.35. This amount is below the 1.0 coverage limit identified in the bond covenant. The low debt coverage ratio is primarily due to increasing operating expenses coupled with inadequate rate increases. The debt coverage ratio for FY 2002-03 is estimated to be a negative 0.23. At a minimum the City's debt coverage ratio should be 1.0, however, City staff has indicated that they would prefer it to be at 1.2 or 1.25. If revenues are not increased and/or operating expenses are not reduced, it appears that the City may continue to violate the terms of its bond convenants.

In summary, the City's water utility's financial condition has been declining since FY 1999-00. Increases in operating, non-operating and capital improvement expenditures have not been offset by sufficient levels of operating revenue and/or connection fee revenue. Recent rate adjustments in July of 2001 and January 2002 do not appear to be providing adequate revenues to encourage financial stability.

1.3 Future Revenue Requirements

An evaluation of future revenue requirements can be focused in the projection of three specific areas. These areas are: 1) customer growth and water demands, 2) significant changes in operating expenses including water supply costs, and 3) capital expenditures and debt service obligations or other non-operating requirements. The following sections discuss the impact of these factors on the City's water utility revenue requirements.

1.3.1 Current and Projected Customer Base

A fundamental element for developing utility service projections is the quantification of the current customer demand characteristics and the revenues derived from the current schedule of utility charges. These data provide the foundation for integrating projected changes in utility demands and customer unit rate adjustments.

The current number of active accounts, metered water usage and estimated rate-based revenues for the City's water utility for FY 2001-02 is shown on Table 1-2. Monthly metered water usage by customer class for FY 2001-02 is presented in Appendix A. As shown in Table 1-2, the water utility commodity charges for single family, multi-family, and commercial/industrial

TABLE 1-2
HISTORICAL WATER SERVICE CHARGE REVENUES

User Class	Meter Size (Inches)	No. of Active Accounts (a)	Equivalent Meters Ratio (b)	Equivalent Meters Accounts (c)	Fixed Monthly Meter Charge (d)	Estimated FY 01-02 Revenue (f)
Single Family	3/4"	25,103	1.0	25,103	$4.18	
	1"	4,036	1.7	6,861	$6.13	
	1 1/2"	9	3.3	30	$15.80	
	2"	38	5.3	201	$21.84	
Subtotal		29,186		32,195		$1,539,000
Multi-Family	3/4"	710	1.0	710	$4.18	
	1"	721	1.7	1,226	$6.13	
	1 1/2"	337	3.3	1,112	$15.80	
	2"	158	5.3	837	$21.84	
	3"	9	11.7	105	$53.25	
	4"	14	20.0	280	$144.49	
	6"	7	41.7	292	$382.14	
	8"	1	60.0	60	$808.96	
Subtotal		1,957		4,622		$254,000
Commercial/Industrial Blended						
	3/4"	1,284	1.0	1,284	$4.18	
	1"	659	1.7	1,120	$6.13	
	1 1/2"	716	3.3	2,363	$15.80	
	2"	743	5.3	3,938	$21.84	
	3"	134	11.7	1,568	$53.25	
	4"	69	20.0	1,380	$144.49	
	6"	13	41.7	542	$382.14	
	8"	9	60.0	540	$808.96	
Subtotal		3,627		12,735		$756,000
Commercial/Industrial Unblended						
	10"	1	96.7	97	$1,219.53	
Subtotal		1		97		$14,000
Fireline						
	3/4"	98	1.0	98	$4.95	
	1"	4	1.7	7	$6.60	
	1 1/2"	2	3.3	7	$9.90	
	2"	112	5.3	594	$13.72	
	3"	5	11.7	59	$21.00	
	4"	244	20.0	4,880	$27.33	
	6"	186	41.7	7,756	$42.81	
	8"	120	60.0	7,200	$52.77	
	10"	22	96.7	2,127	$69.44	
Subtotal		793		22,727		$290,000
Total		35,564		72,378		$2,853,000
Average Account Service Rate ($/Acct.-Month)						$6.89
Average Equivalent Meter Service Rate ($/EM-Month)						$3.28

Annual Water Usage Revenues	Monthly Rate/Ccf/Month (d)	Monthly Water Rate ($/Ccf, d)	Metered Usage (Ccf, e)	
Single Family	all water	1.192	4,678,120	$5,443,000
Multi-Family	all water	1.192	1,871,816	$2,178,000
Commercial/Industrial Blended				
	0 - 10	2.145		
	11 - 400	1.106		
	401 - 1000	1.016		
	1001 - 6000	0.908		
	6001 - over	0.790		
Subtotal			3,755,045	$4,338,000
Commercial/Industrial Unblended				
	0 - 10	3.636		
	11 - 400	1.802		
	401 - 1000	1.639		
	1001 - 6000	1.448		
	6000 - over	1.240		
Subtotal			1,032,808	$1,265,000
Fireline	flat rate		0	$0
Total Metered Water Usage			11,337,789	$13,224,000
Estimated Rate Based Revenues				$16,077,000
Other Miscellaneous Revenues				$1,005,504
Water Connection Fee Revenues				$357,132
Estimated Total Revenues FY 2001-02				$17,439,636
Average Monthly Rate-based Bill ($/EM-Month)				$20.08

(a) Source: City of Oxnard Utility Customer Billing database (as of 6-30-02).
(b) The equivalent meter (EM) ratio reflects the different meter capacities for different sizes, per the American Water Works Association (AWWA) Manual M-1. Safe maximum operating capacities for 3/4" to 2" meters were obtained from AWWA C700, Standard for Cold-Water-Displacement Type, Bronze Main Case. Safe maximum operating capacities for 3" to 12" meters were obtained from AWWA C701, Standard for Cold-Water Meters-Turbine Type, for Customer Service.
(c) Total EMs equals the EM ratio times the number of meters.
(d) Source: City of Oxnard Memorandum to the City Manager, dated 20 December 2001, Oxnard City Code Sections 22-60 and 22-61, and additional rate information provided by City staff.
(e) Source: Appendix A.
(f) FY 01-02 rate based revenue data reported in this table was calculated using the City's customer billing database. No attempt was made to reconcile the calculated revenues with the revenues reported in the FY 01-02 CAFR, due to difficulties in resolving billing corrections and the use of average consumption rates for a given meter size and user class. The rate based revenues reported in the FY 01-02 CAFR totaled $15,843,709 (a difference of $233,291). Other miscellaneous revenue and connection fee revenues were obtained from the FY 01-02 CAFR.

are variable and are based on meter size and the amount of water consumed, while a flat rate is charged to the fireline customers. Additionally, ¾-inch Equivalent Meters (EMs) are established for this water evaluation. EMs represent the average charges to a single-family dwelling. As shown, in FY 2001-02 total estimated utility revenues were $17,439,636 on 72,376 EMs. Moreover, connection fee revenues were approximately $357,132 for the year. Estimated rate based revenue developed from the City's Utility Customer billing database and presented in Table 1-2 varies slightly from actual revenues reported for FY 01-02. This discrepancy is due to difficulties in resolving billing corrections and the use of average consumption rates for a given meter size and customer class. The actual rate based revenues reported in the FY 01-02 CAFR totaled $15,843,709 whereas the estimated rate based revenue was $16,077,000, a difference of $233,291 or 1.5 percent. Other miscellaneous revenue and connection fee revenue were obtained directly from the FY 01-02 CAFR.

Based on the analysis included in Table 1-2, fixed revenues (i.e., meter charges) only comprise 18 percent of total rate-based revenues. Accordingly, the City's rate structure appears to be highly sensitive to water usage and could cause financial instability in wet years when water consumption is reduced or during droughts or emergencies when water deliveries are curtailed or voluntary conservation is requested.

To evaluate future revenue requirements, a projection of customer growth was performed. Customer growth affects utility's revenue requirements in two ways. First, it increases the customer base, which provides additional accounts subject to user charges. Secondly, it increases operating costs associated with water supply. Revenue requirements for FY 2002-03 through 2006-07 were conservatively assessed by utilizing historical growth rates for each user class. Actual account data were obtained from the City's Utility Customer Billing database for FY 2001-02. The resulting projected water accounts and service demands are shown in Table 1-3.

As shown, Table 1-3 develops a projection of the water demands over a five-year service period based on an assumed growth of approximately 670 single family, 47 multi-family, and 265 commercial/industrial blended accounts annually. Commercial/industrial unblended accounts are not projected to increase. Using this growth, the water customers, expressed as EMs, increase from 72,376 in FY 2001-02 to 79,654 EMs by FY 2006-07.

1.3.2 Operating Expense Projections

The primary cost component of the City's water utility is water supply-related expenses. The elements of these expenses are generally categorized as water purchases, labor, treatment, power/pumping, and debt obligations. Since each of the City's sources of supply incur different costs, the water supply plan will significantly impact utility revenue requirements.

Currently, the City's available water supplies consist of three sources, two local and one imported. The two local sources are comprised of City wells, which receive groundwater from the Oxnard Plain Basin, and United Water Conservation District (UWCD) wells, which tap into the Montalvo Forebay of the Oxnard Plain Basin. The City purchases imported water from Calleguas Municipal Water District (CMWD). CMWD is a member agency of the Metropolitan Water District (MWD) of Southern California from which it purchases State Project Water. In order to meet its future water resource needs, the City is currently developing its Groundwater

TABLE 1-3
PROJECTED ACCOUNTS AND SERVICE DEMANDS

Description	Historical FY 01-02	Projection FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Growth in Single Family EMs (a)		2%	2%	2%	2%	2%
Projected New Single Family EMs		644	657	670	683	697
Growth in Multi-Family EMs (a)		1%	1%	1%	1%	1%
Projected New Multi-Family EMs		46	47	47	48	48
Growth in Comm/Ind Blended EMs (a)		2%	2%	2%	2%	2%
Projected New Comm/Ind Blended EMs		255	260	265	270	276
Growth in Comm/Ind Unblended EMs (a)		0%	0%	0%	0%	0%
Projected New Comm/Ind Unblended EMs		0	0	0	0	0
Growth in Fireline EMs (a)		2%	2%	2%	2%	2%
Projected New Fireline EMs		455	464	473	482	492
Total Projected New EMs		**1,399**	**1,427**	**1,455**	**1,484**	**1,513**
Water Utility Accounts						
Single Family EMs	32,195	32,839	33,496	34,166	34,849	35,546
Multi-Family EMs	4,622	4,669	4,715	4,762	4,810	4,858
Comm/Ind Blended EMs	12,735	12,990	13,249	13,514	13,785	14,060
Comm/Ind Unblended EMs	97	97	97	97	97	97
Fireline EMs	22,727	23,182	23,645	24,118	24,601	25,093
Total Equivalent Meters (b)	**72,376**	**73,776**	**75,203**	**76,658**	**78,141**	**79,654**
Metered Water Usage (ccf, c)	**11,337,789**	**11,506,635**	**11,678,022**	**11,851,670**	**12,028,705**	**12,208,768**
Total Water Production (ccf, d)	**11,614,067**	**12,081,967**	**12,261,923**	**12,444,254**	**12,630,140**	**12,819,206**
		26415.5992	27736.3797			

(a) The projected growth through FY 2006-07 is estimated from the recent historical growth rate in metered water demands by user class. Actual account numbers were obtained from the City's Utility Customer Billing database for June 2002 and were converted to EMs for FY 2001-02.
(b) Total EMs for FY 01-02 were obtained from Table 1-2.
(c) The projected metered water usage is based on average historical water use (for user class and meter size) applied to the number of projected meters for each user class each fiscal year. The potential reduction in water use due to demand elasticity with increasing costs are not incorporated into this projected demand.
(d) The estimated water production is calculated by applying a water loss factor (calculated from historical production and sales data) to the metered water usage projections. Historical FY 99/00, FY 00-01, and FY 01-02 data indicated water losses of 3.2%, 3.7%, and 2.4% respectively. These values are extremely low in comparison to the age of the system. Therefore, a 5% water loss factor is used for projecting future total water production, consistent with the methodology used in the City's draft Water System Master Plan.

Recovery Enhancement and Treatment (GREAT) Program. The GREAT Program will include the construction of a new regional brackish water treatment facility to serve the City and the Port Hueneme Water Agency (PHWA) and a recycled water system to serve agricultural water users in the Pleasant Valley area. Desalination concentrates would be conveyed through a new brine line to enhance wetlands in the Ormond Beach area. Based on discussions with City staff, the first phase of the GREAT Program is not expected to be operational until after FY 06-07. Therefore, water supply costs associated with this new source are not included in this study.

The City's projected source of supply plan for the five-year planning period, is shown in Table 1-4. The total annual supply requirements are based on the City's projected increase in unit consumption. The City has adopted a blended water objective of equal parts groundwater and surface water, however, there is insufficient groundwater allocation to serve all of the City's blended water customers. In the past, the City has utilized groundwater conservation credits to make up any differences to facilitate the blended water quality. However, these groundwater conservation credits are being used up and the City would prefer to reserve the remaining credits as an emergency supply in the event of a drought. The City has indicated a preference to meet but not exceed its take-or-pay requirement with UWCD, thereby limiting its supplies from that source to 75 percent of its pumping allocation or 4,678 acre-feet per year. Similarly, it intends to limit extractions from its own wells to the Fox Canyon Groundwater Management Agency (FCGMA) allocation (5,975 AFY in 2000-2004 and 5,658 AFY from 2005-2009). The City is currently negotiating a Three-Party Water Supply Agreement with CMWD and PHWA. As part of this agreement, the City will receive an additional 700 AFY of groundwater conservation credits on an annual basis. It is assumed for this analysis that the City will extract this water from its own wells and the values shown in Table 1-4 are reflective of this assumption. For the purposes of this study, it is conservatively assumed that the City will utilize unblended CMWD surface water to meet any differential blended water demand. UWCD and CMWD current rate structures and costs associated with pumping groundwater from the City's wells are discussed below.

1.3.2.1 UWCD Rate Structure

UWCD's rate structure for water delivered from the OH Pipeline includes fixed, variable and marginal components. The fixed cost component is levied based on the user's OH pipeline capacity allocation regardless of water use and generally include costs that do not vary with water deliveries; the variable cost component applies to water delivered up to 75 percent of the user's pumping allocation and generally include costs not included in fixed rates and costs which vary with the amount of water used; and the marginal cost component applies to water delivered in excess of 75 percent and generally include only costs which vary with the amount of water used. The specific cost categories included in each component of the rate structure is defined in the user agreement. For FY 2002-03, the City's fixed capacity charge is approximately $603,000. The variable rate is $178.95 for up to 4,678 AFY and the marginal rate is $139.61 above 4,678 AFY.

1.3.2.2 CMWD Rate Structure

CMWD is undergoing a water rate restructuring to reflect the rate restructuring that MWD has recently completed. The rate restructuring is intended to break down the rates into their individual components. There are three elements to the restructuring – rates, special charges, and the purchase order. Each of these elements is discussed below.

TABLE 1-4
PROJECTED WATER SUPPLY SOURCES

Production Source (Acre-Ft/yr)	Historical FY 01-02 (a)	Projected FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
United Water Conservation District (c)	5,642	4,678	4,678	4,678	4,678	4,678
Calleguas Municipal Water District						
Tier 1	12,604	14,443	14,443	14,443	14,443	14,443
Tier 2 (e)(f)	0	2,290	2,354	2,931	3,516	3,950
Groundwater (City Wells) (c)	8,416	6,325	6,675	6,516	6,358	6,358
GREAT Program (d)	N/A	N/A	N/A	N/A	N/A	N/A
Total Water Production (b)	26,662	27,736	28,150	28,568	28,995	29,429

(a) Source: City of Oxnard monthly water production records (7/1/01 through 6/30/02) and engineering estimates.
(b) Source: Table 1-3. Values were converted to acre-feet.
(c) The groundwater allocations for the City's wells and the UWCD sub-allocation were obtained from the City of Oxnard Water Supply Assessment for the River Park Specific Plan, dated 24 April 2002 and adjusted for the draft Three Party Water Supply Agreement, dated 11/13/02, which includes a transfer of 700 AFY of groundwater credits.
(d) Based on assumptions provided by City staff, the GREAT Program is not expected to be operational until after FY 06-07.
(e) CMWD Tier 2 water volumes were projected as the difference between Total water production and the sum of the UWCD, City groundwater, and CMWD Tier 1 volumes.
(f) In FY 01-02, CMWD did not have a tiered rate structure.

1.3.2.2.1 Rates

CMWD is in the process of adopting a rate plan, which is generally referred to as the 90/10 Plan. The 90/10 Plan consists of two tiers, Tier 1 and Tier 2. The Tier 1 rates apply to water purchases up to 90 percent of the member agency's highest annual firm demand on CMWD in any fiscal year from 1989/1990 through 2001/2002. The City's highest annual demand was in FY 1989/1990 with deliveries of 16,047.9 acre-feet. Therefore, their Tier 1 allocation is 14,443 acre-feet (16,047.9 acre-feet x 0.90). Tier 2 rates apply to water purchases in excess of the Tier 1 allocation.

The new rates are themselves made of several components including supply rates, system access rate, water stewardship rate, system power rate, and a treatment surcharge. Each of these is described below:

- Supply Rate - Like CMWD's member agencies, CMWD must contract with MWD for its allocation. Should CMWD exceed its allocation it also must pay a higher rate (Tier 2). The Tier 1 and Tier 2 rates for the water itself are $73/AF and $154/AF, respectively. CMWD is considering aggregating its member agencies demands at the end of the fiscal year and proportionately refunding excess Tier 2 charges if the sum total of CMWD member agency Tier 2 charges differs from CMWD's own Tier 2 charges.

- System Access Rate – The System Access Rate recovers a portion of MWD's conveyance and distribution system costs, including capital, operating, and maintenance costs. The System Access Rate is $141/AF.

- Water Stewardship Rate – The Water Stewardship Rate will provide funds for MWD to support local water resource development. The Water Stewardship Rate is $23/AF.

- System Power Rate – The System Power Rate recovers MWD's power costs for pumping water from the State Water Project and Colorado River through the conveyance and distribution system. The System Power Rate is $89/AF.

- Treatment Surcharge – The Treatment Surcharge covers MWD's cost of treating the water to potable standards. The Treatment Surcharge cost is $82/AF.

- O&M Surcharge – The O&M Surcharge covers the cost of CMWD's operation and maintenance programs. The O&M surcharge is $21/AF.

- Capital Construction Surcharge – The Capital Construction Surcharge covers CMWD's cost to construct capital facilities. The Capital Construction Surcharge is $53/AF.

1.3.2.2.2 Special Charges

Three special charges also factor into the rate restructuring – Readiness-to-Serve Charge, Base Facilities Charge, and Capacity Reservation Charge. Each of these charges were included in the previous rate structure, but were extracted to facilitate the unbundling of the rates. Each is described below

- Readiness-to-Serve (RTS) Charge – The RTS Charge recovers principal and interest payments on MWD's non-tax supported debt service that had been or would be issued to fund capital improvements necessary to meet the continuing reliability and water quality needs associated with current demands. This amounted to $365,022 in 2002 and is projected at $372,544 in 2003.

- Base Facilities Charge – The Base Facilities Charge proportionally shares 54 percent of CMWD's debt service among its member agencies. In 2002, this amounted to $544,678. This charge was eliminated under the new rate structure.

- Capacity Reservation Charge – In addition to being assigned a supply allocation, each member agency must also contract for a specific capacity. Initially, the capacity will be based on peak weekly flows at $19,500/cfs. Should an agency exceed its contracted capacity, then it will be assessed a one-time per fiscal year penalty. For the remainder of that year, the agency would then be able to utilize up to that higher capacity for its benefit without further penalty. This penalty will be waived for the first year, but will be enforced in subsequent years. The amount of the penalty has not been officially determined, but estimates have ranged from $9,500/cfs to $95,000/cfs.

  The initial capacity reservation charge is based on peak weekly flows because CMWD does not currently have the technology to monitor peak hourly flows. It is anticipated that the necessary upgrades could be performed in 2 to 3 years. At that time, CMWD would switch from peak weekly rates to peak hourly rates to be consistent with MWD.

  This charge does not exist under the current rate structure. For 2003, it is estimated that the City will reserve 30 cfs of capacity at a cost of $585,000.

1.3.2.2.3 Purchase Order

The purpose of the purchase order is to provide financial stability for CMWD and MWD. By signing the purchase order, the purveyor agrees to purchase ten times 60 percent of its maximum annual firm demand since FY 1989-90. Thus, if a member agency's maximum firm demand is 10,000 AFY, then it would commit to purchasing a minimum of 60,000 AF over the 10-year period. There are no limitations on the amount of water that can be purchased on an annual basis so long as the total amount of water is purchased by the end of the term of the purchase order. If a member agency fails to purchase the contracted amount at the end of the 10-year period, then the agency agrees to pay for the unused amount. The purchase order is not a guarantee of supply availability.

1.3.2.3 City Groundwater

The City's groundwater pumping costs are estimated to be $80.00 per AF. This estimate is based on a UWCD District-wide Pump Charge for M&I of $15.45, Freeman Diversion Charge for M&I of $45.00, FCGMA Charge of $3.00, and estimated energy costs of $16.26 per AF.

Based on UWCD and CMWD current rate structures and the costs associated with pumping groundwater from the City's wells, total supply-related costs associated with the City's water supply plan are estimated and presented in Table 1-5. Water supply costs are projected to range from $11,130,000 million in FY 2002-03 to $12,065,000 million in FY 2006-07. It should

TABLE 1-5
PROJECTED WATER SUPPLY COSTS

Production Source	Historical	Projected Costs ($/AF)				
	FY 01-02 (a)	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
United Water Conservation District (b)	$1,653,405	$1,439,752	$1,439,752	$1,439,752	$1,439,752	$1,439,752
Calleguas Municipal Water District (c)	$7,351,078	$9,184,085	$9,220,053	$9,544,327	$9,873,097	$10,117,005
Groundwater (City Wells) (d)	$680,833	$506,000	$534,000	$521,280	$508,640	$508,640
GREAT Program (e)	$0	$0	$0	$0	$0	$0
Total Production Cost	$9,685,316	$11,129,837	$11,193,805	$11,505,359	$11,821,489	$12,065,397

(a) Source: Worksheets used to prepare the FY 01-02 CAFR, dated 9/5/02.
(b) Production costs are based on UWCD's current fixed, variable and marginal rates for FY 02-03 through FY 06-07.
(c) Production costs are based on current Tier 1 and Tier 2 rates, capacity reservation charges, and readiness-to-serve charges for FY 02-03 through FY 06-07.
(d) Production costs are based on current UWCD District-wide Pump Charge for M&I, Freeman Diversion Pump Charge for M&I, Fox Canyon Ground Water Management Agency Pump Charge, and energy costs for FY 02-03 through FY 06-07.
(e) Based on assumptions provided by City staff, the GREAT Program is not expected to be operational until after FY 06-07.

be noted that UWCD and CMWD purchased water expenses for FY 2002-03 through FY 2006-07 are calculated based on current rates. No attempt was made to project future rate increases due to City Ordinance No. 2490, which allows the Water Division to pass these increased wholesale costs directly on to its customers.

1.3.3 Capital Expenditures and Debt Service Obligations

Capital expenditures and debt service obligations are projected to comprise a significant component of the City's water utility revenue requirements. A five-year projection of the anticipated capital improvement expenditures and each project's funding source is shown in Table 1-6. This list of capital improvement projects is representative of the City's anticipated infrastructure and new machinery and equipment requirements and is based on the City's draft Water System Master Plan and the GREAT Program Advanced Planning Study.

Estimated capital costs associated with Phase 1 of the GREAT Program are also presented in Table 1-6. Phase 1 of the GREAT Program includes the design and construction of a 5.0 million gallon per day (mgd) of permeate groundwater desalter. The desalter will allow the City to demineralize groundwater (from its own wells or from UWCD) to yield a product similar in quality to what is currently produced by blending. Additional Phase 1 projects include improvements to the PHWA's existing Brackish Water Reclamation Demonstration Facility (BWRDF) and design and construction of a tertiary treatment system, a recycled water distribution system and the aquifer storage and recovery well program.

Based on discussions with City staff, 50 percent of the capital costs associated with Phase 1 of the GREAT Program are assumed to be bond funded and the remaining costs are assumed to be funded with grants. The City is currently pursuing grant funds for Phase 1. Specific grant information was not available during the preparation of this report and is therefore not included.

It is also recommended that the City authorize a Resolution of Intent to debt finance capital expenditures above $1.36 in FY 2002-03 through FY 2006-07. Debt financing these capital expenditures will help to reduce the cash flow requirements and will levelize annual capital improvement costs over the study period, thereby helping to keep user rates more uniform. Proposed capital projects to be considered in the Resolution of Intent are listed in Table 1-6. During the five year study period, estimated capital expenditures associated with the proposed projects to be included in the Resolution of Intent total $19,627,750. For the purposes of this rate study, it is assumed that the capital costs associated with the GREAT Program and the Resolution of Intent projects will be bond financed.

1.3.4 Projected Revenue with Existing Rates

Table 1-7 presents the City's five year projected revenue requirements at present rates. A more detailed accounting of the projected revenue requirements is presented in Appendix B. These requirements are based on data provided by the City and projections by Kennedy/Jenks Consultants. The assumptions associated with these projections a summarized below:

- Projected number of accounts and annual increase in water consumption is discussed in Section 1.3.1.

TABLE 1-6
PROJECTED CAPITAL EXPENDITURES

Project	Source of Funding	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Cash Funded Projects (a)						
Capital Outlay	1	$192,000 (b)	$200,000 (b)	$200,000 (b)	$200,000 (b)	$200,000 (b)
BWRDF Supply Lateral	1	$616,500 (c)	$0 (c)	$658,578 (c)	$688,214 (c)	$719,184 (c)
GREAT Program	1	$250,000	$761,100	$0	$0	$0
Well Improvement Projects	1	$0	$500,000	$500,000	$500,000	$500,000
Pleasant Valley Rd HWY 1 Water Relocation	1	$223,775	$0	$0	$0	$0
Utility LID Raising	1	$43,000	$0	$0	$0	$0
Cathodic Protection System	1	$23,000	$0	$0	$0	$0
Water Main Replacement - F Street	1	$4,000	$0	$0	$0	$0
Vulnerability Assessment	1	$5,000	$0	$0	$0	$0
Backflow Prevention Study	1	$40,000	$0	$0	$0	$0
Total Cash Funded Projects		**$1,397,275**	**$1,461,100**	**$1,358,578**	**$1,388,214**	**$1,419,184**
Debt Funded Projects (a)						
Water Revenue Bond, Series 2001						
Downtown Cast Iron Pipe Replacement	2	$900,000	$0	$0	$0	$0
Blending Station #1 ADA Energy Efficiency	2	$562,650	$0	$0	$0	$0
Water System Rectifier Upgrade	2	$155,225	$0	$0	$0	$0
Subtotal		$1,617,875	$0	$0	$0	$0
GREAT Program - Phase 1						
GREAT Desalter	3, 4	$0	$2,198,000	$8,132,000	$6,154,000	$0
GREAT Tertiary Treatment	3, 4	$0	$0	$747,000	$18,026,000	$7,386,000
GREAT BWRDF Improvements	3, 4	$0	$0	$828,000	$3,314,000	$1,035,000
GREAT Recycled Water Distribution System	3, 4	$0	$0	$0	$1,309,000	$5,235,000
GREAT ASR Wells	3, 4	$0	$0	$64,000	$1,680,000	$820,000
Subtotal		$0	$2,198,000	$9,771,000	$30,483,000	$14,476,000
Resolution of Intent Projects						
Cast Iron Pipe Replacement	3	$2,304,000	$1,500,000	$1,500,000	$1,500,000	$1,500,000
Hydraulic Deficiencies	3	$317,850	$750,000	$750,000	$750,000	$750,000
Hydrant Upgrade Program	3	$333,200	$250,000	$250,000	$250,000	$250,000
SCADA Upgrades	3	$39,600	$224,000	$0	$0	$0
Blending Station #5	3	$100,000	$1,300,000	$0	$0	$0
Blending Station #3 Water Conditioning Facility and Well Pumping Plant	3	$1,503,000	$3,006,100	$0	$0	$0
ASR Wellfield #1	3	$500,000	$0	$0	$0	$0
Subtotal		$5,097,650	$7,030,100	$2,500,000	$2,500,000	$2,500,000
Total Debt Funded Projects		**$6,715,525**	**$9,228,100**	**$12,271,000**	**$32,983,000**	**$16,976,000**
Total Projected Capital Expenditures		**$8,112,800**	**$10,689,200**	**$13,629,578**	**$34,371,214**	**$18,395,184**

1 = Water Rates (User Fees)
2 = Water Revenue Bonds, Series 2001
3 = Bond revenues for the GREAT Program and projects identified in the Resolution of Intent.
4 = GREAT Program Grant Funding. Funding type is not known at this time. It is assumed that 50 percent of the capital costs will be met with grant funding.

(a) Source: City staff, City of Oxnard Draft Water System Master Plan, GREAT Program Advanced Planning Study, dated May 2002, and discussions with City staff.
(b) Source: Provided by City staff on 10/28/02.
(c) Source: Draft Three Party Water Supply Agreement, dated 11/13/02.

TABLE 1-7
PROJECTED REVENUE WITH EXISTING RATES

Sources and Uses of Funds	Non-Audited Actual FY 01-02 (a)	Water Division Budget FY 02-03 (b)	Projected FY 03-04	Projected FY 04-05	Projected FY 05-06	Projected FY 06-07
Beginning Cash and Equivalents	**6,014,398 (c)**	**3,350,164**	**958,510**	**-1,838,148**	**-4,788,957**	**-8,030,824**
Operating Revenues						
Water Revenue						
Metered Water-Res.	9,355,208					
Single Family (Meter and Commodity Charges)		7,287,046 (l)	7,432,777 (l)	7,581,261 (l)	7,732,880 (l)	7,887,629 (l)
Multi-Family (Meter and Commodity Charges)		2,516,871 (l)	2,541,311 (l)	2,565,750 (l)	2,590,685 (l)	2,615,618 (l)
Metered Water-Comm.	5,470,336					
Blended (Meter and Commodity Charges)		5,312,611 (l)	5,411,087 (l)	5,511,191 (l)	5,613,147 (l)	5,717,390 (l)
Unblended (Meter and Commodity Charges)		1,313,585 (l)	1,313,585 (l)	1,313,585 (l)	1,313,585 (l)	1,313,585 (l)
Metered Water-Pub. Bldgs.	535,113	- (k)	- (k)	- (k)	- (k)	- (k)
Metered Water-Agricult.	945	- (k)	- (k)	- (k)	- (k)	- (k)
Metered Water-Others	115,584	0 (j)	0 (j)	0 (j)	0 (j)	0 (j)
Unmetered Water-Other	55,864	- (k)	- (k)	- (k)	- (k)	- (k)
Fire Line Water Sales	310,659	300,924	306,323	311,723	317,756	323,789
Subtotal Water Revenue	15,843,709	16,731,037	17,005,083	17,283,510	17,568,053	17,858,011
Charges for Services	738,761	711,320	571,845	571,845	571,845	571,845
Other Revenue	266,743	145,655	164,325	164,325	164,325	164,325
Total Operating Revenues	**16,849,213**	**17,588,012**	**17,741,253**	**18,019,680**	**18,304,223**	**18,594,181**
Operating Expenses						
Salaries and Wages	2,506,847	2,364,659	2,435,599	2,508,667	2,583,927	2,661,445
Contractual Services	1,341,857	798,084	822,027	846,687	872,088	898,251
Operating Supplies	1,299,120	886,139	912,723	940,105	968,308	997,357
Water Purchases						
Water Acquisition-UWCD	1,653,405	1,439,752 (h)	1,439,752 (h)	1,439,752 (h)	1,439,752 (h)	1,439,752 (h)
Water Acquisition-MWD	7,351,078	9,184,085 (h)	9,220,053 (h)	9,544,327 (h)	9,873,097 (h)	10,117,005 (h)
Water Acquisition- City	680,833	506,000 (h)	534,000 (h)	521,280 (h)	508,640 (h)	508,640 (h)
Subtotal Water Purchases	9,685,316	11,129,837	11,193,805	11,505,359	11,821,489	12,065,397
Utilities	1,115,377	1,147,589	1,182,017	1,217,477	1,254,001	1,291,622
General and Administrative	2,032,852	1,843,312	1,898,611	1,955,570	2,014,237	2,074,664
Repairs and Maintenance	160,287	175,314	180,573	185,991	191,570	197,317
Total Operating Expenses	**18,141,656**	**18,344,934**	**18,625,355**	**19,159,855**	**19,705,620**	**20,186,052**
Net Operating Revenue	**(1,292,443)**	**(756,923)**	**(884,102)**	**(1,140,175)**	**(1,401,397)**	**(1,591,871)**
Net Operating Revenue as % of Operating Revenue	**-7.7%**	**-4.3%**	**-5.0%**	**-6.3%**	**-7.7%**	**-8.6%**
Non-Operating Revenues						
Interest Income	649,749	267,740	54,740	54,740	54,740	54,740
Connection/Developer's Fees	357,132	300,000 (f)	300,000 (f)	300,000 (f)	300,000 (f)	300,000 (f)
Total Non-Operating Revenues	**1,006,881**	**567,740**	**354,740**	**354,740**	**354,740**	**354,740**
Non-Operating Expenses						
Principal Payment on Long-Term Debt (1993 Series)	504,000	N/A	N/A	N/A	N/A	N/A
Interest Payment on Long-Term Debt (1993 Series)	204,624	N/A	N/A	N/A	N/A	N/A
Principal Payment on Long-Term Debt (2001 Series)	290,388 (e)	225,000 (e)	235,000 (e)	245,000 (e)	255,000 (e)	265,000 (e)
Interest Payment on Long-Term Debt (2001 Series)	516,178 (e)	580,196 (e)	571,196 (e)	561,796 (e)	551,996 (e)	541,796 (e)
Future Debt Service (Principal and Interest)	N/A	N/A	N/A	N/A	N/A	3,509,117 (n)
Total Non-Operating Expenses	**1,515,190**	**805,196**	**806,196**	**806,796**	**806,996**	**4,315,913**
Net Income (Loss)	**(1,800,752)**	**(994,379)**	**(1,335,558)**	**(1,592,231)**	**(1,853,653)**	**(5,553,044)**
Capital Improvement Expenditures	**2,787,586**	**1,397,275 (m)**	**1,481,100 (m)**	**1,358,578 (m)**	**1,388,214 (m)**	**1,419,184 (m)**
Ending Cash and Equivalents	**3,350,164 (c)**	**958,510**	**(1,838,148)**	**(4,788,957)**	**(8,030,824)**	**(15,003,052)**
Net Increase (Decrease) in Cash	**($2,664,234) (c)**	**($2,391,654)**	**($2,796,658)**	**($2,950,809)**	**($3,241,867)**	**($6,972,228)**
Debt Service Coverage Ratio	**(0.35) (d)**	**(0.23) (i)**	**(0.68) (i)**	**(0.97) (i)**	**(1.30) (i)**	**(0.29) (i)**
Water Utility Statistics and Bases of Projections						
Water Activity						
Equivalent 3/4" meters	72,376 (g)	73,776 (g)	75,203 (g)	76,658 (g)	78,141 (g)	79,654 (g)
Purchased Water (ccf)	11,337,789 (g)	11,506,635 (g)	11,678,022 (g)	11,851,670 (g)	12,028,705 (g)	12,208,768 (g)
Escalation Factors						
Salaries and Wages	N/A	N/A	3%	3%	3%	3%
Contractual Services	N/A	N/A	3%	3%	3%	3%
Operating Supplies	N/A	N/A	3%	3%	3%	3%
Utilities	N/A	N/A	3%	3%	3%	3%
General & Administrative	N/A	N/A	3%	3%	3%	3%
Repairs & Maintenance	N/A	N/A	3%	3%	3%	3%
Total Fixed Assets (net of accumulated depreciation)	61,706,468	63,103,743	64,564,843	65,923,421	67,311,635	68,730,819

Notes:
(a) Source: Compiled from worksheets used to prepare the FY 01-02 CAFR, dated 9/5/02.
(b) Source: City of Oxnard Revenue Report and Detail Budget Report, dated 10/3/02.
(c) Source: City's Water Utility Combining Statement of Cash Flows.
(d) Provided by City staff on 9/30/02.
(e) City of Oxnard Financing Authority Water Revenue Refunding and Project Bonds, Series 2001, Debt Service Budget.
(f) Estimated connection fees for FY 02-03 through FY 06-07 were provided by the Water Division staff on 10/9/02.
(g) Source: Table 1-3.
(h) Source: Table 1-5.
(i) Estimated debt service ratio is calculated by taking the net operating revenue plus interest income and connection/developer fee revenues divided by the principal and interest payment on the long term debt (2001 Bond Series) in FY 02-03 through FY 05-06. FY 06-07 debt service ratio is calculated similarly, except that the new debt is added to the 2001 Series and divided into the previously mentioned revenues.
(j) Includes revenues associated with unusually large, one time, outstanding customer bills that are on a payment schedule. Due to the unpredictability of annual revenues it is assumed that this revenue source will be zero during the study period. It should be noted that the City had budgeted $191,700 in FY 02-03.
(k) Estimated revenues are included in the Meter Water-Comm. (Blended water) estimate for FY 02-03 through FY 06-07 because all customers are billed at the same rate.
(l) Single Family, Multi-Family, Commercial Blended, and Commercial Unblended revenues for FY 02-03 through FY 06-07 were calculated using the FY 01-02 as the base year and increasing the number of meters and consumption based on historical increases. Revenues were then calculated as the sum of meter and commodity charges.
(m) Source: Table 1-6.
(n) Based on a finance plan prepared by Merrill Lynch & Co. for Phase 1 of the Great Program dated 11/04/02. Principal and interest costs were adjusted to include the capital costs associated with the projects identified in the Resolution of Intent for FY 02-03 through FY 06-07.

- Historical account information obtained from worksheets used to prepare the City's CAFR consolidated the single family and multi-family revenues into one account called Metered Water-Residential. Similarly, the Commercial Blended and Unblended revenues were also consolidated into one account called Metered Water Commercial. Data from the City's Utility Customer Billing database were used to project future water revenues (meter and commodity charges) for FYs 2002-03 through 2006-07 for each customer class separately.

- Projected water supply expenses include UWCD and CMWD purchased water costs and costs to pump groundwater from the City owned wells. Projected water supply-related expenses are discussed in Section 1.3.2. It should also be noted that UWCD and CMWD purchased water expenses for FY 2002-03 through FY 2006-07 are calculated based on current rates. No attempt was made to project future rate increases due to City Ordinance No. 2490 which allows the Water Division to pass these increased wholesale costs directly on to its customers.

- Capital expenditures and debt service obligations are discussed in Section 1.3.3.

- Projected operating expenditures for the water utility including: salaries & wages; contractual services; operating supplies; utilities; general & administrative; and repairs & maintenance were obtained from the City's Detail Budget Report for FY 2002-03 and discussions with City staff. The operating expenses mentioned above are projected to increase at a rate of 3 percent per year in FYs 2003-04 through 2006-07.

- As requested by the City, fixed and variable operating expenses associated with the GREAT Program are not included in this revenue requirement. However, capital expenditures of $57,939,100 associated with the planning, design and construction of the GREAT Program are included (refer to Table 1-6). Of that amount approximately $1,011,100 is anticipated to be paid with user fees, $28,464,000 is expected to be bond funded, and the remaining $28,464,000 is assumed to be funded with grants.

- Projected annual debt service associated with Phase 1 of the GREAT Program is based on a financing plan prepared by Merrill Lynch & Co. Annual debt service payments were adjusted to include the capital costs associated with proposed projects to be included in the Resolution of Intent (refer to Table 1-6) in FY 2002-03 through FY 2006-07 (total costs are estimated to be $19,627,750). Estimated annual debt service payments were calculated based on the following assumptions: (1) financing will qualify for a "AAA" rated bond insurance, (2) interest will be capitalized during the construction period, (3) 50 percent of the capital costs associated with Phase 1 of the GREAT Program will be bond funded and remaining costs will be funded with grants, (4) 100 percent of the capital costs associated with the proposed Resolution of Intent projects will be bond funded, (5) total par amount of the bonds issued is estimated to be $56,392,000, and (5) repayment of the bonds will be over 30 years at an interest rate of 4.84%.

Based on the evaluation presented in Table 1-7, projected net operating revenues are negative and continue to decline over the study period under the current rate structure. The primary reason for this continued decline is that current operating revenues are not sufficient to cover current and projected operating expenses. In addition, non-operating revenues are also insufficient to fund projected non-operating expenses. This shortfall is primarily caused by

projected future debt service associated with Phase 1 of the GREAT Program and proposed projects included in the Resolution of Intent, an insufficient amount being charged for connection to the water system (connection fee), and reduced interest income. The reduction in the amount of interest income is primarily due to the level of planned capital expenditures that will be funded through user fees and connection fees. These planned capital improvement projects reduce the water division reserves which in turn reduces the amount of annual interest income that could be realized if the reserves were maintained. Debt coverage ratios continue to decline providing yet another indication that the City is falling deeper into debt. In fiscal year 2006-07, although it appears that the debt coverage ratio is improving, it is only a reflection of the substantial increase in total non-operating expenses related to the future projected debt service. The net result of these factors is a continued decline in the projected financial condition of the water utility unless rates are increased.

Section 2: Allocation of Water Costs of Service to User Classes

Cost of service studies are generally performed for an audited historical year to allocate costs of providing service to user classes and to support the development of rates that are fair and not unduly discriminatory to system users. The total cost of serving each user class is derived by distributing each of the utility cost components among the user classes based upon the respective service requirements of each class. Thus, a cost of service study enables a water utility to develop rate structures based on the service requirements of each class.

2.1 Purposes of the Cost of Service Study

The purposes of this water utility cost of service study are to:

1. Allocate costs of service to user classes.
2. Determine rates of return for the City's water user classes which measure how well present revenues received from each user class recover allocated costs.
3. Derive unit costs to support the development of water rates.

2.2 Determination of the Cost of Service

A cost of service analysis allocates accounting and financial information to costs incurred by user classes for whom rates can be developed. The cost of service study for the City is performed in three basic steps.

The first step is called functionalization. Functionalization is normally used as part of the budgeting process to categorize costs in terms of functions and subfunctions performed by a water utility system. Typical functions are source of supply, pumping, treatment, transmission, distribution, and administrative and general.

The second step classifies the capital and operating expenses and investment in the water utility plant to cost components: volume, capacity, or customer. Volume, capacity, and customer related costs are defined as follows:

1. Volume Costs. Volume based costs vary with the consumption of water by users over a specified period of time, such as day, month or year, in contrast to the amount of water demanded at any time. These costs are also considered the base costs of a water utility.
2. Capacity Costs. Capacity costs vary with the demand, or the rate of flow, of water used by user class of service. Capacity costs relate to the maximum size of facilities installed to meet user's demands for water at anytime.

3. Customer Costs. Customer costs vary with the number of customers (active services), or the addition of customers served by a water system. These costs are typically a portion or all of the fixed utility expenses.

The final step allocates costs of service to user classes. This is performed through the development of volume, capacity, and customer-related allocation factors.

2.2.1 Definition of User Classes

A properly defined user class is one whose members have:

1. Similar peak capacity requirements and water consumption patterns,
2. Similar water services and facility requirements, and
3. Similar purposes for water use (household, commercial/industrial, irrigation, etc.).

Residential users typically have similar diurnal and annual water consumption patterns which differ from commercial and other water consumers. Among general service users, similarities in water consumption patterns exist between retail establishments, public office buildings, and industrial facilities. Agricultural and irrigation users have similar seasonally-based peaking demands. Most service-oriented users have similar patterns, within prescribed capacity ranges.

The City recognizes the following water user classes of service. These user classes were used in conducting this cost of service study.

1. Single Family Residential. Customers in single detached residences.
2. Multi-Family Residential. Customers in multiple dwelling units, such as apartments, condominiums, duplexes, triplexes, trailer courts, and businesses in the residence. These complexes may be separately or master metered complexes.
3. Commercial/Industrial Blended. Customers with water demand and consumption requirements different from residential users. The commercial/industrial blended category consists of the City's commercial and industrial facilities, agricultural, government, fire department, and public, commercial and industrial irrigation service connections.
4. Commercial/Industrial Unblended. Customers with higher water quality requirements then the commercial/industrial blended user class. At the present time, the City only has one customer that falls into this user class.
5. Fireline. This user class is established to allocate the proportional cost of the system capacity requirement to the fire protection service connections throughout the City.

Conducting a cost of service study to allocate costs to each of the user classes aids in the development of appropriate water rates. The allocation study is generally based on the actual costs and water demands of an audited test year, with the presumption that the weighting factors derived from the analysis are applicable to the future years.

2.2.2 Test Year - Fiscal Year 2001-02

A cost of service study is normally conducted using the expended costs and consumption characteristics of a fiscal year test period. Fiscal Year 2001-02 is used as the test year for this cost of service analysis. This test year represents the most current and complete financial data available to the City and appears typical of the City's water use characteristics.

2.3 Cost Classification Methodology

Costs incurred by a water utility system can generally be related to one of three factors: 1) the volume or water consumption requirements, 2) the extra capacity requirements, and 3) the customer service related activities. Two methods of classifying costs are recommended by the American Water Works Association (AWWA) for application in water utility cost of service studies. These are the commodity-demand method and the base-extra capacity method.

The commodity-demand method classifies operating expenses and water plant investment to capacity, volume, and customer cost factors. Capacity related costs are allocated to user classes based on each user class' total demand responsibility. Commodity (volume-related) costs are allocated based on annual water consumption. Customer costs are allocated based on each account's meter and service requirements.

The base-extra capacity method identifies extra capacity costs. These costs are then allocated to those user classes creating the extra capacity demands on the water system. This method also identifies more costs as volume-related than the commodity-demand method, resulting in a higher volume charge. In support of a general need to continue efficient water usage among the City's water users, the base-extra capacity method is used for this study.

2.3.1 Classification of Water Utility Plant to Cost Components By the Base-Extra Capacity Method

Applying the base-extra capacity methodology results in the classification of costs as volume-based, extra capacity, or customer-related, as described below:

Volume-Based System Costs. Volume-based system costs are incurred to provide water at a continuous uniform rate, and the facilities designed to support a continuous/constant load factor are synonymous with the base system. Supply and production projects and facilities are examples of base system components. This cost classification is called the V factor.

Extra Capacity Costs. Extra capacity (EC) costs are incurred to provide additional water requirements above an average rate of flow at different times of the day or year. EC costs vary with each user class' maximum-day (MD) or maximum-hour (MH) demands. MD demands for single family, multi-family and commercial/industrial blended user classes were calculated by applying a peaking factor of 1.36, 1.30, and 1.52 to each user classes' average daily consumption (see Table 2-4). These peaking factors were developed by comparing the City's maximum monthly user class demands to the observed peak day demand of the entire water system. The maximum monthly demands were proportionally adjusted until the total volume matched the observed peak day demand of the entire water system. The MD peaking factor was then back-calculated by comparing the estimated MD demand to the average day demand

for each user class. MD demand for the unblended user class was calculated using a peaking factor of 1.23. This peaking factor was developed using the City's daily water production data. MD demand for fireline user class is based on the City's commercial/industrial fire flow requirement of 4,500 gpm, which was obtained from the City of Oxnard's Draft Water System Master Plan.

The ratio of the City's maximum daily capacity requirement to its total average daily consumption suggest that facility costs and operating expenses designed to support MD demand should be allocated as follows: 60 percent to support the base load demand ((16,136 gpm ÷ 26,950 gpm) x 100) and the remaining 40 percent to the MD EC requirements. The City's average and maximum daily consumption for FY 2001-02 is presented in Table 2-4. MH capacity requirements were not developed for this study because the EC requirements for the City's water system is on the MD plus fire flow requirements.

Customer-Related Costs. Customer-related costs are derived from test year data for customer accounts or meter sizes within a class. Each user classification or meter size has identifiable costs to maintain an individual service. Customer costs are allocated utilizing the number of meters within each user class. This classification is called the C factor.

In addition to these three basic classification factors, there are two factors, which are used to classify cost combinations. These factors are the Water Plant (WP) factor and the Operating Expense (OE) factor. As their names suggest, these factors reflect the mix of basic factors for each of these two cost categories.

The basis of the classification of the City's water utility plant to the cost components is as follows:

1. Land and Land Rights. The City has purchased land and land rights upon which some of its water facility structures are located. Based on the City's Fixed Assets Detail Report for 30 June 2002 the City currently has booked a parcel of land associated with the Springville Reservoir, the water yard and well site, and two parcels and one easement associated with its blending stations. Land is classified to the V factor and EC cost components.

2. Buildings. Buildings which house water system facilities and equipment at different locations on the City's water system. City buildings include: the water yard administration building, meter shop, distribution shop, hobby shop, and electrical building. Improvements and repairs to these buildings are also included in this category. Buildings are classified to the V factor.

3. Pumping and Blending Facilities. A pumping plant moves quantities of water through the water system. Pumping and blending facilities include all assets associated with the City's blending stations and pump house. Therefore, the investment in pumps is classified to V factor and EC cost components.

4. Infrastructure. Infrastructure includes the City's valves, mains, meters, and manholes. Generally valves, meters and manholes would be classified as C factor costs and mains would be classified to the V factor and EC cost components. However, because the City's Fixed Assets Detail Report does not separate these items into individual asset

accounts and the majority of the costs are associated with the mains, infrastructure is classified to the V factor and EC cost components.

5. Office Equipment. Office equipment includes the City's machinery and equipment assets that are committed to administrative functions. Office equipment is classified to the customer cost component.

6. General Plant. The general plant includes the City's machinery and equipment assets excluding the items categorized as office equipment above. The general plant is classified to the cost components (V, EC and C) in accordance with the resulting weighted average of all of the water related costs identified above (excluding land).

The results of the allocation of the utility's water plant costs are reflected in Table 2-1.

2.3.2 Working Capital

Working capital is represented as an amount of funds which the City should include in its rate base to cover normal fluctuations in cash flow. For a utility with monthly billing, a simple formula for working capital consists of two months of the utility's annual operating expenses. Two months of operating funds is usually sufficient for payment to be received from the subsequent monthly billing cycle.

The amount of working capital computed for the City's water utility is $2,760,872. This allowance should be included in the utility's rate base. Working capital components are classified as base, extra capacity and customer related cost on the basis of the water utility plant's total cost distribution.

2.3.3 Classification of Operating Expenses to Cost Components

In the allocation of operating expenses, costs are allocated directly to functional cost components to the extent possible. The separation of these costs into functional components provides a means for distributing such costs to the identified user class. The major categories of fixed and variable expenses are listed below. Appendix C includes a detailed summary of the individual expense accounts categorized by cost component (i.e., V, EC or C).

- Water Purchases
- Salaries and Wages
- Contractual Services
- Operating Supplies
- Utilities
- General and Administrative
- Repairs and Maintenance

TABLE 2-1
CLASSIFICATION OF WATER PLANT TO COST COMPONENTS

Description	Load Factor Code*	Basis of Classification			Net Plant Total (a)	Cost Components		
		Volume Base Factor	Extra Capacity	Customer Factor		Volume Base Factor	Extra Capacity	Customer Factor
Water Plant in Service								
Land and Land Rights	V & MD	60%	40%	0%	$157,144	$94,286	$62,858	$0
Buildings	V	100%	0%	0%	$915,863	$915,863	$0	$0
Pumping Facilities	V & MD	60%	40%	0%	$2,054,467	$1,232,680	$821,787	$0
Infrastructure	V & MD	60%	40%	0%	$35,892,863	$21,535,718	$14,357,145	$0
Office Equipment	C	0%	0%	100%	$151,873	$0	$0	$151,873
Subtotal Water Plant					$39,172,210	$23,778,547	$15,241,790	$151,873
Rate Base Items Allocated by WP Load Factor								
General Plant	WP	60.7%	38.9%	0.4%	$502,779	$305,214	$195,608	$1,957
Construction in Progress (b)	WP	60.7%	38.9%	0.4%	$21,651,434	$13,143,595	$8,423,557	$84,282
Total Water Plant					$61,326,423	$37,227,356	$23,860,955	$238,112
Other Rate Base Items								
Working Capital (c)	WP	60.7%	38.9%	0.4%	$2,760,872	$1,675,999	$1,074,126	$10,747
Total Rate Base					$64,087,295	$38,903,355	$24,935,080	$248,859

* V = Volume or Base Load Factor
MD = Maximum Day Load Factor
C = Customer Load Factor
WP = Water Plant Load Factor

(a) Net Plant Total is based on "City of Oxnard Fixed Assets Detail Report - June 30, 2002".
(b) Source: Worksheets used to prepare the FY 2001-02 CAFR. Worksheets were provided by City staff on 10/14/02.
(c) Working Capital equals two months of the water utility's annual operating expenses.

As shown in Table 2-2, the test year operating expenses were $16,565,233, with $11,626,300, $1,233,262, and $3,705,671 allocated to the base, extra capacity, and customer factors, respectively. Water purchase costs include $9,064,258 of the base costs, $621,058 of the extra capacity costs and $0.00 of the customer costs. The remaining base ($2,562,042), extra capacity ($612,204), and customer ($3,705,671) costs are associated with the following expense accounts: salaries and wages, contractual services, operating supplies, utilities, general and administrative, and repairs and maintenance. This table also develops an Operating Expense (OE) Factor that will be used to allocate operating expenses (excluding water purchase costs) to user classes. Because the City supplies a different water quality to the commercial/industrial unblended user class the cost of that water is also different. Therefore, water purchase costs are allocated based on the actual fixed and variable cost of water for each user class.

2.3.4 Development of Allocation Factors

Following classification of utility costs to the demand cost components, the classified operating expenses and water utility plant investment is further allocated to user classes by allocation factors. These factors are based on the respective service requirements of each class. Service requirements include average monthly water use, estimates of MD demands and user class metering and billing requirements.

Base system costs are related to the volume of water consumed by each user class and are allocated based on annual water consumption. Base system volume (V) allocation factors, also shown in Table 2-3, are based on the percentage of the City's water consumed by each user class.

Extra capacity costs include MD demands for each user class. MD costs are related to the extra capacity requirements of users on the day of maximum water demand. MD demands are shown in Table 2-4. Extra capacity is determined for each class by deducting average daily consumption from maximum daily requirements. The MD allocation factors credit users with a more constant water usage or use of facilities installed (improved load factor). Thus, in Table 2-4, the single family residential class is allocated 22.17 percent of maximum day capacity costs, the multi-family residential class is allocated 7.39 percent, the commercial/industrial blended is allocated 25.70 percent, commercial/industrial unblended is allocated 3.13 percent, and fireline is allocated 41.62 percent, respectively.

Customer costs are allocated based on the number of service connections. The costs in this category are predominately dependent on the number of accounts rather than demand. Therefore, the number of service connections per user class was used to allocate costs in this class. Table 2-5 presents the allocation breakdown by user class.

The allocation of water plant assets and operating expenses, excluding purchased water costs, are determined by distributing the base, extra capacity and customer costs to the individual user classes by the appropriate calculated factor. The purchased water costs are allocated based the actual cost of water for each user class. The resulting allocation of the water plant cost and operating expenses by user class is shown in Table 2-6 and 2-7 respectively.

TABLE 2-2
CLASSIFICATION OF OPERATING EXPENSES TO COST COMPONENTS

Description	Load Factor Code*	Basis of Classification			FY 2001-02 Test Year Operating Expenses			
		Base Factor	Extra Capacity	Customer Factor	Base Factor	Extra Capacity	Customer Factor	Total
Water Purchases								
V-Related Accts.	V	100%	0%	0%	$8,132,670	$0	$0	$8,132,670
V&EC-Related Accts.	V, MD	60%	40%	0%	$931,588	$621,058	$0	$1,552,646
C-Related Accts.	C	0%	0%	100%	$0	$0	$0	$0
Salaries and Wages								
V-Related Accts.	V	100%	0%	0%	$1,204,733	$0	$0	$1,204,733
V&EC-Related Accts.	V, MD	60%	40%	0%	$0	$0	$0	$0
C-Related Accts.	C	0%	0%	100%	$0	$0	$1,104,676	$1,104,676
Contractual Services								
V-Related Accts.	V	0%	0%	0%	$0	$0	$0	$0
V&EC-Related Accts.	V, MD	60%	40%	0%	$411,554	$274,370	$0	$685,924
C-Related Accts.	C	0%	0%	100%	$0	$0	$35,684	$35,684
Operating Supplies								
V-Related Accts.	V	0%	0%	0%	$0	$0	$0	$0
V&EC-Related Accts.	V, MD	60%	40%	0%	$73,829	$49,219	$0	$123,048
C-Related Accts.	C	0%	0%	100%	$0	$0	$700,083	$700,083
Utilities								
V-Related Accts.	V	100%	0%	0%	$439,004	$0	$0	$439,004
V&EC-Related Accts.	V, MD	60%	40%	0%	$364,237	$242,825	$0	$607,062
C-Related Accts.	C	0%	0%	100%	$0	$0	$69,311	$69,311
General and Administrative								
V-Related Accts.	V	0%	0%	0%	$0	$0	$0	$0
V&EC-Related Accts.	V, MD	0%	0%	0%	$0	$0	$0	$0
C-Related Accts.	C	0%	0%	100%	$0	$0	$1,750,105	$1,750,105
Repairs and Maintenance								
V-Related Accts.	V	100%	0%	0%	$0	$0	$0	$0
V&EC-Related Accts.	V, MD	60%	40%	0%	$68,685	$45,790	$0	$114,475
C-Related Accts.	C	0%	0%	100%	$0	$0	$45,812	$45,812
Total Operating Expense					$11,626,300	$1,233,262	$3,705,671	$16,565,233
Operating Expense Load Factor (a)					37%	9%	54%	100%

* V = Volume or Base Load Factor
MD = Maximum Day Load Factor
C = Customer Load Factor

(a) The operating expense load factor does not include water purchase costs.
(b) Appendix C includes a detailed summary of which operating expense accounts were categorized to each cost component.

TABLE 2-3
ALLOCATION FACTORS: BASE SYSTEM (VOLUME)

User Class	FY 01-02 Total Water Consumption (ccf) (a)	Percent - % Factor (V)
Single Family	4,678,120	41.26%
Multi-Family	1,871,816	16.51%
Commercial/Industrial Blended	3,755,045	33.12%
Commercial/Industrial Unblended	1,032,808	9.11%
Fireline	0	0.00%
Total	11,337,789	100%

(a) Source: Appendix A.

TABLE 2-4
ALLOCATION FACTORS: EXCESS CAPACITY - MAXIMUM DAY

User Class	Average Monthly Consumption/Class (ccf) (a)	Average Daily Consumption/Class (gpm) (b)	Peaking Factor (c)	Maximum Daily Capacity Requirement/Class (gpm) (d)	Excess Capacity/Class (gpm) (e)	Percent - % Factor (MD)
Single Family	389,843	6,658	1.36	9,055	2,397	22.17%
Multi-Family	155,985	2,664	1.30	3,463	799	7.39%
Commercial/Industrial Blended	312,920	5,344	1.52	8,123	2,779	25.70%
Commercial/Industrial Unblended	86,067	1,470	1.23	1,808	338	3.13%
Fireline	0	0	-	4,500	4,500	41.62%
Total	944,816	16,136	-	26,950	10,813	100.00%

(a) Source: Appendix A.
(b) Average daily consumption by class was determined by taking the average monthly consumption and multiplying by 12 months and then dividing the result by 365 days. The result was then converted to gallons per minute (gpm).
(c) MD demand is 1.36, 1.30, and 1.52 times average day for single family, multi-family and commercial/industrial blended customers respectively. The peaking factors were developed by comparing maximum monthly user class demands to the total peak day demand. The maximum monthly demands were proportionately escalated until the total volume matched the peak day demand. The MD peaking factor was then back-calculated by comparing the estimated MD demand to the average day demand for each user class. MD demand is 1.23 times average day for commercial/industrial unblended customer. This peaking factor was developed from daily water production data for Proctor & Gamble, but excluded two extraneous data points.
(d) Maximum daily capacity requirements for all user classes except Fireline was determined by applying the peaking factor to average daily consumption by class. Maximum daily capacity requirements for the Fireline class was obtained from the City of Oxnard draft Water System Master Plan, prepared by Kennedy/Jenks Consultants.
(e) Excess capacity is determined by deducting the average daily consumption by class from the maximum daily consumption by class.

TABLE 2-5
ALLOCATION FACTORS: CUSTOMER COSTS

User Class	Meter Size (Inches)	No. of Active Accounts (a)	Percent of Total Metered Factor
Single Family	3/4"	25,103	
	1"	4,036	
	1 1/2"	9	
	2"	38	
Subtotal		29,186	82.0661%
Multi-Family	3/4"	710	
	1"	721	
	1 1/2"	337	
	2"	158	
	3"	9	
	4"	14	
	6"	7	
	8"	1	
Subtotal		1,957	5.5028%
Commercial/Industrial Blended			
	3/4"	1,284	
	1"	659	
	1 1/2"	716	
	2"	743	
	3"	134	
	4"	69	
	6"	13	
	8"	9	
Subtotal		3,627	10.1985%
Commercial/Industrial Unblended			
	10"	1	
Subtotal		1	0.0028%
Fireline			
	3/4"	98	
	1"	4	
	1 1/2"	2	
	2"	112	
	3"	5	
	4"	244	
	6"	186	
	8"	120	
	10"	22	
Subtotal		793	2.2298%
Total		35,564	100.0000%

(a) Source: City of Oxnard Utility Customer Billing database (as of 6-30-02).

TABLE 2-6
ALLOCATION OF WATER PLANT ASSETS TO USER CLASSES

Description	Total	Single Family	Multi-Family	Commercial/ Industrial Blended	Commercial/ Industrial Unblended	Fireline
	$	$	$	$	$	$
Base Cost (a)	38,903,355	16,052,033	6,422,762	12,884,686	3,543,875	0
Extra Capacity Cost (b)	24,935,080	5,527,202	1,842,960	6,408,406	779,613	10,376,899
Customer Cost (c)	248,859	204,229	13,694	25,380	7	5,549
Total Operating Cost	64,087,295	21,783,464	8,279,416	19,318,471	4,323,495	10,382,448

(a) Costs are allocated based on the volume factor calculated for each customer class in Table 2-3.
(b) Costs are allocated based on maximum day factor calculated for each customer class in Table 2-4.
(c) Costs are allaocated based on the meter factor calculated for each customer class in Table 2-5.

TABLE 2-7
ALLOCATION OF OPERATING EXPENSES TO USER CLASSES

Description	Total	Single Family	Multi-Family	Commercial/ Industrial Blended	Commercial/ Industrial Unblended	Fireline
	$	$	$	$	$	$
Base Cost						
Variable Water Purchase Costs (a)	9,064,258	3,518,804	1,407,949	2,824,482	1,313,022	0
Other Base Costs (b)	2,562,042	1,057,132	422,981	848,541	233,388	0
Total Base Cost	11,626,300	4,575,936	1,830,930	3,673,024	1,546,410	0
Extra Capacity Cost						
Fixed Water Purchase Costs (a)	621,058	241,099	96,469	193,526	89,965	0
Other Extra Capacity Costs (c)	612,204	135,703	45,248	157,339	19,141	254,773
Total Extra Capacity Cost	1,233,262	376,802	141,717	350,864	109,106	254,773
Customer Cost (d)	3,705,671	3,041,101	203,914	377,923	104	82,628
Total Operating Cost	16,565,233	7,993,840	2,176,561	4,401,811	1,655,620	337,401

(a) Because the City supplies a different water quality to the Commercial/Industrial Unblended user class the costs associated with that water are also different. Therefore, water purchase costs are allocated based on the actual cost of water for each user class.
(b) Non-Water Purchase costs are allocated based on the allocation factors developed in Table 2-3.
(c) Costs are allocated based on maximum day factor calculated for each customer class in Table 2-4.
(d) Costs are allaocated based on the meter factor calculated for each customer class in Table 2-5.

2.4 Results of the Cost of Service Study

The results of the cost of service study reflect the costs distributed to each user class and provides a reasonable basis for establishing appropriate user charges. The results of the study are presented in terms of unit costs, calculated by user class in Table 2-8, unit variable water revenue, calculated by user class in Table 2-9, and on the rate of return basis as presented in Table 2-10.

2.4.1 Unit Cost of Service

A significant result of a cost of service study is the development of unit costs by user class. The resulting unit costs can then be compared with the present rates charged to determine rate equity. As previously discussed, each user class should pay its fair share of the cost to serve.

The unit cost of service for each user class is presented in Table 2-8. As shown, the cost of service study identified variable base system operating costs (variable water purchase and other base costs, refer to Table 2-7). Water purchase costs are allocated to each user class based on actual costs. Other base costs were allocated to the user classes by the annual water consumption (V Factor, refer to Table 2-3). The unit cost per hundred cubic feet (ccf) of water consumed was computed to be $0.95 per ccf for the single family, multi-family, and commercial/industrial blended user classes, $1.48 for the commercial/industrial unblended user class and $0.00 for the fireline class. As shown in Table 2-9, the unit variable water revenue (i.e., the revenue derived from water use) per ccf by user class is $1.11 for the single family and multi-family user classes, $1.10 for commercial industrial blended user class, $1.18 for the commercial/industrial unblended user class, and $0.00 for the fireline class. It appears that the City is collecting sufficient revenues from the blended variable water use ($1.11 and $1.10) to cover its variable operating expenses of $0.95 per ccf and an insufficient amount for the unblended variable water use ($1.18) to cover its variable operating expenses of $1.48 per ccf.

Fixed operating costs include EC and customer related costs. EC unit costs are associated with the user classes' MD factors and are established on an equivalent meter basis. Customer related units costs are associated with the user classes' metering requirements and are established on a per meter basis. The resulting fixed costs per customer are determined to be $9.66 per billing cycle for single family; $11.24 for multi-family, and $10.98, $102.71, and $9.62 per billing cycle for commercial/industrial blended, commercial/industrial unblended and fireline, respectively.

2.4.2 Rate of Return

The cost elements of the utility (rate of return) basis of accounting were described in Section 1.2.3. The rate of return is calculated by taking the ratio of net operating revenues (total operating revenues minus total operating expenses) to the utility's rate base (property, plants, and equipment asset value). The cost of service study finds different rates of return for each of the user classes. Negative and low rates of return indicate that these user classes are not covering operating expenses on water plant investment.

In the test year (FY 2001-02), the cost of service study found a rate of return for the City of 0.44 percent. This indicates that the present rate levels are not adequately providing for interest cost

TABLE 2-8
UNIT COST OF SERVICE

Description	Single Family	Multi-Family	Comm./Ind. Blended	Comm./Ind. Unblended	Fireline	Totals
Variable Costs						
Base System						
Operating Expenses						
Variable Water Purchase Costs	$3,518,804	$1,407,949	$2,824,482	$1,313,022	$0	$9,064,258
Other Costs	$1,057,132	$422,981	$848,541	$233,388	$0	$2,562,042
Total Operating Expenses	$4,575,936	$1,830,930	$3,673,024	$1,546,410	$0	$11,626,300
Volume (ccf)	4,796,753	1,919,283	3,850,269	1,047,762	0	11,614,067
Unit Cost/ccf	**$0.95**	**$0.95**	**$0.95**	**$1.48**	**$0**	
Fixed Costs						
Extra Capacity and Customer Costs						
Extra Capacity Operating Expenses						
Fixed Water Purchase Costs	$241,099	$96,469	$193,526	$89,965	$0	$621,058
Other Purchase Costs	$135,703	$45,248	$157,339	$19,141	$254,773	$612,204
Total Extra Capacity Operating Expenses	$376,802	$141,717	$350,864	$109,106	$254,773	$1,233,262
No. of Equivalent Meters (a)	32,195	4,622	12,735	97	22,727	72,376
Subtotal Extra Capacity	**$0.98**	**$2.55**	**$2.30**	**$94.02**	**$0.93**	
Customer Operating Expenses	$3,041,101	$203,914	$377,923	$104	$82,628	$3,705,671
No. of Meters (a)	29,186	1,957	3,627	1	793	35,564
Subtotal Customer	**$8.68**	**$8.68**	**$8.68**	**$8.68**	**$8.68**	
Unit Cost/Customer (per billing cycle)	**$9.66**	**$11.24**	**$10.98**	**$102.71**	**$9.62**	

(a) Source Table 1-2.

TABLE 2-9
UNIT VARIABLE WATER REVENUE BY USER CLASS

User Class	Total Water Revenue (a)	Fixed Water Revenue	Variable Water Revenue	Purchased Water (ccf) (b)	Unit Variable Water Revenue ($/ccf) (c)
Single Family	$6,877,264	$1,539,279	$5,337,985	$4,796,753	$1.11
Multi-Family	$2,390,346	$254,374	$2,135,972	$1,919,283	$1.11
Commercial/Industrial Blended	$5,009,953	$756,165	$4,253,788	$3,850,269	$1.10
Commercial/Industrial Unblended	$1,255,486	$14,366	$1,241,120	$1,047,762	$1.18
Fireline	$310,659	$310,659	$0	$0	$0.00
Totals	$15,843,709	$2,874,843	$12,968,866	$11,614,067	-

(a) FY 2001/02 total water and fireline revenues were compiled from worksheets used to prepare the FY 01-02 CAFR, dated 9/5/02. Revenues are allocated based on monthly meter and consumption data (for all user classes except for fireline) supplied by the City's Utility Billing Department. The calculated charge totals may deviate slightly from reported values for the following reasons: 1. User accounts were condensed based on customer class and meter size. Average consumption was used to calculate consumption charges for these groupings and may differ from the summation of individual consumption charges. 2. Billing corrections (due to misreads, data entry errors, etc.) were not incorporated into the analysis. Billing corrections were on the order of 0.25% of actual billings and were not anticipated to have significant impact on projected charges.
(b) Total water purchased from CMWD and UWCD and City well water. Total amount of water is allocated based on FY 2001-02 metered water usage for single family, multi-family, and commercial/industrial blended user classes and actual purchased water amounts for commercial/industrial unblended.
(c) Unit variable water revenue is obtained by taking the variable water revenue divided by purchased water amount.

TABLE 2-10
RATE OF RETURN BY USER CLASS

User Class	Annual Revenue (a)	Operating Expense (b)	Net Operating Revenues	Allocated Rate Base	Rate of Return
Single Family	$7,350,581	$7,993,840	-$643,258	$21,783,464	-2.95%
Multi-Family	$2,554,858	$2,176,561	$378,297	$8,279,416	4.57%
Commercial/Industrial Blended	$5,354,755	$4,401,811	$952,944	$19,318,471	4.93%
Commercial/Industrial Unblended	$1,278,359	$1,655,620	-$377,260	$4,323,495	-8.73%
Fireline	$310,659	$337,401	-$26,742	$10,382,448	-0.26%
Totals	$16,849,213	$16,565,233	$283,980	$64,087,295	0.44%

(a) FY 2001-02 water revenue was compiled from worksheets used to prepared the FY 01-02 CAFR, dated 9/5/02. Revenues are allocated based on monthly meter and consumption data (for all user classes except for fireline) supplied by the City's Utility Billing Department. Charges for services and other revenue do not apply to the fireline user class. The calculated charge totals may deviate slightly from reported values for the following reasons: 1. User accounts were condensed based on customer class and meter size. Average consumption was used to calculate consumption charges for these groupings and may differ from the summation of individual consumption charges. 2. Billing corrections (due to misreads, data entry errors, etc.) were not incorporated into the analysis. Billing corrections were on the order of 0.25% of actual billings and were not anticipated to have significant impact on projected charges.
(b) Operating expenses were adjusted to reflect a more realistic representation of historical and current operating expenses. Refer to Appendix C for a detailed account of which operating expenses were adjusted.

on debt and a paid portion of capital expenditures. Based on the City's estimated cost of capital, it is recommended that the City maintain a minimum rate of return of at least 6% (i.e., the estimated cost of capital) so that it can continue to fund capital projects from revenues. This level is considered essential if the City wishes to continue to provide for operating expenses, interest cost on debt and a portion of paid capital expenditures through its rates.

The rates of return for the City's water users are calculated in Table 2-10. These rates are based on available revenue and usage information and demonstrate the appropriateness of current rates. Based on the results of this analysis, it appears that all user classes are providing an insufficient rate-of-return to maintain the current level of capital assets. This disparity should be considered in the development of recommended water rates.

Section 3: Alternative Ratemaking Concepts

The purpose of this section is to review and evaluate alternative ratemaking concepts. The discussion and analysis of these concepts is focused on establishing an appropriate water rate schedule. These concepts include the establishment of a rate schedule that proportionally recovers costs from user classes, protects the utility from financial vulnerability, continues support for resource conservation, and identifies a rate schedule that is fair and equitable to all of the City's customers.

3.1 Inverted Block Rate Structures

The primary objective of most inverted block rate structures is water conservation. Conservation pricing (such as the inverted rate block structure) is one of the recommended demand management measures defined by the California Urban Water Conservation Council's (CUWCC) Memorandum of Understanding Regarding Urban Water Conservation in California (MOU). At the present time, the City is not a direct signatory to the CUWCC MOU. However, MWD's Administrative Code (Division III, Section 3107) requires its member agencies to comply with its adopted BMPs. In addition, the City's adopted Urban Water Management Plan recommends evaluating conservation pricing methodologies as one of its best management practices. Conservation pricing provides incentives to customers to reduce average or peak use, or both. Such pricing includes: rates designed to recover the cost of providing service; and billing for water and sewer service based on metered water use.

In an inverted (or increasing) block rate structure, the unit price increases with each successive block, resulting in an increase in the incremental and the average cost of water with increased customer usage. For inverted block rate structures, the block (quantity) shift points are generally based upon the unique demand characteristics of each user class and are focused on user demand points to enhance water usage awareness. Customer awareness combined with price incentives, are critical elements in modifying consumption behavior.

In general, inverted blocks are not based on the results of traditional cost of service. Traditional cost of service studies allocate cost responsibilities based in part on their demand for extra capacity. This approach tends to favor declining block rates, as they recognize improved peaking load factors for high volume usage. The City's current rate structure consists of a flat rate for single family and multi-family customers and a declining block rate structure for the commercial/industrial blended and unblended customers.

To accomplish this strategy, the inverted block rate structure typically requires a unique block structure for each user class. Moreover, unique user class block shift points facilitate the development of cost of service-based revenue collection from each user class. Thus, the setting of rate block shift points is based upon both customer awareness and user class cost recovery requirements.

There are two general approaches to developing prices associated with an inverted block rate structure. These two approaches are: block pricing based on source of supply costs and block pricing based on demand patterns and price elasticity assessments. Since the use of cost based pricing may not result in appropriate consumer pricing signals to enhance water

conservation, this approach is typically used when rate fairness is of prime concern and water conservation is a secondary objective. However, utilizing this approach may result in a rate structure that is easy to understand.

The second approach used to establish inverted block pricing is through the development of demand based price elasticity assessments. This pricing approach is typically used to maximize water conservation. To develop the appropriate rate structure associated with this approach, specific user class demand characteristics must be derived. These demand characteristics include: monthly demand patterns, seasonal indoor/outdoor water usage, and water usage requirements for basic health and sanitation needs. Although development of this approach is complex, this approach can have the greatest effect on encouraging positive customer behavior.

Selection of the appropriate approach for developing the inverted block rate structure is based primarily on the City's desire to balance utility financial stability and user class equity. Accordingly, it is recommended that the inverted block rate structure be developed utilizing the source of supply costs for block pricing and source of supply allocation basis for determining the number of blocks.

3.2 Lifeline Rates

A lifeline rate is a program designed to reduce the utility charge for residential customers who are typically senior citizens, disabled, low income, or on fixed incomes. A properly designed lifeline rate seeks to provide qualifying customers with a minimum required water service at a lower rate of cost than similar customers within the same user class. Therefore, the reduced revenues that result from lifeline rates would need to be recovered by increasing the rates charged to the other customers.

A variety of criteria or combination of criteria can be used to meet the utility's goal of a proposed lifeline rate. These criteria may include:

1. Average volume of consumption.
2. Senior citizen customers.
3. Disabled customers.
4. Customers on low or fixed income.

The City of Camarillo has a Senior Qualifying Rate, which waives the commodity charge component of the water bill to qualifying customers. To qualify for this rate customers must be: (1) a resident of Camarillo service area; (2) 62 years of age or older at the start of the billing period; (3) occupy the home subject to assistance as owner or be eligible for renter's credit on the California Senior Citizens Property Tax Assistance claim form; (4) have a household income not to exceed that which is set forth by Title XVI of the Social Security Act, as amended; and (5) consume no more than 1,000 cubic feet of water per billing cycle.

Southern California Edison (SCE) has adopted a lifeline rate called the California Alternative Rates for Energy (CARE). The CARE Program, authorized by the California Public Utilities

Commission (CPUC), provides a 20 percent discount on electrical rates to qualifying low-income residential customers. In addition, customers participating in CARE are exempt from 2001 rate increases ordered by the CPUC.

To qualify for SCE's CARE Program, the customer's total annual household income cannot be more than the levels shown in Table 3-1 below. Additionally, the SCE bill must be in the customer's name and the customer cannot be claimed as a dependent on another person's tax return.

TABLE 3-1

MAXIMUM HOUSEHOLD INCOME

EFFECTIVE AS OF JUNE, 2002

Household Size	Total Combined Income
1-2	$22,600
3	$26,600
4	$32,000
5	$37,400
6	$42,900

Add $5,400 for each additional person

If the City wishes to establish a lifeline rate to assist economically disadvantaged customers with paying their bills, then it is recommended that each customer be granted a lifeline rate similar to SCE's CARE Program or that the City utilize the qualifying customer base established by SCE for its program. To implement a lifeline rate, the City should consider the following:

1. Implementing a lifeline rate will increase the utility's operating costs by requiring additional personnel resources. These resources would be required to handle and evaluate lifeline customer applications and customer service requirements arising from complex billing criteria. The magnitude of this operational increase in cost is not assessed.

2. If the number of lower income customers continues to increase, the water utility revenues will continue to decrease, requiring additional subsidizing from other utility customers.

In summary, implementing a lifeline rate reduces bills of specific user types while simultaneously increasing the bills of similar users. Lifeline rates are not based on cost of service principals. If the City desires such a policy, then it is recommended that the City utilize the qualifying lifeline customer base established by SCE for its program.

3.3 Water Supply Rate Increase Pass-Through (CMWD/UWCD)

Section 22-60. Water Rates of the Oxnard City Code (Ord. No. 1771, 2306, 2490) authorizes that the rates charged for all water supplied by the City shall be established by ordinance of the City Council. Each customer receiving water service is liable for payment of such service at the rates so established. In addition, such rates shall be increased when the water rates for water purchased by the City from CMWD or any other wholesale water supplier including UWCD increases. Such increase shall be the same percentage as the percentage increase in the rates that the City pays for CMWD water or for water supplied by a wholesale water supplier. Such increases shall be effective the date of the percentage increase in water purchased from CMWD and from other wholesale water suppliers.

3.4 Proposed Water Service Agreement

The City currently purchases imported water from CMWD to blend with native and imported groundwater and delivers blended water to the majority of the City's customers. The commercial/industrial unblended water user class includes one customer with unique water quality and demand characteristics. This customer has expressed an interest in entering into a water service agreement that establishes its right to purchase unblended imported water from the City and clearly defines the terms and conditions of the purchase. The terms and conditions of the proposed water service agreement are currently under negotiation. Assuming that the proposed water service agreement is authorized, it is recommended that the City eliminate the commercial/industrial unblended water user class and adjust its current water utility billing and accounting for this customer.

3.5 Summary of Alternative Rate Structures

Based on the cost of service analysis and the alternative rate structure review, it is recommended that the City incorporate the following changes/enhancements into the existing rate structure:

- Based on the City's desire to balance the water utility's financial stability and user class equity, it is recommended that the City adopt an inverted rate structure that utilizes the source of supply costs for block pricing and the source of supply allocation basis for determining the number of blocks.
- The City may consider adopting a lifeline rate program to reduce water utility charges for residential customers who are economically disadvantaged.
- The City should maintain its current water supply rate increase pass through for UWCD and CMWD.
- Assuming that the proposed water service agreement is approved by the City it is recommended that the City eliminate the commercial/industrial unblended water user class and adjust its current water utility billing and accounting for this customer class.

Section 4: Development of Proposed Water Rates

Present water rates charge existing customers for the use of the water system. The water usage fees are the primary source of income for the City's Water Fund. This section reviews the City's water rates, existing rate structure, and develops proposed rates for adoption by the City. This section also includes a rate survey of comparable utilities and projected monthly bills based on the City's consumption/generation patterns.

4.1 City's Current Water Rate

The City's current water rates consist of a fixed monthly meter charge based on meter size and a commodity (or unit) charge based on a flat rate and a declining block rate structure for the commercial/industrial blended and unblended customers. The basis for the monthly meter charges could not be determined, but appears to be related to the number of equivalent meters. However, these equivalent meter ratios differ from those developed for the proposed rate structure using the established AWWA methodology.

The current commercial/industrial blended and unblended water rate commodity charge is a five-tier declining block rate, as shown in Table 4-1. A declining block rate means that water users pay less for water usage on a unit basis as consumption increases above specifically defined allotments. Although the block allocation shift points are the same for each class, the rates for the commercial/industrial blended class differ from the commercial/industrial unblended class, while the single family and multi-family classes' rates are the same for all blocks. The City's rates also include a block surcharge of ten cents per hundred cubic feet on customers within the City but outside the Calleguas Municipal Water District or the Metropolitan Water District of Southern California. At the present time the City only has one customer that falls into this category, the Ocean View Municipal Water District. However, expenses associated with the delivery of water to Ocean View are handled under a separate agreement.

In addition, Section 22-61 Fees and Charges of the Oxnard City Code authorizes the City to charge for new service connections and separate rates for the following special water services.

- Flat Rates
- Fire Services
- Metered Construction Rate
- Unmetered Construction Rate
- Service to City
- Temporary Agricultural Use

Other deposits, fees, and charges discussed in Section 22-61 are not included in this evaluation. Of these special water services, only the Fire Services rates will be evaluated as part of this rate study. It should also be noted that in February of 2000, the City merged the rate

TABLE 4-1
CURRENT WATER RATES

Monthly Metered Water Rates - Effective 1/1/02				
Monthly Rate Blocks	**Single Family**	**Multi-Family**	**Commercial/ Industrial Blended**	**Commercial/ Industrial Unblended**
0 - 10 ccf	$1.192	$1.192	$2.145	$3.636
11 - 400 ccf	$1.192	$1.192	$1.106	$1.802
401 - 1000 ccf	$1.192	$1.192	$1.016	$1.639
1001 - 6000 ccf	$1.192	$1.192	$0.908*	$1.448*
6001 - over ccf	$1.192	$1.192	$0.790*	$1.240*

Monthly Meter Charges - Effective 1/1/02	
Meter Size	**Monthly Charge**
3/4"	$4.18
1"	$6.13
1 1/2"	$15.18
2"	$21.84
3"	$53.25
4"	$144.49
6"	$392.14
8"	$608.98
10"	$1,219.53

Source: City of Oxnard Water Division Memorandum to the City Manager, dated 20 December 2001, Oxnard City Code Sections 22-60 Water Rates and 22-61 Fees and Charges and additional rate information provided by City staff.

*To qualify for the lower rates for water use above 1000 ccf a water conservation report needs to be submitted to the Public Works Department.

classes (including city planting strips and parkway irrigation) that were charged the Service to City rates into the commercial/industrial blended user class. Accordingly, only new unmetered City planting strips and parkway irrigation uses are charged at the Service to the City rate. This is a temporary condition and is intended to apply only until a meter can be installed. Once a site is metered, it is reclassified as a commercial/industrial blended user and charged according to that rate schedule.

The City's current water rates, fees and charges became effective on 1 January 2002 and are authorized under Sections 22-60 Water Rates and 22-61 Fees and Charges of the Oxnard City Code and in a City of Oxnard Memorandum to the City Manager, dated 20 December 2001. A copy of the memorandum establishing the current utility rates and the code sections are provided in Appendix D.

4.2 Water Rate Structuring Criteria

As previously discussed, a utility may incorporate a variety of alternative criteria in structuring water rates. Although these criteria may achieve the desired levels of revenue, their implementation may shift the burden of costs from one user class to another. These criteria and their approaches, their effect on financial stability, and their impact on rates are discussed herein.

4.2.1 Cost of Service

The most fundamental basis for establishing appropriate rates results from a utility cost of service study. A utility cost of service analysis establishes distinct revenue recovery guidelines and groups customers with similar usage patterns together in unique user classes. Because different user classes have different water demand characteristics and impose different costs on the water system, separate water rates for each user class are recommended. The current rate structure charges both the single family and multi-family user classes at the same rate and does not account for differences in demand characteristics and costs imposed on the water system (refer to Table 4-1).

A second significant concept that results from the cost of service analysis is the recovery of fixed and variable utility costs from a fixed service charge and a variable volume rate. Based on the unit cost of service evaluation for FY 2001-02 (test year), shown in Table 2-8, the fixed operating costs of the utility are $4,398,933 ($1,233,262 for total extra capacity operating expenses and $3,705,671 for customer operating expenses). Fixed water revenues are $2,874,843 or approximately 58 percent of the fixed operating costs. This recovery of fixed operating costs with fixed water revenues is within the generally accepted range of 50 to 100 percent. To the extent that fixed costs are not recovered by fixed revenues, variable revenues must exceed the variable cost of water. This result can be observed by comparing the unit cost of water shown in Table 2-8 to the unit variable water revenue shown in Table 2-9. Only the commercial/industrial unblended class has variable costs which exceed variable revenues and for this class, annual revenue is well below annual operating costs (see Table 2-10).

The current rate structure recovers approximately 40 percent of the fixed cost through the variable usage charge. As previously mentioned in Section 1.3.2 of this report, the City's water supply plan is changing, which will result in higher purchased water expenses. Higher

purchased water costs may in turn require the variable usage charge to increase. It is therefore, recommended that the City implement the cost of service results and continue to recover 60 percent of its projected fixed costs from fixed monthly service charges and increase its monthly variable volume rate to recover 100 percent of the water purchase costs plus the remaining 40 percent of the fixed costs.

4.2.2 Inverted Block Rate

The inverted block rate design is recommended as a concept that promotes water conservation. As such, this rate structure is utilized to assess the magnitude of unit cost differentials between the City's individual water resources (City groundwater, UWCD groundwater, and CMWD Tier 1 and Tier 2 surface water).

The inverted block rate structure consists of two components, the fixed or meter charge and the variable or commodity charge. To establish the block rates for each user class, it was necessary to determine the split between the fixed and variable components. The State Public Utilities Commission allows utilities to recover between 50 and 100 percent of its fixed costs through the meter charge. The remaining portion of the fixed costs is recovered, along with operating expenses, through the commodity charge.

To calculate the meter charge, fixed costs for each user class were divided by the number of the equivalent meters allocated to that user class. This resulting cost per equivalent meter was then multiplied by the equivalent meter ratio factor to determine a cost per meter based on meter size.

In order to develop the rates associated with the new inverted block structure, it was first necessary to evaluate the blocks themselves. Documentation describing the development of the current block ranges could not be identified. Recognizing the need to develop a rate structure that is fair to all users, it was necessary to use an equitable methodology to develop new block ranges.

The City will have four individual water resources available during the study period - City groundwater, UWCD groundwater, CMWD Tier 1 and Tier 2 surface water. Because the City blends groundwater and surface water for all users with the exception of its unblended users, these individual water resources are combined to the extent possible to meet economic and quality goals. When there are insufficient groundwater resources available, unblended surface water (either Tier 1 or Tier 2) can be used. However, the City's groundwater resources are subject to reductions by the Fox Canyon Groundwater Management Agency. Because such a reduction is scheduled for 2005 which falls within the planning horizon of this study, these reduced allocations were utilized to avoid the under collection of revenues in subsequent years. These allocations are presented in Table 4-2.

In order to equitably distribute the water resources among the various user classes, consideration must be given to the unblended user class which consumes a unique quality of water. To accommodate the anticipated Calleguas Municipal Water District Tiered Rate Structure, this customer class was allocated 90 percent of the customer's FY 2001-02 demand to Tier 1 water, consistent with the CMWD's allocation of imported water supply to the City. The remaining 10 percent would be derived from CMWD Tier 2 water.

TABLE 4-2
AVAILABLE WATER RESOURCES

Water Resource	Projected Water Allocation AFY
Groundwater	
City(a)	6,268
UWCD(a)	4,990
Subtotal Groundwater	11,258
Surface Water	
CMWD Tier 1(b)	14,443
CMWD Tier 2(c)	327
Subtotal Surface Water	14,770
Total Water Resources	**26,028**

Notes:
(a) Based on FCGMA allocation in 2005 (most restrictive year in the planning horizon for this study). The City allocation also includes 700 AFY of allocation anticipated to be transferred by the PHWA to the City via the draft Three Party Agreement. Does not consider the use of groundwater conservation credits.
(b) Based on the initial (calendar year 2003) CMWD Tier 1 allocation.
(c) There is no allocation limit on CMWD Tier 2 water. The listed value represents the amount of Tier 2 water that is expected to be necessary to meet FY 2001-02 demands.

Table 4-3 presents a breakdown of the water demands by user class based on FY 2001-02 demand. Assuming a 1:1 blend of groundwater to surface water, Table 4-4 presents the proportionate distribution of water resources among the customer classes. When blended demands exceeded blended supplies, the least expensive unblended supply was used. The allocation of water resources were then converted to blocks on the basis of equivalent meters. Although, there should be four blocks for the single family, multi-family, and commercial/industrial blended user classes, the range of the third block is limited (ranges between 1 and 3 ccf), and the third block is combined with the fourth block to simplify the rate schedule. The recommended block ranges are presented in Table 4-5.

In order to develop the rates, it was necessary to consider the cost of the water resources, plus any fixed costs not recovered through the meter charge, and any additional costs needed to recover debt service and capital improvement expenditures. Unrecovered fixed costs, debt service, and capital improvement expenditures were spread uniformly among the various blocks and user groups proportionately to the amount of water associated with each block. Since the cost of water resources associated with each block increases, the magnitude of the increase from block-to-block is reflective of the increase in water resource costs. The recommended water rates are presented in a subsequent section of the report.

4.2.3 Lifeline Rate

The lifeline rate concept, discussed in Section 3.2, was not incorporated into the City's water utility rate structure at this time. Because this rate design could have significant effects on the utility's revenues, it is recommended that the City review the potential impact on other rate classes if the City is interested in this concept.

4.3 Recommended Water Rates

The proposed water rate schedule is based on the City's historical and projected revenue requirements, the cost of service analysis, current operating budget requirements, and the recommended rate concepts. The new inverted block unit cost requirements serve as the basis for the proposed water volume rate schedule. It is proposed that separate water rate schedules be adopted for the City's single family, multi-family and commercial/industrial blended water user classes and that the City's commercial/industrial unblended water customer's water demands be handled under a separate agreement for water services.

The water rates proposed herein are designed to increase water sales revenues to accommodate the FY 2002-03 operating budget's cost projection, planned capital improvements throughout the study period, and to begin generating operating reserves for the Water Utility Enterprise Fund. This rate change is expected to increase the monthly bills of single family, multi-family, and commercial/industrial customers by 14.8, 16.3, and 12.9 percent respectively. It is anticipated that cost recovery for the commercial/industrial unblended user class will be accomplished through a water service agreement.

4.3.1 Proposed Fixed Rates

Based on the cost allocation factors developed in Section 2, fixed rates were established for each user class. The proposed fixed rates are presented in Table 4-6. These fixed rates are

TABLE 4-3
FY 2001-02 USER DEMANDS

User Class	FY 2001-02 User Demands AFY	Percent of Groundwater	Percent of Tier 1 Surface Water (a)
Single Family Residential	10,739	45.40%	38.69%
Multi-Family Residential	4,297	18.16%	15.48%
Commercial/Industrial Blended	8,620	36.44%	31.05%
Subtotal Blended	23,657		
Commercial Unblended	2,371	NA	14.78%
Total	26,028	100%	100%

(a) Commercial unblended users were assigned 90 percent of their FY 2001-02 demands (2,371 x 0.90) as their Tier 1 allocation, consistent with the CMWD approach applied to the City. The remaining surface water was then divided among the blended water users in proportion to their groundwater usage.

TABLE 4-4
DISTRIBUTION OF WATER RESOURCES BY USER CLASS

Water Resource	User Class				
	Available Supply AFY	Single Family AFY	Multi-Family AFY	Comm/Ind Blended AFY	Comm/Ind Unblended AFY
City GW + CMWD Tier 1	12,536	5,690	2,278	4,568	0
UWCD GW + CMWD Tier 1	9,980	4,530	1,812	3,636	0
Unblended CMWD Tier 1 (a)	3,186	478	191	383	2,134
Unblended CMWD Tier 2	327	41	16	33	237
Total	**26,028**	**10,739**	**4,297**	**8,620**	**2,371**

(a) The distribution of unblended CMWD Tier 1 water to single-family, multi-family, and commercial/industrial blended users is done only to the extent necessary to meet their demands.

TABLE 4-5
PROPOSED BLOCK RANGES

User Class	Allocation AFY	Equivalent Meters	Block Range ccf (a)	Block Shift Points	
				Start ccf	End ccf
Single Family Residential					
City GW + CMWD Tier 1	5,690	32,195	6.42	0	6
UWCD GW + CMWD Tier 1	4,530	32,195	5.11	6	12
CMWD Tier 1 (b)	478	32,195	0.54	12	-
CMWD Tier 2 (b)	41	32,195	0.05	-	-
Multi-Family Residential					
City GW + CMWD Tier 1	2,278	4,622	17.89	0	17
UWCD GW + CMWD Tier 1	1,812	4,622	14.23	17	32
CMWD Tier 1 (b)	191	4,622	1.50	32	-
CMWD Tier 2 (b)	16	4,622	0.13	-	-
Commercial/Industrial Blended					
City GW + CMWD Tier 1	4,568	12,735	13.02	0	13
UWCD GW + CMWD Tier 1	3,636	12,735	10.36	13	23
CMWD Tier 1 (b)	383	12,735	1.09	23	-
CMWD Tier 2 (b)	33	12,735	0.09	-	-

(a) The tier range was calculated by converting the allocation from acre-feet to hundred cubic feet and dividing by the number of equivalent meters.
(b) Because the range of the third block (CMWD Tier 1 water) is so narrow, it was decided that the block would be collapsed and combined with the fourth block (CMWD Tier 2 water).
(c) Since the commercial/industrial blended water user class has unique water quality and demand characteristics, rates and charges will be established under a water service agreement. Therefore, this rate class has been eliminated from further analysis.

TABLE 4-6
PROPOSED FIXED RATES

Meter Size (Inches)	Equivalent Meter Ratio	Single Family	Multi-Family	Comm./Ind. Blended	Fireline
3/4	1.0	$5.49	$4.50	$3.38	$1.21
1	1.7	$9.33	$7.66	$5.75	$2.06
1.5	3.3	$18.11	$14.86	$11.17	$4.00
2	5.3	$29.09	$23.87	$17.94	$6.43
3	11.7	$64.22	$52.70	$39.59	$14.19
4	20.0	$109.78	$90.09	$67.68	$24.26
6	41.7	$228.90	$187.83	$141.11	$50.58
8	60.0	$329.35	$270.26	$203.04	$72.77
10	96.7	$530.81	$435.57	$327.23	$117.29

intended to recover 60 percent of the Water Division's fixed annual costs, consistent with what was recovered in FY 2001-02. The only exceptions to this is the fireline customer class which recovered 100 percent of its fixed charges through fixed rates. The costs were calculated on an equivalent meter basis, and then converted to reflect actual meter sizes by using the equivalent meter ratio.

The new fixed rates represent an increase to most single family and multi-family residential customers (depending on meter size), but a decrease to the commercial/industrial blended and fireline customers (also dependent on meter size). Based on the distribution of meters per user class, the new rate structure will enable the City to realize an annual increase in revenues of approximately $166,500 above that generated by the existing rate structure. Table 4-7 presents the projected revenues in FY 2002-03 under the existing and proposed fixed rate structures. The proposed revenues in subsequent years would increase because FY 2002-03 includes six months of revenues at the existing (January 1, 2002) rate schedule.

4.3.2 Proposed Variable Rate

Based on the cost allocation factors developed in Section 2, commodity rates were established for each block and each user class. Because the fixed rates were set to recover 60 percent of the Water Division's fixed annual costs, the variable (volume) rates recover the cost of the water resources, other base allocated costs (includes a portion of the City's salaries and wages, contractual services, operating supplies, utilities, and repairs and maintenance expenses), and the unrecovered portion (40 percent) of the fixed annual costs. Table 4-8 presents the proposed rate structure for each user class.

Table 4-9 presents the projected revenues in FY 2002-03 under the existing and the proposed variable rate structures. As shown in Table 4-9, single family and commercial/industrial blended customers projected variable rate revenues increase 20 and 30 percent respectively above existing projected revenues, while the multi-family variable rate revenues decrease 13 percent. The proposed single family, multi-family, and commercial/industrial blended, are +5, -13, and -12 percent higher than the current rates based on the average rate (calculated as the sum of water revenues divided by the total water sales per user class).

4.4 Capital Facility Charge (Connection Fee)

Capital facility charges, commonly referred to as connection fees, are an alternative source of income available to finance capital improvements and expansions to a water utility system. The term connection fee is no longer appropriate terminology due to the adoption of AB1600. This bill renamed this fee and specified that this fee must be used for capital expansions, and cannot be used for operating expenses. A capital facility charge should reimburse the utility for a new customer's purchase of existing capacity in a utility's water supply transmission and distribution facilities.

4.4.1 Current Connection Fee

The City currently has a water connection fee established to generate additional funds for capital improvement projects. The water connection fee was developed in 1991 and includes a

TABLE 4-7
CURRENT AND PROJECTED FIXED RATE REVENUES

User Class	Existing Rate Structure (a)	Proposed Rate Structure (b)	Increase/Decrease in Revenues	Percent Increase or Decrease
Single Family	$1,599,054	$1,881,128	$282,074	18%
Multi-Family	$264,008	$258,182	($5,825)	-2%
Commercial/Industrial Blended	$783,938	$655,715	($128,223)	-16%
Fireline	$300,924	$318,761	$17,837	6%
Total	$2,947,923	$3,113,786	$165,863	6%

(a) Based on January 1, 2002 meter charges and projected meter count for FY 2002/03.
(b) Based on six months at the January 1, 2002 meter charges and six months at the proposed meter charges (see Table 4-6) and the projected meter count for FY 2002/03.

TABLE 4-8
PROPOSED VARIABLE (VOLUME) RATES

Single Family

Monthly Rate Blocks	Amount ($)
0 - 6 ccf	$1.178
6 - 12 ccf	$1.292
12 - over ccf	$1.824

Multi-Family

Monthly Rate Blocks	Amount ($)
0 - 17 ccf	$0.960
17 - 32 ccf	$1.073
32 - over ccf	$1.606

Commercial/Industrial Blended

Monthly Rate Blocks	Amount ($)
0 - 13 ccf	$0.964
13 - 23 ccf	$1.077
23 - over ccf	$1.610

TABLE 4-9
CURRENT AND PROJECTED VARIABLE RATE REVENUES

User Class	Existing Rate Structure (a)	Proposed Rate Structure (b)	Increase/Decrease in Revenues	Percent Increase or Decrease
Single Family	$5,442,993	$ 6,515,966	$ 1,072,973	20%
Multi-Family	$2,177,858	$ 1,903,249	$ (274,609)	-13%
Commercial/Industrial Blended	$4,337,602	$ 5,649,801	$ 1,312,199	30%
Total[1]	$11,958,453	$14,069,016	$2,110,563	$0

charge of $460.00 per water meter equivalency factor as described below. At present the City collects approximately $300,000 per year from connection fees.

Water Meter Size	Equivalency Factor
¾ inch and smaller	1
1-inch	2
1 ½-inch	3
2-inch	5
3-inch	11
4-inch	17
6-inch	33
8-inch	53
10-inch	113
12-inch	180

4.4.2 Proposed Capital Facility Charge and Water Resource Development Fee

The proposed capital facility charge and water resource development fee are designed to reimburse the water utility for the capital costs involved in providing water service to new system users. The water resource development fee is intended to help recover the cost of new water supply projects that accommodate future growth. This study is being prepared under a separate cover. The proposed capital facility charge and water resource development fee are $341 and $2,792 per water meter equivalent, respectively. The water resource development fee is high because it includes several wastewater related items that are integral to the GREAT Program. These include tertiary treatment facilities, modifications to the Brackish Water Reclamation Demonstration Facilities, recycled water distribution facilities, groundwater injection wells, and the concentrate collection system. Table 4-10 presents a comparison of the current and proposed capital facility charges and the new water resource development fees. Because the rate of customer growth is variable and has a significant impact on utility revenues, the rate of growth was assumed to be 50 percent of projected levels for the purpose of evaluating connection fee revenues. The methodology used to develop and calculate each fee is presented in the draft Capital Facility Charge and Water Resource Development Fee Report. A copy of the draft report is included in Appendix E.

4.5 Summary of Proposed Rates

The proposed rates are designed to equitably distribute the Water Division's cost of operation among its various user classes while increasing the City's water revenues to stabilize its fund balance and provide funding for needed capital improvement projects. The proposed rates are based on an inverted block structure consistent with the recommendations of the City's adopted Urban Water Management Plan.

TABLE 4-10
PROPOSED CAPITAL FACILITIES CHARGE AND
WATER RESOURCE DEVELOPMENT FEE

Meter Size	Equivalency Factor (a)	Current Water System Connection Fees (a)	Proposed Capital Facilities Charge (b)	Proposed Water Resource Development Fee (b)
0.75	1	$460	$341	$2,792
1	2	$920	$682	$5,583
1.5	3	$1,380	$1,023	$8,375
2	5	$2,300	$1,706	$13,958
3	11	$5,060	$3,752	$30,708
4	17	$7,820	$5,799	$47,458
6	33	$15,180	$11,257	$92,125
8	53	$24,380	$18,080	$147,958
10	113	$51,980	$38,548	$315,457
12	180	$82,800	$61,404	$502,498

(a) Source: City of Oxnard 21 September 1991 Agenda Packet and Resolution No. 10,273.
(b) Source: Draft Capital Facility Charge and Water Resource Development Fee Report (refer to Appendix E). The proposed Water Resource Development Fee includes estimated costs associated with Phase 1 & 2 of the GREAT Program.

The proposed rate structure consists of two elements – fixed charges and variable charges. The fixed charges were developed to recover 60 percent of the City's projected fixed costs. This approach is consistent with their rate of recovery in FY 2001-02. Because single family, multi-family, and commercial/industrial blended users are allocated differing amounts of fixed and variable charged depending on their use patterns, the rates and blocks that the rates apply to differ from user class to user class.

Table 4-11 presents the projected revenues associated with the proposed rate structure and the proposed capital facility charges and water resource development fees. In contrast to Table 1-7 that showed the projected revenues associated with the current rate structure and current water system connection fees, the proposed rate structure yields a positive net operating revenue. Net operating revenue as a percentage of operating revenue increases to approximately 15 percent. Net income is positive for the period of projection and the debt service coverage ratio, which is essential to debt financing future projects, exceeds 1.25. Please note that the recommended rates are dependent on the collection of proposed capital facility charges and water resource development fee revenues, if projected revenues do not materialize additional water rate revenues will be required in FY 2006-07. It is recommended that water rates should be re-evaluated prior to FY 2006-07 when the debt service payments related to the GREAT Program commence.

4.6 Rate Survey of Adjacent Utilities

To compare the City's current and proposed rates with adjacent water utilities in Ventura County, a limited rate survey was conducted. Three water utilities were surveyed: City of Camarillo, City of San Buenaventura (Ventura), and Ventura Water Works District No. 1 (VWWD No.1). The Cities of Camarillo and Ventura utilize a three tier inverted rate structure for single family, multi-family, and public landscaping. Camarillo charges a flat rate to its commercial, industrial, government and agricultural customers, while the Ventura charges a flat rate to all non-residential customers. Camarillo bills its customers on a monthly basis and Ventura bills on a bi-monthly basis. VWWD No. 1 utilizes a seasonal, three tier inverted rate structure for all user classes and bills on a bi-monthly billing period. The rate schedules of these utilities are included in Appendix F.

The City's FY 2001-02 average, low, and high water usage for single family, multi-family, and commercial/industrial blended customers were utilized to estimate sample monthly water bills of these comparable utilities as well as sample monthly bills using the City's current and proposed rates. For each user class average monthly water usage was summarized and evaluated using the City's Utility Billing Database. Meter sizes for average, low, and high usage for each customer class were selected because those sizes were the most common to that usage. For each user class, low use was assumed to be half of the average user usage due to the high variability in the billing data reads. High use single family and multi-family residential usage is estimated as the average plus the standard deviation of all meter reads in their respective user class. High use commercial/industrial blended usage is based on data from Willamette Industries.

The results of the evaluation are shown in Table 4-12. Based on this evaluation the City's sample bills are generally lower than those of the comparable utilities. Using current rates, the

TABLE 4-11
PROJECTED REVENUE WITH PROPOSED RATES AND
PROPOSED CAPITAL FACILITY CHARGES & WATER RESOURCE DEVELOPMENT FEE

Sources and Uses of Funds	Non-Audited Actual FY 01-02 (a)	Water Division Budget FY 02-03 (b)	Projected FY 03-04	Projected FY 04-05	Projected FY 05-06	Projected FY 06-07
Beginning Cash and Equivalents	6,014,398 (c)	3,358,164	3,285,034	7,020,538	10,779,209	14,514,092
Operating Revenues						
Water Revenue						
Metered Water-Res.	9,355,208					
Single Family (Meter and Commodity Charges)		8,397,093 (l)	9,697,325 (l)	9,890,804 (l)	10,088,685 (l)	10,290,821 (l)
Multi-Family (Meter and Commodity Charges)		2,161,431 (l)	3,180,749 (l)	3,210,218 (l)	3,240,238 (l)	3,270,259 (l)
Metered Water-Comm.	5,470,336					
Blended (Meter and Commodity Charges)		6,305,516 (l)	7,420,864 (l)	7,544,713 (l)	7,671,088 (l)	7,799,783 (l)
Unblended (Meter and Commodity Charges)		1,411,843 (l)	1,543,594 (l)	1,543,594 (l)	1,543,594 (l)	1,543,594 (l)
Metered Water-Pub. Bldgs.	535,113	- (k)	- (k)	- (k)	- (k)	- (k)
Metered Water-Agricult.	945	- (k)	- (k)	- (k)	- (k)	- (k)
Metered Water-Others	115,584	0 (j)	0 (j)	0 (j)	0 (j)	0 (j)
Unmetered Water-Other	55,864	- (k)	- (k)	- (k)	- (k)	- (k)
Fire Line Water Sales	310,659	318,761	342,412	348,225	354,911	361,598
Subtotal Water Revenue	15,843,709	18,594,644	22,184,943	22,537,554	22,898,517	23,265,854
Charges for Services	738,761	711,320	571,845	571,845	571,845	571,845
Other Revenue	266,743	145,655	164,325	164,325	164,325	164,325
Total Operating Revenues	**16,849,213**	**19,451,619**	**22,921,114**	**23,273,724**	**23,634,687**	**24,002,025**
Operating Expenses						
Salaries and Wages	2,506,847	2,384,659	2,435,599	2,506,667	2,583,927	2,661,445
Contractual Services	1,341,857	798,084	822,027	846,687	872,088	898,251
Operating Supplies	1,299,120	886,139	912,723	940,105	968,308	997,357
Water Purchases						
Water Acquisition-UWCD	1,853,405	1,439,752 (h)	1,439,752 (h)	1,439,752 (h)	1,439,752 (h)	1,439,752 (h)
Water Acquisition-MWD	7,351,078	9,184,085 (h)	9,220,053 (h)	9,544,327 (h)	9,873,097 (h)	10,117,005 (h)
Water Acquisition- City	680,833	506,000 (h)	534,000 (h)	521,280 (h)	508,640 (h)	508,640 (h)
Subtotal Water Purchases	9,885,316	11,129,837	11,193,805	11,505,359	11,821,489	12,065,397
Utilities	1,115,377	1,147,589	1,182,017	1,217,477	1,254,001	1,291,622
General and Administrative	2,032,852	1,843,312	1,898,611	1,955,570	2,014,237	2,074,664
Repairs and Maintenance	160,287	175,314	180,573	185,991	191,570	197,317
Repayment of Negative Operating Fund Balances (o)	0	254,500	509,000	509,000	509,000	254,500
Total Operating Expenses	**18,141,656**	**18,599,434**	**19,134,355**	**19,668,855**	**20,214,620**	**20,448,552**
Net Operating Revenue	**(1,292,443)**	**852,185**	**3,786,759**	**3,604,869**	**3,420,067**	**3,561,472**
Net Operating Revenue as % of Operating Revenue	**-7.7%**	**4.4%**	**16.5%**	**15.5%**	**14.5%**	**14.8%**
Non-Operating Revenues						
Interest Income	649,749	121,092 (p)	157,796 (p)	232,737 (p)	307,673 (p)	349,114 (p)
Capital Facility Charges	357,132	259,567 (f)	224,125 (f)	227,195 (f)	239,817 (f)	243,229 (f)
Water Resource Development Fees	N/A	904,497 (f)	1,834,119 (f)	1,859,244 (f)	1,982,536 (f)	1,990,452 (f)
Total Non-Operating Revenues	**1,006,881**	**1,285,157**	**2,216,040**	**2,319,177**	**2,510,026**	**2,582,795**
Non-Operating Expenses						
Principal Payment on Long-Term Debt (1993 Series)	504,000	N/A	N/A	N/A	N/A	N/A
Interest Payment on Long-Term Debt (1993 Series)	204,624	N/A	N/A	N/A	N/A	N/A
Principal Payment on Long-Term Debt (2001 Series)	290,388 (e)	225,000 (e)	235,000 (e)	245,000 (e)	255,000 (e)	265,000 (e)
Interest Payment on Long-Term Debt (2001 Series)	516,178 (e)	580,196 (e)	571,196 (e)	561,796 (e)	551,996 (e)	541,796 (e)
Future Debt Service (Principal and Interest)	N/A	N/A	N/A	N/A	N/A	3,509,117 (n)
Total Non-Operating Expenses	**1,515,190**	**805,196**	**806,196**	**806,796**	**806,996**	**4,315,913**
Net Income (Loss)	**(1,800,752)**	**1,332,145**	**5,196,603**	**5,117,249**	**5,123,097**	**1,828,354**
Capital Improvement Expenditures	**2,787,588**	**1,397,275 (m)**	**1,461,100 (m)**	**1,358,578 (m)**	**1,388,214 (m)**	**1,419,184 (m)**
Ending Cash and Equivalents	**3,350,164 (c)**	**3,285,034**	**7,020,538**	**10,779,209**	**14,514,092**	**14,923,262**
Net Increase (Decrease) in Cash	**($2,664,234) (c)**	**($65,130)**	**$3,735,503**	**$3,758,671**	**$3,734,883**	**$409,170**
Debt Service Coverage Ratio	**(0.35) (d)**	**2.65 (i)**	**7.45 (i)**	**7.34 (i)**	**7.35 (i)**	**1.42 (i)**
Water Utility Statistics and Bases of Projections						
Water Activity						
Equivalent 3/4" meters	72,376 (g)	73,776 (g)	75,203 (g)	76,658 (g)	78,141 (g)	79,654 (g)
Purchased Water (ccf)	11,337,789 (g)	11,506,635 (g)	11,678,022 (g)	11,851,670 (g)	12,028,705 (g)	12,208,768 (g)
Escalation Factors						
Salaries and Wages	N/A	N/A	3%	3%	3%	3%
Contractual Services	N/A	N/A	3%	3%	3%	3%
Operating Supplies	N/A	N/A	3%	3%	3%	3%
Utilities	N/A	N/A	3%	3%	3%	3%
General & Administrative	N/A	N/A	3%	3%	3%	3%
Repairs & Maintenance	N/A	N/A	3%	3%	3%	3%
Total Fixed Assets (net of accumulated depreciation)	61,708,468	63,103,743	64,564,843	65,923,421	67,311,635	68,730,819

Notes:
(a) Source: Compiled from worksheets used to prepare the FY 01-02 CAFR, dated 9/5/02.
(b) Source: City of Oxnard Revenue Report and Detail Budget Report, dated 10/3/02.
(c) Source: City's Water Utility Combining Statement of Cash Flows.
(d) Provided by City staff on 9/30/02.
(e) City of Oxnard Financing Authority Water Revenue Refunding and Project Bonds, Series 2001, Debt Service Budget.
(f) Source: Draft Capital Facility Charge and Water Resource Development Fee Study (refer to Appendix E). Because the magnitude of the Water Resource Fee dramatically skews the net income, it was conservatively estimated as 1/2 the value calculated in the Draft Capital Facility Charge and Water Resource Development Fee Study.
(g) Source: Table 1-3.
(h) Source: Table 1-5.
(i) Estimated debt service ratio is calculated by taking the net operating revenue plus interest income and connection/developer fee revenues divided by the principal and interest payment on the long term debt (2001 Bond Series) in FY 02-03 through FY 05-06. FY 06-07 debt service ratio is calculated similarly, except that the new debt is added to the 2001 Series and divided into the previously mentioned revenues.
(j) Includes revenues associated with unusually large, one time, outstanding customer bills that are on a payment schedule. Due to the unpredictability of annual revenues it is assumed that this revenue source will be zero during the study period. It should be noted that the City had budgeted $191,700 in FY 02-03.
(k) Estimated revenues are included in the Meter Water-Comm. (Blended water) estimate for FY 02-03 through FY 06-07 because all customers are billed at the same rate.
(l) Single Family, Multi-Family, Commercial Blended, and Commercial Unblended revenues for FY 03-04 through FY 06-07 were calculated using the proposed rate schedule. All user class revenues in FY 02-03 were calculated using the current rates for the first half of the year and the proposed rates for the second half.
(m) Source: Table 1-6.
(n) Based on a finance plan prepared by Merrill Lynch & Co. for Phase 1 of the Great Program dated 11/04/02. Principal and interest costs were adjusted to include the capital costs associated with the projects identified in the Resolution of Intent for FY 02-03 through FY 06-07.
(o) As of 6/30/02 the City's Operating Fund #601 and Debt Service Fund #604 had negative fund balances totaling $2,035,852. This line item accounts for the repayment of those negative fund balances.
(p) Includes interest earned on the City's Reserve Fund for its outstanding debt (2001 Bond Series) and interest earned on the estimated ending cash balances for Funds 601-Operating, 602-Capital Projects, 603-Connection Fees, and 604-Debt Service. Estimated annual bond reserve revenue of $54,740 was provided by City staff on 10/29/02. Interest income was was estimated for Funds 601, 602, 603 and 604 based on a current interest rate of 2 percent.

TABLE 4-12
WATER RATE SURVEY

Single Family

Utility	Effective Date	Monthly Water Bill (a)		
		Average Use 3/4" meter / 14 ccf	Low Use 3/4" meter / 7 ccf	High Use 2" meter / 38 ccf
City of Camarillo	11/01/98	$26.72	$18.32	$101.10
City of San Buenaventura	07/01/02	$24.09	$14.22	$84.03
Ventura Water Works District No. 1	07/01/02	$23.78	$15.01	$91.33
City Current	**1/1/2002**	**$20.87**	**$12.52**	**$67.14**
City Proposed	**1/1/2003**	**$23.96**	**$13.85**	**$91.35**

Multi-Family

Utility	Effective Date	Monthly Water Bill (a)		
		Average Use 1" meter / 84 ccf	Low Use 1" meter / 42 ccf	High Use 2" meter / 273 ccf
City of Camarillo	11/01/98	$193.67	$99.17	$643.95
City of San Buenaventura	07/01/02	$228.84	$102.84	$807.61
Ventura Water Works District No. 1	07/01/02	$117.67	$65.08	$385.55
City Current	**1/1/2002**	**$106.26**	**$56.19**	**$347.26**
City Proposed	**1/1/2003**	**$123.59**	**$56.13**	**$448.56**

Commercial/Industrial Blended

Utility	Effective Date	Monthly Water Bill (a)		
		Average Use 1 1/2" meter / 87ccf	Low Use 3/4" meter / 44 ccf	High Use 4" meter / 22,365 ccf
City of Camarillo	11/01/98	$142.43	$68.88	$30,085.95
City of San Buenaventura	07/01/02	$177.14	$86.63	$41,898.31
Ventura Water Works District No. 1	07/01/02	$133.92	$61.96	$53,710.50
City Current	**1/1/2002**	**$121.79**	**$63.23**	**$18,675.23 (b)**
City Proposed	**1/1/2003**	**$137.49**	**$44.39**	**$36,057.40**

Fireline

Utility	Effective Date	Monthly Water Bill		
		4" Meter	6" Meter	8" Meter
City of Camarillo	11/01/98	N/A	N/A	N/A
City of San Buenaventura	07/01/02	$10.85	$30.08	$63.22
Ventura Water Works District No. 1	07/01/02	N/A	N/A	N/A
City Current	**1/1/2002**	**$27.33**	**$42.61**	**$52.77**
City Proposed	**1/1/2003**	**$24.26**	**$50.58**	**$72.77**

(a) Because of the variability in the billing data reads, low end user usage was assumed to be half of the average user. High end single family and multi-family residential usage was estimated as the average plus the standard deviation of all meter reads in their respective user class. High end commercial/industrial blended usage was based on data from Willamette.

(b) Utilized lower rates for water use above 1000 ccf (1001 - 6000 ccf = $0.908 and 6001 - over ccf = $0.790).

City's sample bills are significantly below those of the comparable utilities; while using the proposed rates, the City's sample bills are similar to those of the comparable utilities.

Appendix A

City of Oxnard Water Usage

APPENDIX A
CITY OF OXNARD WATER USAGE

User Class	Metered Water Usage (FY 2001-02, Hundred Cubic Feet) (a)													Monthly Use		
	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Total	Avg	Min	Max
Single Family	443,735	445,703	442,369	398,286	362,098	284,838	371,229	321,314	347,668	389,924	420,086	450,871	4,678,120	389,843	284,838	450,871
Multi-Family	172,756	167,559	163,731	161,741	149,576	131,552	167,779	136,839	141,849	157,357	154,386	166,691	1,871,816	155,985	131,552	172,756
Subtotal	616,492	613,262	606,100	560,026	511,673	416,390	539,007	458,154	489,517	547,281	574,472	617,561	6,549,936	545,828	416,390	623,627
Comm/Ind Blended	372,782	378,275	356,750	345,518	275,272	202,927	263,734	223,348	257,190	328,721	343,384	407,144	3,755,045	312,920	202,927	407,144
Comm/Ind Unblended (b)	89,232	93,618	80,273	101,340	85,232	90,996	84,776	82,984	82,984	82,984	84,347	74,043	1,032,808	86,067	74,043	101,340
Subtotal	462,014	471,893	437,023	446,858	360,504	293,923	348,510	306,332	340,174	411,705	427,731	481,187	4,787,853	398,988	276,970	508,484
Fireline	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Metered	1,078,506	1,085,155	1,043,123	1,006,884	872,177	710,313	887,517	764,486	829,691	958,986	1,002,203	1,098,748	11,337,789	944,816	693,360	1,132,111

(a) Source: City of Oxnard Utility Customer Billing database.
(b) The City's billing database shows no water usage in March 2002 for its unblended water customer. It appears that a portion of the March water usage was billed in February and April of 2002. For the purposes of this study, water usage for February, March and April 2002 is based on the average of the February and April 2002 reported usage ((102,408 ccf + 146,543 ccf) / 3 months = 82,984 ccf).

Appendix B

Detailed Accounting of Projected Revenue at Current Rates

APPENDIX B
DETAILED ACCOUNTING OF PROJECTED REVENUE WITH EXISTING RATES

Sources and Uses of Funds	Non-Audited Actual FY 01-02 (a)	Water Division Budget FY 02-03 (b)	Projected FY 03-04	Projected FY 04-05	Projected FY 05-06	Projected FY 06-07
Beginning Cash and Equivalents	6,014,398 (c)	3,350,164	958,510	-1,838,148	-4,788,957	-8,030,824
Operating Revenues						
Water Revenue						
Metered Water-Res.	9,355,208					
Single Family (Meter and Commodity Charges)		7,287,046 (t)	7,432,777 (t)	7,581,261 (t)	7,732,880 (t)	7,887,629 (t)
Multi-Family (Meter and Commodity Charges)		2,516,871 (t)	2,541,311 (t)	2,565,750 (t)	2,590,685 (t)	2,615,618 (t)
Metered Water-Comm.	5,470,336					
Blended (Meter and Commodity Charges)		5,312,611 (t)	5,411,087 (t)	5,511,191 (t)	5,613,147 (t)	5,717,390 (t)
Unblended (Meter and Commodity Charges)		1,313,585 (t)	1,313,585 (t)	1,313,585 (t)	1,313,585 (t)	1,313,585 (t)
Metered Water-Pub. Bldgs.	535,113	- (s)	- (s)	- (s)	- (s)	- (s)
Metered Water-Agricult.	945	- (s)	- (s)	- (s)	- (s)	- (s)
Metered Water-Others	115,584	0 (q)	0 (q)	0 (q)	0 (q)	0 (q)
Unmetered Water-Other	55,864	- (s)	- (s)	- (s)	- (s)	- (s)
Fire Line Water Sales	310,659	300,924	306,323	311,723	317,756	323,789
Water Revenue	15,843,709	16,731,037	17,005,083	17,283,510	17,568,053	17,858,011
Charges for Services						
Water Surcharge-Out of City	50,100	50,100 (m)	50,100 (m)	50,100 (m)	50,100 (m)	50,100 (m)
Water Surcharge-El Rio	0	0	0	0	0	0
Meter Service-Install Charges	263,635	347,850	330,220 (h)	330,220 (h)	330,220 (h)	330,220 (h)
Meter Service-Reinstall	5,775	4,915	5,000 (f)	5,000 (f)	5,000 (f)	5,000 (f)
Water Svcs.-Broken Lock Fee	5	35	35 (g)	35 (g)	35 (g)	35 (g)
Water Svcs.-Turn-On Fees	81,213	84,800 (n)	84,800 (n)	84,800 (n)	84,800 (n)	84,800 (n)
Water Serv.-Ind.-Lat.-CMWD	232,887	118,985 (k)	0 (l)	0 (l)	0 (l)	0 (l)
Penalty & Forfeitures	105,148	104,635	101,690 (h)	101,690 (h)	101,690 (h)	101,690 (h)
Charges for Services	738,781	711,320	571,845	571,845	571,845	571,845
Other Revenue						
Other Revenues	0	0	0	0	0	0
Damage Reimbursements	62,727	2,655	21,325 (h)	21,325 (h)	21,325 (h)	21,325 (h)
Other Reimbursements	0	0	0	0	0	0
Miscellaneous Revenues	201,361	143,000 (x)	143,000 (x)	143,000 (x)	143,000 (x)	143,000 (x)
Other Water Revenues	2,655	0 (r)	0 (r)	0 (r)	0 (r)	0 (r)
Transfer From General Fund	0	0	0	0	0	0
Transfer From Operating Fund (#601)	0	0	0	0	0	0
Other Revenue	286,743	145,655	164,325	164,325	164,325	164,325
Total Operating Revenues	**16,849,213**	**17,588,012**	**17,741,253**	**18,019,680**	**18,304,223**	**18,594,181**
Operating Expenses						
Salaries and Wages						
Direct Labor-Regular	1,549,249	1,641,925				
Direct Labor-Temporary	116,784	53,080				
Overtime	229,754	98,000				
Salary Con't./Workers Comp	3,963					
Accrued Salaries & Benefit	47,777					
Employee Benefits	397,416	420,317				
Workers Comp. Insurance	161,904	153,337				
Salaries and Wages	2,506,847	2,364,659	2,435,599	2,508,667	2,583,927	2,661,445
Contractual Services						
Minor Equipment Office	172,389	116,296				
Architecture/Eng'g. Service	4,100					
Svs. Admin Debt-Finan (Audit)	97,300	90,000				
Legal Counsel	500	6,000				
Financial/Acctg. Services	0	0				
Planning Services		0				
Construction Service	998,360	433,983				
Other Professional Service	45,624	101,005				
Test/Monitor Compliance	152	0				
Services Medical	25,432	50,800				
Printing/Binding Service	0	0				
Legal Advertising	0	0				
Developer's Reimbursement	0	0				
Transfer to Capital Outlay						
Vehicle/Equip. Rental	1,341,857	798,084	822,027	846,687	872,088	898,251
Contractual Services						
Operating Supplies	29,460	7,500				
Supplies-Office	154,743	105,500				
Shop and Field Supplies	8,465	9,039				
Safety Supplies	674	80,000				
Supplies-Other	17,344	17,500				
Uniforms	1,074,986	656,600				
Repair Parts Expense	13,230	0				
Minor Equip.-Shop/Field						
Other Prof/Contractual	218					
Fuel Expense Unleaded	0	10,000				
Fuel Expense Diesel						
Machinery and Equip New	1,299,120	886,139	912,723	940,105	968,308	997,357
Operating Supplies						
Water Purchases	1,653,405	1,439,752 (o)	1,439,752 (o)	1,439,752 (o)	1,439,752 (o)	1,439,752 (o)
Water Acquisition-UWCD	7,351,078	9,184,085 (o)	9,220,053 (o)	9,544,327 (o)	9,873,097 (o)	10,117,005 (o)
Water Acquisition-MWD	680,833	506,000 (o)	534,000 (o)	521,280 (o)	508,640 (o)	508,640 (o)
Water Acquisition- City	9,685,316	11,129,837	11,193,805	11,505,359	11,821,489	12,065,397
Water Purchases						
Utilities	438,017	500,000				
Electricity	987	1,500				
Natural Gas	5,168	4,000				
Wastewater	490	1,590				
Water	7,486	3,300				
Refuse & Disposal	28,177	26,800				
Telephone-Basis Service	119	100				
Telephone-USAGE/GTE	374	225				
Telephone-Usage/Long Dist.	886	0				
Telephone-Voice Mail	26,611	28,600				
Telephone-Cell & Pager	607,062	581,474				
Infrastructure Fees (Transfer)	1,115,377	1,147,589	1,182,017	1,217,477	1,254,001	1,291,622
Utilities						
General and Administrative						
Postage	6,906	13,200				

Office Supplies	9,879	4,510				
Shop & Field & Other Supplies	0					
Safety Supplies	153					
Subscriptions/Publication	1,088	2,000				
Minor Equip.-Office	40,036	17,002				
Minor Equip.-Shop/Field						
Minor Equip.-Safety	2,996	4,000				
Minor Equip.-Other	1,126					
Misc. Adv. & Promotion	27,034	6,000				
Legal Advertising						
Car Wash/Polish		250				
Vehicle/Equip. Rental	10,378	2,250				
Cont to Other Agencies	0	88,000				
Training/Workshops	41,227	31,600				
Mileage Reimbursement	46	1,000				
Education Reimbursements	292	1,000				
Public Information	43,637	70,000				
Membership-Others	23,017	29,000				
Taxes & Filing Fees	7,892	11,050				
Expense Reimb./Misc.-Other	0	0				
Bad Debt Expense	127,007	40,150				
Photocopy Charges	6,851	1,300				
Services From Other Program	119,397	175,170				
Indirect Cost Plan Charge	0					
Internal Service Program Svc.						
Legal Advocacy	61,516	97,000				
Water Conserv.-Special Exp.						
Underwriter's Discount	108,747					
Issuance Costs	174,000					
Customer Billing Charge	320,979	323,589				
Data Processing-Operation	93,402	94,044				
Data Processing-WPC	1,082	1,089				
Liability Insurance	40,594	40,594				
Fire & Property Insurance	10,382	10,382				
Indirect Prorated Cst. Chg.	639,881	665,269				
Inter-Fund Prorated Charges	113,897	113,883				
General and Administrative	2,032,852	1,843,312	1,898,611	1,955,570	2,014,237	2,074,664
Repairs and Maintenance						
Building & Improvement	0	0				
Office Equipment	1,052	0				
Other Equipment	65					
Vehicles	0	0				
Facility Charges-Maintenance	0					
Equipment Charges-Maintenance	114,410	130,436				
Facility Charges-Space Rental	44,760	44,878				
Repairs and Maintenance	160,287	175,314	180,573	185,991	191,570	197,317
Total Operating Expenses	**18,141,656**	**18,344,934**	**18,625,355**	**19,159,855**	**19,705,620**	**20,186,052**
Net Operating Revenue	**(1,292,443)**	**(756,923)**	**(884,102)**	**(1,140,175)**	**(1,401,397)**	**(1,591,871)**
Net Operating Revenue as % of Operating Revenue	**-7.7%**	**-4.3%**	**-5.0%**	**-6.3%**	**-7.7%**	**-8.6%**
Non-Operating Revenues						
Interest Income						
Interest on Investment	213,240	213,000 (w)	0 (w)	0 (w)	0 (w)	0 (w)
Interest-Other	436,509	54,740 (v)	54,740 (v)	54,740 (v)	54,740 (v)	54,740 (v)
Gain/Loss on Investments	0		0	0	0	0
Interest Income	649,749	267,740	54,740	54,740	54,740	54,740
Connection/Developer's Fees	357,132	300,000 (i)	300,000 (i)	300,000 (i)	300,000 (i)	300,000 (i)
Total Non-Operating Revenues	**1,006,881**	**567,740**	**354,740**	**354,740**	**354,740**	**354,740**
Non-Operating Expenses						
Principal Payment on Long-Term Debt (1993 Series)	504,000	N/A	N/A	N/A	N/A	N/A
Interest Payment on Long-Term Debt (1993 Series)	204,624	N/A	N/A	N/A	N/A	N/A
Principal Payment on Long-Term Debt (2001 Series)	290,388 (e)	225,000 (e)	235,000 (e)	245,000 (e)	255,000 (e)	265,000 (e)
Interest Payment on Long-Term Debt (2001 Series)	516,178 (e)	580,196 (e)	571,196 (e)	561,796 (e)	551,996 (e)	541,796 (e)
Future Debt Service (Principal and Interest)	N/A	N/A	N/A	N/A	N/A	3,509,117 (y)
Total Non-Operating Expenses	**1,515,190**	**805,196**	**806,196**	**806,796**	**806,996**	**4,315,913**
Net Income (Loss)	**(1,800,752)**	**(994,379)**	**(1,335,556)**	**(1,592,231)**	**(1,853,653)**	**(5,553,044)**
Capital Improvement Expenditures	**2,787,586**	**1,397,275 (u)**	**1,481,100 (u)**	**1,358,578 (u)**	**1,388,214 (u)**	**1,419,184 (u)**
Ending Cash and Equivalents	**3,350,164 (c)**	**956,510**	**(1,838,148)**	**(4,788,957)**	**(8,030,824)**	**(15,003,052)**
Net Increase (Decrease) in Cash	**($2,684,234) (c)**	**($2,391,654)**	**($2,796,658)**	**($2,950,809)**	**($3,241,867)**	**($6,972,228)**
Debt Service Coverage Ratio	**(0.35) (d)**	**(0.23) (p)**	**(0.66) (p)**	**(0.97) (p)**	**(1.30) (p)**	**(0.29) (p)**
Water Utility Statistics and Bases of Projections						
Water Activity						
Equivalent 3/4" meters	72,376 (j)	73,776 (j)	75,203 (j)	76,658 (j)	78,141 (j)	79,654 (j)
Purchased Water (ccf)	11,337,789 (j)	11,506,635 (j)	11,678,022 (j)	11,851,670 (j)	12,028,705 (j)	12,208,768 (j)
Escalation Factors						
Salaries and Wages	N/A	N/A	3%	3%	3%	3%
Contractual Services	N/A	N/A	3%	3%	3%	3%
Operating Supplies	N/A	N/A	3%	3%	3%	3%
Utilities	N/A	N/A	3%	3%	3%	3%
General & Administrative	N/A	N/A	3%	3%	3%	3%
Repairs & Maintenance	N/A	N/A	3%	3%	3%	3%
Total Fixed Assets (net of accumulated depreciation)	61,706,468	63,103,743	64,564,843	65,923,421	67,311,635	68,730,819

Notes:
(a) Source: Compiled from worksheets used to prepare the FY 01-02 CAFR, dated 9/5/02.
(b) Source: City of Oxnard Revenue Report and Detail Budget Report, dated 10/3/02.
(c) Source: City's Water Utility Combining Statement of Cash Flows.
(d) Provided by City staff on 9/30/02.
(e) City of Oxnard Financing Authority Water Revenue Refunding and Project Bonds, Series 2001, Debt Service Budget.
(f) Estimated revenues are based on FY 02-03 budget.
(g) Estimated revenues is based on 7 broken locks at $5.00 per lock.
(h) Estimated revenue is obtained by taking the average of FY 00-99 through FY 02-03.
(i) Estimated connection fees for FY 02-03 through FY 06-07 were provided by the Water Division staff on 10/9/02.
(j) Source: Table 1-3.
(k) It is assumed that the purchase agreement between Oxnard and PHWA for CMWD water will be in place by the beginning of FY 03/04. Therefore, the budgeted revenues are based on 6 months of projected revenues. Estimated revenues are calculated in accordance with the Agreement for the Purchase and Lease of the Oxnard Conduit and Lease of the Industrial Lateral.
(l) Estimated revenues are zero due to the submission of a joint purchase order between Oxnard and PHWA for CMWD water.
(m) This account includes revenues associated with the City's capacity wheeling charge in the Ocean View pipeline. According to City staff monthly revenue is $4,175.
(n) The City charges a $64 fee for turning a customer's on or off. City staff estimates that the City turns on or off 1,300 to 1,400 meters per year. For the purposes of this evaluation we have assumed 1,325 meters will be turned on or off each year at a charge of $64 each.
(o) Source: Table 1-5.

(p) Estimated debt service ratio is calculated by taking the net operating revenue plus interest income and connection/developer fee revenues divided by the principal and interest payment on the long term debt (2001 Bond Series) in FY 02-03 through FY 05-06. FY 06-07 debt service ratio is calculated similarly, except that the new debt is added to the 2001 Series and divided into the previously mentioned revenues.
(q) Includes revenues associated with unusually large, one time, outstanding customer bills that are on a payment schedule. Due to the unpredictability of annual revenues it is assumed that this revenue source will be zero during the study period. It should be noted that the City had budgeted $191,700 in FY 02-03.
(r) Source of revenue is not apparent from City financial information. Conversations with City staff indicate that this source of revenue has been insignificant compared to the City's total revenues. For the purposes of this study revenues are assumed to be a zero during the study period. It should be noted that the City budgeted $16,950 in FY 02-03.
(s) Estimated revenues are included in the Meter Water-Comm. (Blended water) estimate for FY 02-03 through FY 06-07 because all customers are billed at the same rate.
(t) Single Family, Multi-Family, Commercial Blended, and Commercial Unblended revenues for FY 02-03 through FY 06-07 were calculated using the FY 01-02 as the base year and increasing the number of meters and consumption based on historical increases. Revenues were then calculated as the sum of metar and commodity charges.
(u) Source: Table 1-6.
(v) Includes interest earned on the City's Reserve Fund for its outstanding debt (2001 Bond Series). Estimated revenues were provided by City staff on 10/29/02.
(w) Includes interest earned on the day to day balances for Funds 601-Operating, 602-Capital Projects, and 603-Connection Fees. Estimated revenue for FY 02-03 was provide by the City's Finance Department on 10/29/02. Estimated revenues in FY 03-04 through FY 06-07 are assumed to be zero due the large negative ending cash balances in those years.
(x) Includes collection fee revenues. Collection fee revenues are based on the City issuing 13,000 late notices at a cost of $11.00 each, for a total of $143,000 per year. In the past revenues for the Ocean View Municipal Water District's UWCD purchased water costs were included in this account. Since OVMWD operating costs are handled under a separate agreement and the water usage and production estimates for FY 02-03 through FY 06-07 do not include OVMWD, associated revenues are not included in this rate study.
(y) Based on a finance plan prepared by Merrill Lynch & Co. for Phase 1 of the Great Program dated 11/04/02. Principal and interest costs were adjusted to include the capital costs associated with the projects identified in the Resolution of Intent for FY 02-03 through FY 06-07.

Appendix C

City of Oxnard Operating Expense
Allocation to Cost Components

APPENDIX C
CITY OF OXNARD OPERATING EXPENSE
ALLOCATION TO COST COMPONENTS

Sources and Uses of Funds	Actual FY 01-02 (a)	Adjusted FY 01-02 (b)	Cost Component		
			Volume	Vol & Extra Capacity	Customer
Operating Expenses					
Water Purchases					
Water Acquisition-UWCD (d)	$1,653,405	$1,653,405	$1,050,781	$602,624	$0
Water Acquisition-MWD (e)	$7,351,078	$7,351,078	$6,401,056	$950,022	$0
Water Acquisition- City	$680,833	$680,833	$680,833	$0	$0
Total Water Purchases	**$9,685,316**	**$9,685,316**	**$8,132,670**	**$1,552,646**	**$0**
Salaries and Wages (c)					
Direct Labor-Regular	$1,549,249	$1,549,249	$805,609	$0	$743,640
Direct Labor-Temporary	$116,784	*$53,100*	$27,612	$0	$25,488
Overtime	$229,754	*$96,000*	$53,760	$0	$42,240
Salary Con't./Workers Comp	$3,963	$3,963	$2,061	$0	$1,902
Accrued Salaries & Benefit	$47,777	$47,777	$24,844	$0	$22,933
Employee Benefits	$397,416	$397,416	$206,656	$0	$190,760
Workers Comp. Insurance	$161,904	$161,904	$84,190	$0	$77,714
Total Salaries and Wages	**$2,506,847**	**$2,309,409**	**$1,204,733**	**$0**	**$1,104,676**
Contractual Services					
Architecture/Eng'g. Service	$172,389	*$116,300*	$0	$116,300	$0
Svs. Admin Debt-Finan (Audit)	$4,100	$4,100	$0	$0	$4,100
Legal Counsel	$97,300	*$90,000*	$0	$90,000	$0
Financial/Acctg. Services	$500	*$6,000*	$0	$0	$6,000
Other Professional Service	$996,360	*$434,000*	$0	$434,000	$0
Test/Monitor Compliance	$45,624	$45,624	$0	$45,624	$0
Services Medical	$152	$152	$0	$0	$152
Printing/Binding Service	$25,432	$25,432	$0	$0	$25,432
Total Contractual Services	**$1,341,857**	**$721,608**	**$0**	**$685,924**	**$35,684**
Operating Supplies					
Supplies-Office	$29,460	*$17,000*	$0	$0	$17,000
Shop and Field Supplies	$154,743	*$105,500*	$0	$105,500	$0
Safety Supplies	$8,465	$8,465	$0	$0	$8,465
Supplies-Other	$674	$674	$0	$0	$674
Uniforms	$17,344	$17,344	$0	$0	$17,344
Repair Parts Expense	$1,074,986	*$656,600*	$0	$0	$656,600
Minor Equip.-Shop/Field	$13,230	$13,230	$0	$13,230	$0
Fuel Expense Unleaded	$218	$218	$0	$218	$0
Fuel Expense Diesel	$0	*$4,100*	$0	$4,100	$0
Total Operating Supplies	**$1,299,120**	**$823,131**	**$0**	**$123,048**	**$700,083**
Utilities					
Electricity	$438,017	$438,017	$438,017	$0	$0
Natural Gas	$987	$987	$987	$0	$0
Wastewater	$5,168	$5,168	$0	$0	$5,168
Water	$490	$490	$0	$0	$490
Refuse & Disposal	$7,486	$7,486	$0	$0	$7,486
Telephone-Basis Service	$28,177	$28,177	$0	$0	$28,177
Telephone-USAGE/GTE	$119	$119	$0	$0	$119
Telephone-Usage/Long Dist.	$374	$374	$0	$0	$374
Telephone-Voice Mail	$886	$886	$0	$0	$886
Telephone-Cell & Pager	$26,611	$26,611	$0	$0	$26,611
Infrastructure Fees (Transfer)	$607,062	$607,062	$0	$607,062	$0
Total Utilities	**$1,115,377**	**$1,115,377**	**$439,004**	**$607,062**	**$69,311**
General and Administrative					
Postage	$6,906	$6,906	$0	$0	$6,906
Office Supplies	$9,879	$9,879	$0	$0	$9,879
Safety Supplies	$153	$153	$0	$0	$153

APPENDIX C
CITY OF OXNARD OPERATING EXPENSE
ALLOCATION TO COST COMPONENTS

Sources and Uses of Funds	Actual FY 01-02 (a)	Adjusted FY 01-02 (b)	Cost Component		
			Volume	Vol & Extra Capacity	Customer
Subscriptions/Publication	$1,088	$1,088	$0	$0	$1,088
Minor Equip.-Office	$40,036	$40,036	$0	$0	$40,036
Minor Equip.-Safety	$2,996	$2,996	$0	$0	$2,996
Minor Equip.-Other	$1,126	$1,126	$0	$0	$1,126
Misc. Adv. & Promotion	$27,034	$27,034	$0	$0	$27,034
Vehicle/Equip. Rental	$10,378	$10,378	$0	$0	$10,378
Training/Workshops	$41,227	$41,227	$0	$0	$41,227
Mileage Reimbursement	$46	$46	$0	$0	$46
Education Reimbursements	$292	$292	$0	$0	$292
Public Information	$43,637	$43,637	$0	$0	$43,637
Membership-Others	$23,017	$23,017	$0	$0	$23,017
Taxes & Filing Fees	$7,692	$7,692	$0	$0	$7,692
Bad Debt Expense	$127,007	$127,007	$0	$0	$127,007
Photocopy Charges	$6,651	$6,651	$0	$0	$6,651
Services From Other Program	$119,397	$119,397	$0	$0	$119,397
Legal Advocacy	$61,516	$61,516	$0	$0	$61,516
Underwriter's Discount	$108,747	$0	$0	$0	$0
Issuance Costs	$174,000	$0	$0	$0	$0
Customer Billing Charge	$320,979	$320,979	$0	$0	$320,979
Data Processing-Operation	$93,402	$93,402	$0	$0	$93,402
Data Processing-WPC	$1,092	$1,092	$0	$0	$1,092
Liability Insurance	$40,594	$40,594	$0	$0	$40,594
Fire & Property Insurance	$10,382	$10,382	$0	$0	$10,382
Indirect Prorated Cst. Chg.	$639,681	$639,681	$0	$0	$639,681
Inter-Fund Prorated Charges	$113,897	$113,897	$0	$0	$113,897
Total General and Administrative	**$2,032,852**	**$1,750,105**	**$0**	**$0**	**$1,750,105**
Repairs and Maintenance					
Office Equipment	$1,052	$1,052	$0	$0	$1,052
Other Equipment	$65	$65	$0	$65	$0
Equipment Charges-Maintenance	$114,410	$114,410	$0	$114,410	$0
Facility Charges-Space Rental	$44,760	$44,760	$0	$0	$44,760
Total Repairs and Maintenance	**$160,287**	**$160,287**	**$0**	**$114,475**	**$45,812**
Total Operating Expenses	**$18,141,656**	**$16,565,233**	**$9,776,407**	**$3,083,155**	**$3,705,671**

(a) Source: Compiled from worksheets used to prepare the FY 01-02 CAFR, dated 9/5/02.
(b) Italized operating expenses have been adjusted to reflect a more realistic representation of historical and current operating expenses. Adjusted expenditures are based on actual expenditures in FY 99-00 and FY 00-01 and budgeted expenditures for FY 02-03.
(c) Salaries and wage expenditures for FY 01-02 include labor and benefits associated with the entire water division. The water division is comprised of four separate divisions: Production, Distribution, Water Services and Procurement. Production and Distribution Divisions are primarily responsible for operating and maintaining the water system. Therefore, these expenditures have been allocated to the volume cost component. Water Services and Procurement Divisions are primarily responsible meter reading, meter repair work, regulatory compliance and operations supervision Therefore, these expenditures have been allocated to the customer cost component. Percent allocation to the volume and customer cost component is based on City of Oxnard Water Division - Revised Salary Distribution worksheet for FY 01-02, provided by City staff on 12/3/01.
(d) Volume cost component includes the actual cost of water under UWCD current rates. The extra capacity cost cost component includes the City's O-H Pipeline capacity reservation charge.
(e) Volume cost component includes water purchase costs at CMWD's current rates. The extra capacity cost component includes the City's Capacity Reservation Charge and Readiness to Serve Charge.

Appendix D

City of Oxnard Water Division Memorandum,
Dated 20 December 2001

Oxnard City Code, Chapter 22: Water

City of Oxnard Rate Sheet,
Effective 1/1/02

City of Oxnard Water Division Memorandum,
Dated 20 December 2001

City of Oxnard

MEMORANDUM
WATER DIVISION

DATE: December 20, 2001

TO: Edmund F. Sotelo, City Manager

VIA: G. "Bow" Bowman, Public Works Director
Stan Kleinman, Finance Director

FROM: Ken Ortega, Water Superintendent

SUBJECT: Proposed Water Rate Increase

The Board of Directors of the Calleguas Municipal Water District (CMWD) adopted Resolution No. 1327 (see attached copy) establishing its new water rates effective January 1, 2002. The new water rate was increased from $499 to $502 per acre-foot. Based on a maximum 1.5:1 blend ratio and a five-percent contingency, the CMWD rate increase results in an increase in Oxnard Water Rates by 1.606% for unblended and 1.302% for blended water customers, respectively. Pursuant to Section 33-42, "Water Rates" of the City Code, please administer the pass-through increase effective January 1, 2002.

Rate Per Hundred Cubic Foot (HCF)	Single/Multiple Residential	Commercial/Industrial (Blended)	Commercial/Industrial (Unblended)
0-10	$1.192	$2.145	$3.636
11-400	$1.192	$1.106	$1.802
401-1000	$1.192	$1.016	$1.639
1001-6000	$1.192	$0.908	$1.448
6001 - Over	$1.192	$0.790	$1.240

Based on the new rate schedule, an average residential customer's monthly water bill will increase about 21-cents per month. Please don't hesitate to call me at x8139 should you have questions or need additional clarification. I look forward to discussing our midyear budget adjustment requests with you and your staff further.

Attachments

web site: http://www.calleguas.com

0 OLSEN ROAD • THOUSAND OAKS, CALIFORNIA 91360-6800 805/526-9323 • FAX: 805/522-5730 • FAX: 805/526-3675

CERTIFED MAIL

MEMORANDUM

DATE: NOVEMBER 27, 2001

TO: PURVEYORS

FROM: DONALD R. KENDALL, GENERAL MANAGER

SUBJECT: WATER RATES AND CHARGES EFFECTIVE JANUARY 1, 2002

The Calleguas Municipal Water District Board of Directors met on November 21, 2001 and adopted the following water rates and charges effective January 1, 2002.

CLASS OF WATER SERVICE	WATER RATE/ACRE FOOT
Municipal & Industrial	$502
Interim Agricultural	$365
Long-Term Seasonal Storage	$361
Shift Seasonal Storage	$416
Emergency Water	$1,349
Recycled Water	$402

In addition to the above basic rates, a Readiness-to-Serve (RTS) charge will be allocated to each purveyor according to Exhibit A of Resolution No. 1327.

To ensure that Calleguas is not disproportionately paying higher costs for imported water, Metropolitan Water District (MWD) developed the RTS charge so everyone pays their "fair share". This charge recovers the principal and interest payments on MWD's non-tax supported debt service that had been or would be issued to fund capital improvements necessary to meet the continuing reliability and water quality needs associated with current demands. The amount of debt service costs to be recovered through RTS charges was scheduled to increase by $8 million in 2002. However, through MWD's ongoing cost containment efforts and the Rate Refinement Process, this increase has been delayed.

The Calleguas Base Facilities Charge is attached as Exhibit B of Resolution No. 1327. Exhibit B details the 2002 Base Facilities Charge (BFC). We are using the allocation based on the 1996 potable water sales. This allocation, which is continuing to be phased in, reflects a truer representation of each purveyor's potable water use.

The Recycled Water service is set in accordance with Resolution No. 1328.

If you have any further questions regarding the above, please do not hesitate to contact Mary Jo Fischer, Manager of Finance and Administration at (805) 579-7116.

Donald R Kendall

RESOLUTION NO. 1327

A RESOLUTION AMENDING ORDINANCE NO. 12 ESTABLISHING RATES, RULES AND REGULATIONS FOR WATER SERVICE TO AGENCIES WITHIN THE CALLEGUAS MUNICIPAL WATER DISTRICT

WHEREAS, the Metropolitan Water District of Southern California has established rates, rules and regulations for water service to its Member Agencies; and

WHEREAS, the Board of Directors of Calleguas Municipal Water District by Resolution No. 1265 adopted November 15, 2000 established rates for water sold to its Member Agencies; and

WHEREAS, the Board of Directors of Calleguas Municipal Water District has determined that certain modifications to the District's rates, rules and regulations for water service are necessary and desirable; and

WHEREAS, the Board of Directors of Calleguas Municipal District find that said modifications are for the purpose of meeting operating and construction expenses, and are therefore exempt from requirements of the California Environmental Quality Act;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF CALLEGUAS MUNICIPAL WATER DISTRICT RESOLVES AS FOLLOWS:

SECTION 1. Section 3 of Ordinance No. 12 shall be amended to read as follows:

Each Member Agency shall be obligated to pay for all water delivered to the Agency by the District at the following rates:

(a) The basic rates per acre foot for water sold and delivered on order of any Member Agency for use therein shall be as follows:

Effective Date	Municipal & Industrial	Interim Agricultural Water	Long-Term Seasonal Storage
January 1, 2002	$502	$365	$361

Shift Seasonal Storage	Emergency Water
$416	$1,349

(b) A Readiness-to-Serve Charge will be allocated according to Exhibit A attached. This charge recovers the principal and interest payments on Metropolitan Water District's non-tax supported debt service that had been or would be issued to fund capital improvements necessary to meet the continuing reliability and water quality needs associated with current demands. It is proportionally shared by the Member Agencies based on a three year rolling average of water purchases for fiscal years ending 1994-96.

(c) A Base Facilities Charge will be allocated according to Exhibit B attached. This fixed charge allows a portion of Calleguas' debt service payment to be proportionally shared by the Member Agencies based on total potable water usage during calendar year 1996.

(d) The rate for water sold to any entity, other than a Member Agency, for construction or related purposes shall be $4.00 per 1,000 gallons plus time and installation.

(e) When the Member Agency's demand for water exceeds the capacity of the District meter serving said Member Agency, a charge will be made equal to one and one-half (1-1/2) times the capacity of the meter during said time of excess flow.

(f) When the Member Agency's demand for water is more than zero but less than ten percent (10%) of the capacity of the District meter serving said Member Agency, a charge will be made equal to ten percent (10%) of the capacity of the meter during said time of minimum flow.

(g) A minimum charge of twenty-five Dollars ($25.00) per month will be made for all open service connections irrespective of the amount of water used.

(h) The Board of Directors shall have the absolute and sole authority to change the rates specified in this Ordinance and shall make every reasonable effort to provide ninety (90) days advance notice to all Member Agencies of such rate change.

SECTION 2. Section 9 of Ordinance 12 shall be amended to read as follows:

For purposes of Section 9, "all bills or charges shall be due and payable" shall mean that the funds are immediately available for investment or other use or disposal by the District.

SECTION 3. Resolution No. 1265, which was adopted November 15, 2000 is hereby rescinded effective at 12:01 a.m., January 1, 2002, at which time this Resolution No. 1327 shall become effective.

SECTION 4. All Member Agencies serviced by the District shall be notified promptly of the water rates hereby established in accordance with the provisions of Ordinance No. 12.

ADOPTED, SIGNED AND APPROVED this 21st day of November, 2001.

Ted Grandsen, President
Board of Directors

I HEREBY CERTIFY that the foregoing Resolution was adopted at a regular meeting of the Board of Directors of Calleguas Municipal Water District held on November 21, 2001 by a unanimous vote.

ATTEST:

Donald G. Hauser

Donald G. Hauser, Secretary
Board of Directors

(SEAL)

I certify that this is a true and correct copy of the original Resolution No. 1327 adopted at the regular Board of Directors meeting held on November 21, 2001.

Alida Inouye, Secretary

CALLEGUAS MUNICIPAL WATER DISTRICT
2002 READINESS TO SERVE CALCULATION

RTS OBLIGATION 2,748,490

PURVEYOR	FYE 1994-96 AVERAGE WATER SALES	% OF AVERAGE WATER SALES	RTS AMOUNT	MONTHLY CONTRIBUTION
Berylwood Heights MWC	0.6	0.00%	1,500	125
Brandeis MWC	80.8	0.09%	2,434	203
Buller Ranch MWC	1.8	0.00%	1,500	125
California American	14,261.2	15.67%	429,610	35,801
California Water Service	8,127.8	8.93%	244,843	20,404
City of Camarillo	4,087.1	4.49%	123,120	10,260
Camrosa	6,523.2	7.17%	196,507	16,376
Capehart	211.1	0.23%	6,360	530
Crestview MWC	221.6	0.24%	6,675	556
Lake Sherwood CSD	347.3	0.38%	10,462	872
Mesa	0.0	0.00%	1,500	125
Newbury Park Academy	6.1	0.01%	1,500	125
Oak Park	3,466.4	3.81%	104,422	8,702
City of Oxnard	12,117.2	13.32%	365,022	30,419
Pleasant Valley	198.3	0.22%	5,973	498
Port Hueneme	411.3	0.45%	12,391	1,033
City of Simi Valley	16,542.8	18.18%	498,336	41,528
Southern California Water	6,362.5	6.99%	191,666	15,972
City of Thousand Oaks	9,906.9	10.89%	298,439	24,870
V.C.W.W.D. #1	7,802.9	8.57%	235,056	19,588
V.C.W.W.D. #19	321.1	0.35%	9,674	806
Zone MWC	6.0	0.01%	1,500	125
TOTALS	91,003.9	100.00%	$ 2,748,490	$ 229,041

Exhibit B 2002

CALLEGUAS MUNICIPAL WATER DISTRICT

2002 BASE FACILITIES CHARGE

BASE FACILITIES OBLIGATION	**2,511,000**

PURVEYOR	TOTAL POTABLE 1996 USAGE	ANNUAL CONTRIBUTION	MONTHLY CONTRIBUTION
Berylwood Heights MWC	0.0	1,500	125
Brandeis MWC	78.7	1,786	149
Butler Ranch MWC	0.0	1,500	125
California American	14,194.9	322,153	26,846
California Water Service	7,805.3	177,141	14,762
City of Camarillo	6,436.0	146,066	12,172
Camrosa	7,183.3	163,026	13,585
Capehart	96.4	2,233	186
Crestview MWC	697.1	20,360	1,697
Lake Sherwood CSD	369.8	8,393	699
Mesa	0.0	1,500	125
Newbury Park Academy	165.7	3,761	313
Oak Park	2,738.1	62,141	5,178
City of Oxnard	24,000.0	544,678	45,390
Pleasant Valley	1,126.4	25,563	2,130
Port Hueneme	1,850.0	41,986	3,499
City of Simi Valley	17,252.8	391,551	32,629
Southern California Water	7,316.0	166,036	13,836
City of Thousand Oaks	10,963.5	248,816	20,735
V.C.W.W.D. #1	7,176.6	162,872	13,573
V.C.W.W.D. #19	724.4	16,440	1,370
Zone MWC	0.0	1,500	125
TOTALS	110,877.0	$ 2,511,000	$ 209,250

Oxnard City Code, Chapter 22: Water

CHAPTER 22: WATER

Article

CHAPTER 22: WATER

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ARTICLE I. GENERAL PROVISIONS

SEC. 22-1. DEFINITIONS.

For the purposes of this chapter, the following words shall have the following meanings:

(A) ACTIVE SERVICE - A service connected from the premises to the water main, is turned on and through which water may readily be drawn.

(B) APPLICANT - A person applying for water service.

(C) BILLING DATE - The date the meter is read, or, for unmetered accounts, the date the bill is mailed.

(D) CONSUMER - A person receiving water from the city.

(E) CUSTOMER - Any person applying for water service and responsible for payment of water bills.

(F) INACTIVE SERVICE - An active service, but which has been shut off and is currently in a state of nonuse.

(G) SEALED SERVICE - An existing service which has never been activated and which does not have a meter installed.

(H) TEMPORARY SERVICE - Any service installed for a defined period of time and which will be abandoned at the expiration of the period of time.
(`64 Code, Sec. 33-1) (Ord. No. 1009, 1318)

SEC. 22-2. SUPPLYING WATER WITHIN CITY.

(A) In order to avoid costly duplication of facilities, to ensure conservation of water and regulation of the use thereof, to avoid undesirable competition among private suppliers, public agencies and public utilities, and to assure equal service and uniform lowest water rates to all properties within the city, the water division is designated as the sole supplier of water within the city, except as follows:

(1) Water supplied by means of portable containers;

(2) Agricultural and appurtenant domestic uses existing at the time of annexation, when approved by the city council;

(3) Uses which may be authorized by the city council for periods of two years or less; or

(4) By franchise agreement with the city council.

(B) No person or agency other than the water division shall be allowed to install mains or appurtenant facilities above or under a city street for the purpose of supplying water.

(C) Supplying of water within the city is prohibited except as above specified.
(`64 Code, Sec. 33-2) (Ord. No. 1009)

SEC. 22-3. AREAS SERVED BY WATER DIVISION.

(A) Outside city - The water division shall not serve water outside the city, without prior permission of the city council. When such service is rendered, the service shall be on a temporary basis and shall be subject to the terms of this chapter and all terms and conditions established by the city council.

(B) Outside MWD - Customers within the city but not in the Calleguas Municipal Water District or the Metropolitan Water District shall be required to pay a higher rate than regular city customers. The accumulation of these funds and the permissible expenditures therefrom are set forth in section 22-61.
(`64 Code, Sec. 33-3) (Ord. No. 1009)

SEC. 22-4. TAMPERING WITH WATER SYSTEM.

(A) No person shall open, meddle with, tap, break, turn off or on, damage or endanger any fire hydrant, valve, water service, meter, main pipe or facility used in connection with the city water system, without prior permission of the public works director. Any person authorized to operate fire hydrants shall use only an approved spanner wrench. Except in emergencies, no water shall be drawn from a fire hydrant without the use of an auxiliary control valve.

(B) No person shall place upon or about a fire hydrant any object, material, debris or structure of any kind that shall prevent free access to the fire hydrant at all times.

(C) All contractors or persons working in a street, alley or water easement in such manner as to necessitate relocation, removal or protection of a water main or facility, shall make written application to the water division for such relocation, removal or protection. The application shall be made ten days in advance of the work to be done and shall be accompanied by a deposit to cover the cost of the work to be done. Water division facilities which are moved for the convenience of the city will be paid for by the city out of an appropriate fund, subject to the approval of the city manager.
(`64 Code, Sec. 33-4) (Ord. No. 1009)

SEC. 22-5. AUTHORITY OF CITY MANAGER.

(A) The city manager shall prescribe from time to time as he shall deem necessary or desirable, additional rules and regulations relating to the conditions of service, the applications, administration and interpretation of rates, and to the sale of water by the city and of products, commodities and service incidental thereto, and the charges to be made therefor.

(B) Such rules and regulations shall be of a general application, not inconsistent with the provisions of this chapter.
(`64 Code, Sec. 33-5) (Ord. No. 1009)

SEC. 22-6. APPEALS.

(A) Any person aggrieved by any act, determination, rule or regulation of the water division or city manager may appeal therefrom to the city council by filing a written notice of appeal with the city clerk within 30 days after receiving notice of such act or determination, rule or regulation.

(B) After hearing the objections of such person and giving due consideration thereto, the city council may confirm, amend, alter, modify or correct such action, determination, rule or regulation, and its action shall be final and conclusive.
(`64 Code, Sec. 33-6) (Ord. No. 1009)

SEC. 22-7. RIGHT OF INGRESS AND EGRESS.

Any duly authorized agent of the water division shall have the right of ingress to and egress from the consumer's premises at reasonable hours for any purpose reasonably related to the furnishing of water service and the exercise of any and all rights secured to it by law or this chapter, including inspection of the consumer's piping and equipment. Such agents shall, carry an identification card issued by the city.
(`64 Code, Sec. 33-7) (Ord. No. 1009)

SEC. 22-8. PENALTY FOR VIOLATION OF CHAPTER.

Any person who violates any provision of this chapter is guilty of a misdemeanor, and is subject to the penalties provided herein and in section 1-10.
(`64 Code, Sec. 33-8) (Ord. No. 1009)

ARTICLE II. RENDERING WATER SERVICE

SEC. 22-15. APPLICATION.

Each prospective customer will be required to provide the necessary information for application by telephone or in person. This applicant by such application and use of city water service also agrees to abide by the provisions of this chapter and all rules and regulations of the city.
(`64 Code, Sec. 33-9) (Ord. No. 1009, 1771)

SEC. 22-16. SPECIAL CONTRACTS.

In unusual circumstances, the water division may require that the applicant enter into a contract with the city. Such contracts shall be approved by the city council and approved as to form by the city attorney.
(`64 Code, Sec. 33-10) (Ord. No. 1009)

SEC. 22-17. UNAUTHORIZED USE OF WATER.

(A) General - No person shall draw water from any service, fire hydrant, blow off, main, valve or any other water division facility without first arranging with the department for same, and paying all charges provided in this chapter.

(B) Fire service - The water division shall charge $25 for each and every incident of unauthorized use of a fire service. Each day will be construed as a separate incident. If unauthorized use of a fire service persists, the water division shall notify the fire department and the customer in writing, and within ten days discontinue all service until all charges have been paid and assurance given that the unauthorized use will be discontinued. The public works director may authorize the use of private fire services for testing purposes.
(`64 Code, Sec. 33-11) (Ord. No. 1009)

SEC. 22-18. CONDITIONS OF PRESSURE AND SUPPLY.

All persons applying for or receiving water service shall be required to accept and shall be deemed to have consented to such conditions of pressure and service as are provided by the distribution system at the location served and to hold the city harmless from any damages arising out of low pressure or high pressure conditions, interruptions of service, or quality of water.
(`64 Code, Sec. 33-12) (Ord. No. 1009)

SEC. 22-19. DEPOSIT GUARANTEEING PAYMENT.

(A) Each applicant for service shall be required to place a deposit with the city to guarantee the payment of all water, sewer, and rubbish charges.

(B) The amount of this deposit shall be established by resolution of the city council.

(1) Public agencies shall not be required to make deposits. Industrial, commercial, or church customers may be exempted from placing deposits providing said customer established credit references satisfactory to the city. Should the required deposit exceed $250, a corporate surety bond in a form satisfactory to the city attorney may be deposited in lieu of cash.

(2) A deposit shall be required from all customers who are sent a final notice five or more times within any two-year period, and from every customer whose service is disconnected for nonpayment of water charges. After the deposit has been held for two consecutive years, during which service has been continuous and no final notices were required to be sent, the deposit shall be automatically refunded without interest by the city.

(3) Upon the disconnection of any service, the deposit may be applied to any outstanding water, sewer, or rubbish bills, and any balance of deposit then remaining in the hands of the city shall be returned to the person by whom such deposit was made.
(`64 Code, Sec. 33-13) (Ord. No. 1009, 1771)

SEC. 22-20. CHANGES IN CUSTOMER'S EQUIPMENT.

Customers making any change in the character or extent of their equipment or operation, and whose change in operation results in changes in plumbing or water usage, shall immediately give the water division written notice of the nature of the change.
(`64 Code, Sec. 33-14) (Ord. No. 1009)

SEC. 22-21. SERVICE CONNECTIONS.

(A) Each premises shall have a connection. No water service connection shall serve more than one premises.

(B) For purposes of this chapter, "premises" means any:

(1) Detached single-family residence;

(2) Apartment building; (Any building with two or more leased dwelling units held under single ownership.)

(3) Residential condominium unit or residential stock cooperative unit;

(4) Mobile home park, unless the spaces in that mobile home park are individually owned, in which case each space shall be a separate connection;

(5) Office, commercial or industrial building, except office, commercial or industrial buildings with separately-owned individual condominium or stock cooperative units, in which case each unit shall be a separate premises;

(6) Irrigation system; and

(7) Unimproved lot or parcel.

(C) (1) The public works director may waive the requirement of a separate service connection for each unit of a condominium or stock cooperative office, commercial or industrial building, or for each individually owned space of a mobile home park, subject to such terms and conditions deemed reasonable and prudent by the public works director.

(2) At a minimum, such conditions shall protect the city from claims for damages arising from interruptions in water service or inadequate water pressure, and provide for the issuance and payment of a single bill for all sewer and water services rendered to the complex as a whole.

(D) (1) The requirement of a separate water service connection may not be waived in cases involving a restaurant or commercial laundry.

(2) The public works director may impose other requirements when the directory determines that public health and safety, system protection, maintenance costs, or liability concerns so dictate.
(`64 Code, Sec. 33-15) (Ord. No. 1009, 1769, 2030)

SEC. 22-22. EFFECT OF SUBDIVISION OF LAND.

When property provided with a service connection is subdivided, each service connection shall be considered as belonging to the lot or parcel of land which is nearest to it.
(`64 Code, Sec. 33-16) (Ord. No. 1009)

SEC. 22-23. SERVICE CONNECTION TO EACH CONSUMER DISCRETIONARY.

Where more than one consumer is supplied through one service connection, the city shall hold the owner of the property or other person agreed upon, responsible for payment of all service. Where practicable to serve each consumer through a separate service connection, the water division may install separate service connections or separate meters for each consumer at the owner's or customer's expense, and collect at the established rates for water supplied through each service connection.
(`64 Code, Sec. 33-17) (Ord. No. 1009)

SEC. 22-24. SERVICE AND METER SIZES.

The minimum size service and meter for each customer shall be determined by the water division. Applicants may obtain services and meters larger than the minimum required to accommodate future use. The water division will determine the minimum size by use of engineering design or through the use of the Plumbing Code. Customers shall not circumvent the intent of this section by reducing the service or meter size after the initial installation or by increasing the demand on the service and meter beyond the original design. The water division retains the right to approve or disapprove all requests for reduction in service or meter size.
(`64 Code, Sec. 33-18) (Ord. No. 1009)

SEC. 22-25. METERS REQUIRED.

A separate meter shall be placed upon each separate service connection and the rate to be paid shall be computed separately upon each meter. The water division may in lieu of a single meter and where special operating or service conditions require, install such number of meters on a service connection

as shall be necessary to equal the capacity of such a single meter. For billing purposes, the consumption as registered by a battery of meters installed pursuant to this section shall be combined and charged for at such rate including the monthly minimum charge, as though the water were supplied through a single meter.
(`64 Code, Sec. 33-19) (Ord. No. 1009)

SEC. 22-26. EXCEPTION.

Whenever the water superintendent determines that it is impracticable to install meters on existing services due to plumbing and other physical conditions, the water division may so continue existing unmetered services until such time as it deems it practical to install the required meters. The water superintendent may require advance payment of the costs of such installation; provided, that such premises will not be required to pay more than the cost of current meter installation charges elsewhere provided in this chapter.
(`64 Code, Sec. 33-20) (Ord. No. 1009)

SEC. 22-27. OWNERSHIP OF CONNECTIONS.

All services and meters shall remain the property of the water division. The expense of maintenance, repair and renewal due to normal wear and tear shall be borne by the water division except that expenses incurred by an act, careless or otherwise on the part of the customer, or any member of his/her family, or any person in his/her employ, or any of his tenants, shall be charged to such customer.
(`64 Code, Sec. 33-21) (Ord. No. 1009)

SEC. 22-28. ACCESS TO METERS.

Each consumer shall keep the space about the meter or shut-off box serving his/her property free and clear of trash, garbage, barrels or boxes, dirt, oil, building material or other abstractions which may in any way interfere with the free access to same by the employees of the water department at any time. Upon failure to do so, the public works director may give notice either in writing or in person to the owner, customer or occupant of the property to remove such obstruction within 24 hours. On failure to do so such obstruction may be removed by the water division and the cost thereof, plus administrative expenses, charged against the customer.
(`64 Code, Sec. 33-22) (Ord. No. 1009)

SEC. 22-29. BY-PASSES.

Any by-pass or connection around the meter except those installed and approved by the water division for purposes of continuing service during meter testing or repair of the meter is prohibited. All water used, except as provided in these regulations, shall pass through the meter.
(`64 Code, Sec. 33-23) (Ord. No. 1009)

SEC. 22-30. MOVING METERS AND SERVICES.

When a meter or service has been installed as provided for in this chapter, and the water superintendent finds it necessary or advisable to move same on account of the construction of a driveway, sidewalk or for any other reason, the work shall be completed by the water division and a charge made against the property served through such meter or service. The owner thereof shall pay the cost of the material and labor plus administrative expenses.
(`64 Code, Sec. 33-24) (Ord. No. 1009)

SEC. 22-31. TEMPORARY SERVICE.

(A) Temporary service from a fire hydrant may be provided upon proper application, subject to the approval of the fire chief and public works director. The charges for installing a meter on a fire hydrant will be established from time to time by the public works director, and shall be paid in advance. The water used shall be charged for at the rates provided elsewhere in this chapter.

(B) Whenever it is not possible or practical to provide temporary service from a fire hydrant, a temporary connection may be made to any existing water facility at the discretion of the water superintendent. Prior to making such connection, the public works director shall estimate the cost of installation and removal, and the applicant shall advance to the city the estimated charge. Upon removal of the connection, the actual cost shall be determined by the finance director. The city shall refund to the applicant any portion of the amount paid which is in excess of such charge. In case the estimated charge paid by the applicant is less than the actual charge, the applicant shall pay to the city the difference between the estimated charge and the actual charge. If the water superintendent determines that a temporary service connection has become permanent in nature, then the applicant may be billed all charges applicable, and the connection regarded as all other permanent connections.
(`64 Code, Sec. 33-25) (Ord. No. 1009)

SEC. 22-32. NEW SYSTEM CONNECTIONS; CHARGES FOR CONNECTIONS INSIDE CITY LIMITS.

(A) All water service connections within the city must be connected to the city's water system, unless authorized by the public works director. The number of service connections for any development shall comply with the code.

(B) The connection fees and charges required by this chapter shall be set by a resolution approved by the city council. The connection fee shall be paid, at the rates set forth in the resolution, prior to the issuance of building permits.

(C) Prior to installation of any new or additional water service connection or the issuance of a building permit, the applicant shall pay any reimbursement obligation for existing mains, or construct any necessary water mains as required by this code.
(`64 Code, Sec. 33-26) (Ord. No. 1875, 1949, 2030, 2163)

SEC. 22-33. ALTERATIONS TO SIZE OF WATER SYSTEM CONNECTION.

Should an owner or user request any increase in the size of a water meter after the initial connection, an additional system connection charge shall be made in an amount equal to the difference between the current fee for the existing meter size and the current fee for the requested meter size. This fee shall be paid in advance to the installing of any new meter.
(`64 Code, Sec. 33-26.1) (Ord. No. 1875)

SEC. 22-34. CONDITIONS OF CONNECTION.

Each water system connection shall be made subject to the following conditions:

(A) Every connection made between private property and any public water system shall be made in the manner and with such materials as are required by the specifications for public water system approved by the city council and in accordance with this chapter.

(B) All connections shall be maintained at the expense of the property owner.

(C) No person shall connect any private property with any public water system without first procuring a permit from the city to make such connection. Any person desiring to obtain such a permit shall make application for such permit and pay the fees provided for in this chapter.
(`64 Code, Sec. 33-26.2) (Ord. No. 1875)

SEC. 22-35. CONNECTION FEES FOR REPLACEMENT STRUCTURES.

(A) If a demolished residential, commercial or industrial structure is subsequently replaced, no additional service connection fee is required if the building permit for the replacement structure is issued within five years of the date of demolition of the previous structure.

(B) If the building permit is issued more than five years but less than ten years from the date of demolition, the service connection fee shall be reduced by 50 percent.

(C) If the building permit is requested for any replacement structure after ten years from the date of demolition, the full service connection fee shall be required.

(D) The property owner shall pay for any increased fee between the connection fee based upon the original water meter size and the connection fee based upon the water meter size to serve the replacement structure as well as for any increase in the number of water meters. The owner shall bear the burden of proving the date of demolition of the original structure and that structure's water meter size.
(`64 Code, Sec. 33-26.3) (Ord. No. 2030)

SEC. 22-36. PLANS REQUIRED.

In order for the public works department to have sufficient information to make a determination of appropriate fees to be charged, building permit applicants shall submit water and sewer service plumbing plans prepared by a registered engineer or project architect in conjunction with the building permit application for all new and replacement structures. In instances where an irrigation plan is required by other development conditions, the irrigation plan shall be prepared by a suitable licensed professional and submitted in conjunction with the building permit application. The plumbing and irrigation plans shall show all the proposed line sizes and locations. All appurtenances must conform to public works department water meter sizing criteria. Plumbing and irrigation plans must be approved by the public works director prior to issuance of building permits.
(`64 Code, Sec. 33-26.4) (Ord. No. 2030)

SEC. 22-37. NEW SERVICE CONNECTIONS; CHARGES FOR INSIDE CITY LIMITS.

(A) A charge shall be made for the installation of each new water service and water meter within the city in order to recover the cost of current labor, equipment, materials and overhead. These charges shall be paid in advance according to the schedule of charges established by resolution of the city council. Separate schedules of charges shall be established for installation of each new meter on a new

service; installation of each new meter on an existing service, previously installed and paid for within the city for these services less than five years old; and installation of each new meter on an existing service for those services more than five years old.

(B) Whenever the installation of a service or meter within the city is determined by the public works director to require special materials, labor or equipment, or where services or meters larger than two inches are required within the city, the charge shall be the actual cost thereof, plus indirect costs.

(C) Prior to installation thereof, the public works director shall estimate the charge and the applicant for service shall advance to the city such estimated charge. Upon completion of the installation, the actual charge shall be determined by the finance director. The city shall refund to the applicant any portion of the amount paid which is in excess of such charge. In case the estimated charge paid by the applicant is less than the actual charge, the applicant shall pay to the city the difference between the estimated charge and the actual charge. In addition to the service connection charge set forth in this section and prior to such service connection or issuance of a building permit, applicant shall have paid a charge for existing mains, or leave constructed a water main, as set forth hereinafter.

(D) The water superintendent may, at his/her discretion, permit the installation of services by private contractors. The cost of inspection of these installations shall be borne by the applicant.
(`64 Code, Sec. 33-27) (Ord. No. 1003, 1319, 1771)

SEC. 22-38. CHARGES FOR OUTSIDE CITY LIMITS.

(A) The charges for installing each new service or meter outside the city, which amount shall be paid in advance, shall be determined by the water division and approved by the city council when granting outside city service.

(B) However, such charge shall not be less than the charge for installing a similar service or meter within the city.
(`64 Code, Sec. 33-28) (Ord. No. 1003)

SEC. 22-39. CHARGES FOR CHANGING SIZE OF SERVICE CONNECTIONS.

When a decrease in size of an existing meter is requested by the customer, the water division shall make the meter change at no cost to the applicant; provided, the reduced size is determined adequate for the contemplated use. When an increase in size of an existing service or meter is requested by a customer, or an increase is required because of a change an the customer's water use, the water division shall make such change; provided, the requested size is determined adequate for the contemplated use. The applicant shall pay in advance the current cost of the new service or meter as hereinbefore provided,

less a credit for the meter removed. The credit shall be established by the public works director from time to time as approximately 60 percent of the current value of a meter of that size. Where the larger service is in a location different from the existing service, the applicant shall pay in addition the cost of abandoning the existing service.
(`64 Code, Sec. 33-29) (Ord. No. 1009)

SEC. 22-40. TURNING WATER ON OR OFF.

(A) All curb cocks or valves installed by the water division of the inlet side of the water meter shall be for the exclusive use of the water division and shall not be operated by anyone other than authorized employees of the water division, unless prior approval has been obtained from the water division.

(B) No charge will be made for turning the water supply on or off between the hours of 8:00 a.m. and 5:00 p.m. during regular working days, when requested by a customer. The water division will turn the water off at any time for the purpose of making emergency repairs and will resume service when the repairs have been made at no charge to the customer. Except in an emergency, a charge will be made for turning water on or off at any time other than indicated above. Turn on and turn off charges shall be established by resolution of the city council.
(`64 Code, Sec. 33-30) (Ord. No. 1009, 1319, 1538, 1771)

SEC. 22-41. TEMPORARY TURN OFF OF WATER SERVICE.

The water division will not discontinue water service to enable a customer to avoid payment of minimum charges. In the event that service is ordered off for short periods of time to avoid payment of minimum charges, the city may consider the service active for the full period of discontinuance and may back bill the customer therefor.
(`64 Code, Sec. 33-31) (Ord. No. 1009)

SEC. 22-42. BILLING AND COLLECTION; GENERALLY.

Bills shall be rendered on a periodic basis for a time period as deemed appropriate by the finance director. All bills shall be due and payable at the place or places designated by the city upon the date sent. If not paid within 15 days after the bill is sent, the bill shall be considered delinquent and a final notice given. If bills are not paid as required by the final notice, the service shall be discontinued, unless satisfactory arrangements for payment are made with the city.
(`64 Code, Sec. 33-32) (Ord. No. 1009, 1920)

SEC. 22-43. ESTIMATED BILLS.

In the event a meter is not read or in the event a meter has not registered or has registered incorrectly, the city shall estimate the quantity or water used, and a bill shall be rendered for that quantity.
(`64 Code, Sec. 33-33) (Ord. No. 1009, 1920)

SEC. 22-44. PRORATION OF BILLS.

When meters are specially read between regular meter readings for the purpose of commencing or terminating service to a customer, the minimum charge and all rate blocks will be prorated for the number of days of service, in calculating the water bill. Flat rate bills for partial billing periods will be prorated for the number of days of service.
(`64 Code, Sec. 33-34) (Ord. No. 1009, 1771)

SEC. 22-45. EXCEPTION.

No proration will be made on short term water service, where water is required for total periods less than two months. These customers will pay at least the bimonthly minimum for that size service.
(`64 Code, Sec. 33-35) (Ord. No. 1009)

SEC. 22-46. METER TESTING.

Upon written request and deposit by a customer of an amount equal to the bimonthly minimum, the water division shall test the customer's water meter. If such meter, upon testing, registers two percent or less over the correct value, the deposit shall be forfeited and all water bills paid as presented. If the meter registers greater than two percent of the correct value, the deposit shall be returned and a proportional reduction made in the current bill, and another meter substituted for the inaccurate meter.
(`64 Code, Sec. 33-36) (Ord. No. 1009)

SEC. 22-47. RESERVED.
(`64 Code, Sec. 33-37)

SEC. 22-48. DELINQUENT BILL; AUTHORITY TO TURN OFF WATER.

(A) When water is furnished to customers through more than one service at the same or different locations, all such services may be shut off when a bill for any one of them becomes delinquent. In

addition, the water superintendent shall have the authority to discontinue water service without notice for failure to comply with this chapter or the rules and regulations of the water division, or when the superintendent that water is being unduly or unnecessarily wasted.

(B) The city shall not be liable for any damage to persons or property caused in any manner by the use of water beyond its meters or, where no meters have been installed, beyond the point where service connections enter upon private property nor shall the city be liable for any damages resulting from its failure to deliver water for any length of time.
(`64 Code, Sec. 33-38) (Ord. No. 1009)

SEC. 22-49. NONPAYMENT.

(A) (1) The water division may charge a fee for each trip made to a customer's property for the purpose of collecting a water bill which is delinquent under the terms of this chapter. If water service is discontinued due to nonpayment or noncompliance with this chapter, in addition to all other amounts due, the city shall charge a fee for resuming service.

(2) The fees shall be established by resolution of the city council.

(B) In the event a consumer turns on the water service or permits or causes it to be turned on after the water has been turned off for nonpayment or noncompliance, the water division shall again turn off the service, remove the meter and shall charge and collect a fee as established by resolution of the city council for reinstallation of the meter in addition to other amounts due before water service is restored.
(`64 Code, Sec. 33-39) (Ord. No. 1009, 1319, 1538, 1771)

SEC. 22-50. NO NEW SERVICE UNTIL BILL AND PENALTY PAID.

(A) Should a customer fail to pay a water bill within one month after the billing date indicated on the face of the bill, the city may disconnect the customer's water service, and decide not to provide the customer with new water service at any location until the customer has brought the outstanding water bill current and paid a penalty.

(B) The amount of any penalty shall be established by the resolution of the city council.
(`64 Code, Sec. 33-40) (Ord. No. 1009, 1771, 2167)

SEC. 22-51. DISCONTINUING WATER SERVICE.

The city may require each customer to give advance written notifications of that date when they want water service discontinued in their name. The customer shall be liable for all bills incurred until such notification is received.
(`64 Code, Sec. 33-41) (Ord. No. 1009)

ARTICLE III. RATES

SEC. 22-60. WATER RATES.

(A) The rates charged for all water supplied by the city shall be established by ordinance of the city council. Each customer receiving water service is liable for payment for such service at the rates so established.

(B) Such rates shall be increased when the water rates for water purchased by the city from Calleguas Municipal Water District ("CMWD") increases. Such increase shall be the same percentage as the percentage increase in the rates that the city pays for CMWD water.

(C) Such rates shall also be increased when the water rates for water purchased by the city from any other wholesale water supplier increases. Such increases shall be the same percentage as the percentage increase in the rates that the city pays for water supplied by a wholesale water supplier.

(D) Such increases shall be effective the date of the percentage increase in water purchased from CMWD and from other wholesale water suppliers.
(`64 Code, Sec. 33-42) (Ord. No. 1771, 2306, 2490)

SEC. 22-61. FEES AND CHARGES.

The following rates and methods for charging and collecting for services relating to the water system of the city are established and effective beginning January 1, 2002, as follows:

(A) (1) Monthly rate blocks -

[See table on following page.]

Rate per Hundred Cubic Feet (HCF)	*Single-family Residential*	*Multi-family Residential*	*Commercial Industrial Blended*	*Commercial Industrial Unblended*
0–10 HCF/Mo	$1.166	$1.166	$2.092	$3.581
11–20 HCF/Mo	$1.166	$1.166	$1.083	$1.775
21–400 HCF/Mo	$1.166	$1.166	$1.083	$1.775
401–1,000 HCF/Mo	$1.166	$1.166	$0.994	$1.614
1,001–6,000 HCF/Mo	$1.166	$1.166	$0.888	$1.426
6,000+ HCF/Mo	$1.166	$1.166	$0.773	$1.220

(2) (a) In order for a commercial customer to qualify for the rates listed for over 1,000 HCF per month, the customer shall submit a report showing that the business or industry uses state-of-the-art water conservation techniques available for that type of business or industry. The public works director will use city staff or third party consultants to review and approve or disapprove the customer's report. Before the report is accepted for review, the customer shall pay a deposit to the city, the amount of which will be set by the public works director, to cover the cost of review. City staff shall refund to the customer any unused portion of the deposit.

(b) Any additional costs in excess of the amount of the deposit shall be paid by the customer to the city. Customers who do not submit a report or whose report is not approved and who use over 1,000 HCF per month shall be charged at the rate set for usage from 401 to 1,000 HCF per month.

(B) Monthly meter rates - In addition to monthly rates per HCF, all accounts, based on meter size, shall pay one of the following monthly meter rates:

Meter size (inches)	*Monthly charge*
0.75	$4.18
1.0	6.13
1.5	15.18
2.0	21.84
3.0	53.25

Meter size (inches)	*Monthly charge*
4.0	144.49
6.0	392.14
8.0	608.98
10.0	1,219.53

(C) Special water services -

(1) Flat rates - Where meters are not installed, water services shall be paid for each dwelling facility of business activity or service, whether or not such facility, activity or service is at the same location, at a monthly rate which shall be determined by the public works director subject to the approval of the city manager.

(2) Fire services - The monthly rate for water service and water consumed by private fire lines used exclusively for fire protection, whether such lines are attached to automatic sprinkler systems, fire hydrants or hose attachments, shall be as follows:

Service Size (inches)	*Monthly Charge*
¾	$4.95
1	6.60
1½	9.90
2	13.72
3	21.00
4	27.33
6	42.61
8	52.77
10	69.44
12	84.20

(3) Metered construction rate - All water drawn through a temporary meter on a fire hydrant or other connection to a main shall be paid for at double the commercial/industrial blended rate.

Meter Size (inches)	*Monthly Rate*
1	$20.06
3	$67.50

(4) Unmetered construction rate -

(a) In new subdivisions and other projects where meters are not installed immediately, the monthly construction rate shall be as follows:

Service Size (inches)	*Monthly Charge*
¾	$5.67
1	8.34
1½	12.70
2	16.67

(b) For each inch in diameter over two inches, the monthly charge shall be increased by $4.30 per inch over the two-inch service monthly rate stated above.

(5) Service to city -

(a) The city shall pay for all installation services furnished to the city at the rates established by this section. However, the water division shall be exempt from paying for installation service.

(b) The city shall pay for all water furnished to the city at the rates established by this section. However, the water division and the fire department shall be exempt from paying for water provided to them.

(c) The rates for city planting strips and parkway irrigation shall be as follows:

(i) For ¾-inch service per month, $5.67.

(ii) For 1-inch service per month, $8.24.

(iii) For 1½-inch service per month, $16.46.

(iv) For 2-inch service per month, $25.04.

(v) Over 2-inch service rates will be established by the public works director.

(d) Unmetered water used for street sweeping, plant watering, storm drain flushing, construction purposes, and all miscellaneous uses not herein specifically mentioned shall be deemed to have been furnished through a single meter for each department. The monthly volume of unmetered water used for such purposes shall be estimated by the public works director.

(e) All water furnished to property owned by the city shall be metered.

(6) Temporary agriculture use - The city may provide water on a temporary basis for agricultural purposes in accordance with section 22-65 of the code. Monthly water rates for temporary agricultural purposes shall be the same as commercial/industrial blended rates.

(D) Billing procedure for periodic charge for city water service - Water service bills shall be computed according to the rates then in effect and the number of days in the service period at each rate.

(E) Water service and meter charges - As provided in section 22-37 of the code, the customer shall pay for installation of each water service and water meter.

(1) The rates for installing each new service and each new meter, which amount shall be paid in advance, shall be as follows:

Service (inches)	*Meter (inches)*	*Meter Box and Tail Piece*
¾	¾	¾ = $574.35
1	1	1 = 802.10
1½	1½	1½ = 1,319.24
2	2	2 = 1,938.69

(2) The rates for installing each new meter on a service less than five years old, previously installed and paid for, shall be as follows:

Meter (inches)	*Service (inches)*	*New Box*
¾	¾	$276.66
¾	1 or larger	310.28
1	1	364.19
1½	1½	646.96
1½	2	722.88
2	2	956.14

(3) The rates for installing each new meter on a service more than five years old, previously installed and paid for, shall be as follows:

Meter (inches)	*Service (inches)*	*New Box*
¾	¾	$453.32
¾	1 or larger	530.33
1	1	618.36
1½	1½	980.35
1½	2	1,213.61
2	2	1,446.87

(F) Other deposits, fees and charges - As provided in sections 22-19, 22-26, and 22-39 of the code, the city shall require the payment of deposits, fees and charges as follows:

(1) Deposit guaranteeing payment - Each applicant for service shall be required to place a deposit with the city to guarantee the payment of all water charges. The amount of this deposit for monthly water service shall be:

(a) For each ¾-inch meter, $41.

(b) For each 1-inch meter, $61.

(c) For each 1½-inch meter, $112.

(d) For each 2-inch meter, $174.

(e) For each meter over two inches, an amount equal to an approximate one month minimum bill, but not less than $193.

(2) Turning water on or off - Except in an emergency situation, the charge to have water turned on or off before or after customary business hours (8:00 a.m. to 5:00 p.m., Monday through Friday) and at any time on weekends or city-observed holidays, shall be $64.

(3) Billing and collection; delinquent bills; nonpayment - The customer shall pay a fee of $11 for each visit to a customer's property for the purpose of collecting a water bill which is delinquent. If water service is discontinued due to nonpayment of non-compliance with the code or this section, in addition to all other amounts due, the customer shall pay a fee of $64 for resuming service.

(4) Broken locks - In the event a customer breaks a lock placed on the meter for the purpose of turning on the water service or permitting or causing water service to be turned on after water service has been turned off for nonpayment or noncompliance, in addition to all other amounts due, the customer shall pay a fee of $5 to replace the broken lock.

(5) Removal of meter and reinstallation - In the event a customer turns on the water service or permits or causes water service to be turned on after water service has been turned off for nonpayment or non-compliance, the city shall again turn off the service and remove the meter, and the customer shall pay a fee of $75 for reinstallation of the meter, in addition to other amounts due, before water service is restored
(`64 Code, Sec. 33-43) (Ord. 2373, 2451, 2576)

SEC. 22-62. RESERVED.
(`64 Code, Sec. 33-44)

SEC. 22-63. RESERVED.
(`64 Code, Sec. 33-45)

SEC. 22-64. RESERVED.
(`64 Code, Sec. 33-46)

SEC. 22-65. AGRICULTURAL USE.

(A) Water may be provided on a temporary basis for agricultural purposes, provided the area to be served was within the CMWD on August 19, 1976. The words "agricultural purposes" shall mean the growing or raising, in conformity with recognized practices in husbandry, for the purposes of commerce, trade, or industry, or agricultural, horticultural, or floricultural products, and produced:

(1) For human consumption or for the market;

(2) For the feeding of fowl or livestock produced for human consumption or for the market;

(3) For the feeding of fowl or livestock for the purpose of obtaining their products for human consumption or for the market, such products to be grown or raised on a parcel of land having an area of not less than one acre utilized exclusively therefor; or

(4) Effective July 1, 1980, for the feeding of fowl or livestock for the purpose of obtaining their products for human consumption or for the market, such products to be grown or raised on a parcel of land having an area of not less than five acres on which incidental domestic uses of water related to residency may also occur.

(B) Monthly water rates for agricultural purposes shall be set by ordinance of the city council. The agricultural rates shall be calculated to three decimal places by subtracting the agricultural subsidy rate from other metered water rates so that the total subsidy is passed on to agricultural users. The "agricultural subsidy" is defined as the "water for all other purposes" rate less the "agricultural water" rate as promulgated by CMWD.
(`64 Code, Sec. 33-47) (Ord. No. 1771, 2306)

ARTICLE IV. CROSS-CONNECTIONS

SEC. 22-70. PURPOSE OF ARTICLE.

(A) The purpose of this article is:

(1) To protect the public water supply against actual or potential cross-connections by isolating within the premise contamination or pollution that may occur because of some undiscovered or unauthorized cross-connection on the premise;

(2) To eliminate existing connections between drinking water systems and other sources of water that are not approved as safe and potable for human consumption;

(3) To eliminate cross-connections between drinking water systems and other sources of water or process water used for any purpose whatsoever which jeopardize the safety of the drinking water supply;

(4) To prevent the making of cross-connections in the future;

(5) To encourage the exclusive use of public sources of water supply; and

(6) To protect the drinking water supply within the premise where plumbing defects or cross-connection may endanger the drinking water supply available on the premise.

(B) This article is intended to recognize that there are varying degrees of hazard and to apply the principle that the degree of protection should be commensurate with the degree of hazard. ('64 Code, Sec. 33-51) (Ord. No. 1009)

SEC. 22-71. DEFINITIONS.

For the purposes of this article, the following words shall have the following meanings:

(A) AIR-GAP SEPARATION - A physical break between a supply pipe and a receiving vessel. The air-gap shall be at least double the diameter of the supply pipe, measured vertically above the top rim of the vessel, in no case less than one inch.

(B) APPROVED CHECK VALVE - A check valve meeting the specifications and approval of a recognized and city approved testing agency for backflow prevention devices.

(C) APPROVED DOUBLE CHECK VALVE ASSEMBLY - An assembly of at least two independently acting approved check valves including tightly closing shut-off valves on each side of the check valve assembly and suitable leak-detector drains plus connections available for testing the water-tightness of each valve. The entire assembly shall meet the specifications and approval of a recognized and city approved testing agency for backflow prevention devices. To be approved these devices must be readily accessible for maintenance and testing.

(D) APPROVED REDUCED PRESSURE PRINCIPAL BACKFLOW PREVENTION DEVICE - A device approved by a recognized and city approved testing agency for backflow prevention devices. It shall incorporate two or more check valves and an automatically operating differential relief valve located between the two check valves, two shutoff valves and equipped with necessary appurtenances for testing. The device shall operate to maintain the pressure in the zone between the two check valves less than the pressure on the public water supply side of the device. At cessation of normal flow, the pressure between check valves shall be less than the supply pressure. In case of leakage of either check

valve the differential relief valve shall operate to maintain this reduced pressure by discharging to the atmosphere. When the inlet pressure is two pounds per square inch or less, the relief valve shall open to the atmosphere, thereby, providing an air-gap in the device. To be approved, these devices must be readily accessible for maintenance and testing and installed in a location where no part of the valve will be submerged.

(E) APPROVED WATER SUPPLY - Any water supply approved by or under the public health supervision of a public health agency of the State, county or the city.

(F) AUXILIARY WATER SUPPLY - Any water supply on or available to the premises other than the approved public potable water supply. These auxiliary waters may include but not be limited to, water from another purveyor's, public potable water supply or any natural source such as a well, spring, river, stream, harbor, etc., or "used waters" or "industrial fluids." They may be polluted or contaminated or they may be objectionable and constitute an unacceptable water source over which the water division does not have sanitary control.

(G) CONTAMINATION - An impairment of the quality of the water to a degree which creates an actual hazard to the public health through poisoning or through the spread of disease.

(H) CROSS-CONNECTIONS - Any real or potential unprotected connection between any part of a water system used or intended to supply water for drinking purposes and any source or system containing water or substance that is not or cannot be approved as safe, wholesome and potable for human consumption.

(I) HEALTH HAZARD - An actual or potential threat of contamination of a physical or toxic nature to the public potable water system of the consumer's potable water system to such a degree or intensity that there would be a danger to health.

(J) INDUSTRIAL FLUIDS - Any fluid or solution which may be chemically, biologically or otherwise contaminated or polluted in a form or concentration such as would constitute a health, system, pollutional or plumbing hazard if introduced into the water supply. This may include, but not be limited to, polluted or contaminated used waters; all types of process waters and "used waters" originating from the public potable water system which may deteriorate in sanitary quality; chemicals in fluid form; acids and alkalies; circulating cooling waters connected to an open cooling tower or cooling waters that are chemically or biologically treated or stabilized with toxic substances; contaminated natural waters such as from wells, springs, streams, rivers, bays, harbors, seas, irrigation canals or systems, etc., oils, gases, glycerine, paraffines, caustic and acidic solutions and other liquid and gaseous fluids used in industrial or other processes or for fire fighting purposes.

(K) PLUMBING HAZARD - A plumbing type cross-connection in a consumer's potable water system that has not been properly protected by a vacuum breaker, air-gap separation or other device. Unprotected plumbing type cross-connections are considered to be a health hazard. They include, but are not limited to, cross-connections to toilets, sinks, lavatories, wash trays, domestic washing machines and lawn sprinkling systems.

(L) POLLUTION - An impairment of the quality of the water to a degree which does not create an actual hazard to the public health but which does adversely and unreasonably affect such waters for domestic use.

(M) POLLUTIONAL HAZARD - An actual or potential threat to the physical properties of the water system or the potability of the public water supply but which would not constitute a health or system hazard, as defined.

(N) SERVICE CONNECTION - The terminal end of a service connection from the public potable water system, i.e., where the water division loses jurisdiction and sanitary control over the water at its point of delivery to the consumer's water system. If a meter is installed, then the service connection shall mean the downstream end of the meter. There should be no unprotected take-offs from the service line ahead of any meter or backflow prevention device located at the point of delivery to the consumer's water system.

(O) SYSTEM HAZARD - An actual or potential threat of severe damage to the physical properties of the public potable water system or the consumer's potable water system or of a pollution or contamination which would have a protracted effect on the quality of the potable water in the system.

(P) USED WATER - Any water supplied by the water division to the consumer's water system after it has passed through the point of delivery and is no longer under the control of the water division.

(Q) WATER SUPERVISOR - The consumer or a person on the premises charged with the responsibility of maintaining the consumer's water system free from cross-connections and other sanitary defects, as required by regulations and laws. A certified backflow prevention device tester may not act as a water supervisor unless he/she is a full time employee of the consumer, having the day-to-day responsibility for the installation and use of pipelines and equipment on the premises and for the avoidance of cross-connections.
(`64 Code, Sec. 33-52) (Ord. No. 1009)

SEC. 22-72. WHERE PROTECTION IS REQUIRED.

(A) Each service connection from the public water system for supplying water to premises having an auxiliary water supply shall be protected against backflow of water from the premises into the public

water system, unless the auxiliary water supply is accepted as an additional source by the water division, and is approved by the county health department.

(B) Each service connection from the public water system for supplying water to premises on which any substance is or may be handled in such fashion as to permit entry into the water system shall be protected against backflow of the substance from the premises into the public system. This shall include the handling of process waters and waters originating from the public water supply system which have been subject to deterioration in sanitary quality.

(C) Backflow prevention devices shall be installed on the service connection to any premises that have internal cross-connections unless such cross-connections are abated to the satisfaction of the water division and approved by the county health department.

(D) The water user shall provide, test and maintain protective devices as required. ('64 Code, Sec. 33-53) (Ord. No. 1009)

SEC. 22-73. TYPE OF PROTECTION REQUIRED.

(A) The protective device required shall depend on the degree of hazard.

(B) In determining the degree of hazard and the type of backflow prevention to be required, the following criteria shall be used:

(1) An air-gap separation or a reduced pressure principle backflow prevention device shall be used where there is an existing or potential health or system hazard; except that in cases where the possibility of contamination is determined by the city to be very remote, a double check valve assembly may be substituted with the approval of the county health department.

(2) A double check valve assembly may be used where there is an existing or potential pollutional hazard. More specifically, the public water system shall be protected at the service connection as tabulated below:

(a) At the service connection to any premises where there is an auxiliary water supply, handled in a separate piping system with no known or easily established cross-connection, the public water supply shall be protected by an approved double check valve assembly. When the auxiliary water supply may be contaminated, an airgap or an approved reduced pressure backflow prevention device shall be installed at the service connection.

(b) At the service connection to any premises on which a substance that would be objectionable, but not hazardous to health, if introduced into the public water supply, is handled so as to constitute a cross-connection, the public water supply shall be protected by an approved double check valve assembly.

(c) At the service connection to any premises on which there is an auxiliary water supply where cross-connections are known to exist which cannot be practically eliminated, the public water supply system shall be protected by an approved reduced pressure principle backflow prevention device.

(d) At the service connection to any premises on which any material dangerous to health or toxic substance in toxic concentration is or may be handled in such manner as to permit its entry into the water system, the public water supply shall be protected by an air-gap separation. The air-gap shall be located as close as practicable to the meter and all piping between the meter and receiving tank shall be entirely visible. If these conditions cannot reasonably be met, the public water supply shall be protected with an approved reduced pressure principle backflow prevention device; providing, the alternative is acceptable to both the water division and the county health department.

(e) At the service connection to any sewage treatment plant, sewage pumping station or storm water pumping station, the public water supply shall be protected by an air-gap separation. The airgap shall he located as close as practicable to the meter and all piping between the meter and receiving tank shall be entirely visible. If these conditions cannot be reasonably met, the public water supply shall be protected with an approved reduced pressure principle backflow prevention device; providing, this alternative is acceptable to both the water division and county health department. Final decision in this matter shall rest with the State Department of Public Health.

(f) At the service connection to hospitals, medical buildings, mortuaries and other premises where the county health department or the water division determines that a special hazard exists, the public water supply shall be protected by an approved reduced pressure principle backflow prevention device.
(`64 Code, Sec. 33-54) (Ord. No. 1009)

SEC. 22-74. FREQUENCY OF INSPECTION OF PROTECTIVE DEVICES.

The water user on any premises on which backflow protective devices are installed shall have competent inspections made at least once a year, or more often in those instances where successive inspections indicate defective operation. These devices shall be repaired, overhauled or replaced at the expense of the water user whenever they are found to be defective. Records of such tests, repairs and overhaul shall be kept and submitted to the water division.
(`64 Code, Sec. 33-55) (Ord. No. 1009)

SEC. 22-75. QUALIFICATION AND CERTIFICATION OF PERSONS TO INSPECT AND MAINTAIN BACKFLOW PREVENTION DEVICES.

(A) No person shall be deemed to be qualified to inspect and maintain backflow prevention devices unless his/her qualifications have been established to the satisfaction of the water division as hereinafter required. To determine the qualifications of any person to inspect and maintain backflow prevention devices, the water division shall have the authority to conduct examinations as necessary. Upon successful completion of such examination and such training as the water division shall prescribe, the person so examined shall receive from the water division a "certificate of competence." Any limitations or conditions imposed by the water division on the examined in the inspection and maintenance of backflow prevention devices shall be stated upon the face of such certificate issued to the examinee. The water division shall make available to owners of properties on which backflow prevention devices are installed, a list of persons qualified to inspect and maintain such devices. Every person, after receiving a certificate of competence from the water division, shall be issued such identification as the water division shall deem appropriate; and such identification shall be kept in the immediate possession of every person holding a certificate of competence while such person is inspecting or maintaining any backflow prevention device in the city.

(B) Every person desiring to qualify to inspect or maintain backflow prevention devices shall make application to the water division. At the time of making application, every such person shall pay a fee of $5, which fee shall not be refundable. Such fee shall cover the expense of the water division in processing the applications, certificates of competence and any documents of identification required by the water division.

(C) Every person holding a certificate of competence issued by the water division under the provisions of this article shall be required to renew such certificate every three years. The requirement for re-examination may be waived at the discretion of the public works director.

(D) Every person receiving a certificate of competence under the provisions of this article shall be responsible for the competency and accuracy of all inspections and maintenance performed on any backflow prevention device by any person under the authority and control of the public works director.

(E) Any person issued a certificate of competence who violates or fails to comply with any of the provisions of this article or willingly falsifies inspection or maintenance reports submitted to the city shall, in addition to penalties prescribed in section 1-10, have such certificate immediately revoked, and shall not be considered for rectification for a period of two years.

(F) The water division may, at the request of the user and the discretion of the public works director, make such tests or perform such installations and maintenance as may be necessary, for which the user shall pay the city the actual cost thereof, plus ten percent administrative and overhead expenses. (`64 Code, Sec. 33-56) (Ord. No. 1009)

SEC. 22-76. REGULATION OF BOOSTER PUMPS.

When necessary, on account of low pressure or special operating conditions, to install a booster pump on the service to any premises, such pump shall be equipped with a low pressure cut-off switch designed to shut off the pump when the pressure on the inlet side is 25 p.s.i.g. or lower. The consumer shall maintain the cut-off device in proper working order, and to certify to the city at least once a year that the device is operable.
(`64 Code, Sec. 33-57) (Ord. No. 1009)

SEC. 22-77. PROTECTION OF WATER SYSTEM WITHIN PREMISES.

(A) The requirements of the Western Plumbing Officials Uniform Plumbing Code, as last revised, regarding cross-connections are hereby incorporated into and made a part of this article.

(B) Whenever the county health department or city building official determines that it is not practical to protect drinking water systems on premises against entry of water from a source or piping system or equipment that cannot be approved as safe or potable for human use, an entirely separate drinking water system shall be installed to supply water at points convenient for consumers.

(C) Water systems for fighting fire, derived from a supply that cannot be approved as safe or potable for human use shall, wherever practicable, be kept wholly separate from drinking water pipelines and equipment. In cases where the domestic water system is used for both drinking and fire fighting purposes, approved backflow prevention devices shall be installed to protect such individual drinking water lines as are not used for fire fighting purposes. The users of such dual piping systems shall be further protected as prescribed by the State and county health departments and the city building official.

(D) Potable water pipelines connected to equipment for industrial processes or operations shall be disconnected therefrom if practicable. Where disconnection is not practicable, an approved backflow prevention device, the type or kind depending on the degree of hazard, shall be located in the feed line to the process piping or equipment, beyond the last point from which drinking water may be taken. In the event the particular process liquid is especially corrosive or apt to prevent reliable action of the backflow prevention device, air-gap separation shall be provided. These devices shall be repaired, overhauled or replaced whenever they are found to be defective. Records of tests, repairs and replacement shall be kept and submitted to the water division.

(E) Sewage pumps and storm water pumps shall not have priming connections directly off any drinking water systems, unless the drinking water system is protected as set forth in section 22-73(B)(2)(e) hereof, and no connections shall exist between the drinking water system and any other piping, equipment or tank in any sewage treatment plant, sewage pumping station, or storm water pumping station.

(F) Backflow protection by an approved backflow prevention device operating under the reduced pressure principle shall be provided on each drinking water pier head outlet used for supplying vessels at piers or waterfronts. These assemblies must be located where they will prevent the return of any water from the vessel into the drinking water pipeline or into another adjacent vessel.

(G) Where the premises contain dual or multiple water systems and piping, the exposed portions of pipelines shall be painted, banded or marked at sufficient intervals to distinguish clearly which water is safe and which is not safe. All outlets from secondary or other potentially contaminated systems shall be posted as being contaminated and unsafe for drinking purposes. All outlets intended for drinking purposes shall be plainly marked to indicate that fact.

(H) The county health department and the water division shall be kept informed of the identity of the person responsible for the water piping on all premises concerned with this article. At each premise where it is necessary in the opinion of the county health department and water division, a water supervisor shall be designated. This water supervisor shall be responsible for the installation and use of pipelines and equipment for the avoidance of cross-connections, compliance with this article and for reporting to the water division any changes in water usage.

(I) In the event of contamination or pollution of the drinking water system due to a cross-connection on the premises, the county health department and water division shall be promptly advised by the person responsible for the water system so that appropriate measures may be taken to overcome the contamination.
(`64 Code, Sec. 33-58) (Ord. No. 1009)

SEC. 22-78. PENALTIES FOR VIOLATIONS OF ARTICLE.

The water division shall have the authority to immediately discontinue service to any premise where cross-connections or other hazards to the water system are found to exist, and shall not again render service to such premises until such hazards are eliminated in accordance with this article. Any user who violates any of the provisions of this article or alters, bypasses or renders inoperative any backflow prevention device installed under the provisions of this chapter shall, in addition to penalties prescribed in section 1-10, be subject to immediate discontinuance of water service. Service shall not again be rendered until such violation or noncompliance has been corrected.
(`64 Code, Sec. 33-59) (Ord. No. 1009)

ARTICLE V. WATER MAINS

SEC. 22-85. DEFINITIONS.

For the purposes of this article, the following words shall have the following meanings:

(A) DISTRIBUTION MAIN - A water main, or part of the capacity thereof, designed or used to distribute water for fire protection and domestic use within a given territory served by the city.

(B) TRANSMISSION MAIN - A water main, or a part of the capacity thereof, designed or used for the purpose of transporting water to a distribution main.
(`64 Code, Sec. 33-60) (Ord. No. 1009)

SEC. 22-86. ALL SERVICE TO BE FROM DISTRIBUTION MAIN.

(A) As a condition to obtaining a new service, except where the city council determines that it is impracticable to do so, all property shall be connected directly to a city distribution main through a city water meter for the particular property, and shall not be served with water through the property of another.

(B) If there be no such main, an extension of an existing water main shall be required.
(`64 Code, Sec. 33-61) (Ord. No. 1009)

SEC. 22-87. CHARGES FOR NEW MAINS.

In addition to all other charges set forth in this chapter, an applicant for service to property which has never before received city water shall pay to the city a proportional share, as determined by the water division, of the cost of all abutting distribution mains for which a main charge has been established. The applicant shall not be required to contribute to the cost of more than 12 inches of the size of any such mains. If the abutting mains are of a size larger than 12 inches, the water division shall determine the cost as if the mains had been 12 inches in diameter. If an applicant is required to install transmission and blending facilities called for in the water master plan, the applicant may be eligible for a credit against connection fees. No applicant may receive a credit for more than the total amount of water connection fees which would be normally required. If any distribution main was previously installed by the applicant or his predecessor in interest in the property to which service is desired, the applicant shall be entitled to credit for such previous installation against any main charge otherwise required provided that such installation was made less than 20 years before the application.
(`64 Code, Sec. 33-62) (Ord. No. 1009, 1726, 2030)

SEC. 22-88. EXTENSION AT APPLICANT'S EXPENSE.

(A) The owner, renter or lessee of a single lot, tract of land or subdivision which is not adjacent to a city distribution main, or which is adjacent to a main which is determined by the water division to be inadequate for the contemplated use, may apply to the water division for a water main to serve such property.

(B) The water superintendent shall approve or disapprove such application. If approved, the extension may be constructed by the city or by a contractor selected by the city, or the water superintendent may elect to allow the applicant to hire a contractor to make the extension. All such extensions shall be in dedicated streets or alleys or in easements granted to the city and readily accessible from a dedicated right of way. They may include, but not be limited to mains, fire hydrants, valves and other appurtenances determined necessary by the water division, and shall be constructed in accordance with standard specifications approved from time to time by the city council and in accordance with detailed plans prepared by the water division. The city shall determine the size main required for the area to be served, giving consideration to the requirements of adjacent land and the growth of the city. The applicant shall not be required to pay or contribute towards the cost of more than 12 inches of the size of any main, which latter cost shall be determined by the water division.

(C) If the water main extension as to be constructed by the city or by a contractor to be selected by the city, the applicant shall deposit with the city in advance the estimated cost thereof, including cost of plans and specifications, materials, installation, inspection and administrative expense. Upon completion of the work, the actual cost shall be determined by the finance director.

(D) The city shall refund to the applicant any portion of the deposit which is in excess of such actual cost. In case the estimated charge paid by the applicant is less than the actual charge, the applicant shall pay to the city the difference between the estimated charge and the actual charge.

(E) If the water main extension is to be constructed by a contractor to be selected by the applicant, such main shall be constructed in accordance with the specifications and the detailed plans prepared by the water division. The applicant shall deposit with the city, in advance, the estimated cost of preparing the plans and specifications. Upon completion the finance director shall determine the actual cost thereof, and the applicant shall be either billed or refunded as above. Prior to construction of the extension, the applicant shall furnish a bond or cash deposit in the amount of the estimated cost of the extension, securing the applicant's agreement to construct the extension.

(F) When installed, connected and finally inspected, all water main extensions shall be deemed automatically offered to the city and upon acceptance by the water division shall become the property of the city.

('64 Code, Sec. 33-63) (Ord. No. 1009)

SEC. 22-89. EXCEPTION.

(A) When determined by the city council to be in the best interest of the city, the water division may extend water mains to the applicant's property at city expense.

(B) This shall not relieve the applicant of the cost of installing on-site or boundary mains, or paying his/her proportional share of existing mains.
(`64 Code, Sec. 33-64) (Ord. No. 1009)

SEC. 22-90. INSTALLATION IN BOUNDARY STREETS.

(A) (1) The owner of a single lot, tract of land or subdivision shall be required to install water mains, as deemed necessary by the water division after giving consideration to the requirements of adjacent land and the growth of the city, in streets, alleys or public easements along the exterior boundaries of such lot, tract of land or subdivision.

(2) If all or any part of such mains are already installed along the exterior boundaries of such lot, tract of land or subdivision, the owner thereof shall be required to pay his/her proportional share, as determined by the water division, of the cost of the existing mains and install at his expense any additional mains deemed necessary by the water division.

(B) When installed, connected and finally inspected, all water main extensions shall be deemed automatically offered to the city and upon acceptance by water division shall become the property of the city. All necessary easements shall be granted to the city.
(`64 Code, Sec. 33-65) (Ord. No. 1009)

SEC. 22-91. REFUNDS OF MAIN CHARGES.

(A) Upon completion of a main which is not in the current water master plan implementation schedule and to which future connections could be made, the water division shall determine the actual cost thereof and shall determine the existing main charge against each front foot of abutting property taking into consideration intersections and other property that would not receive water service.

(B) If a non-master planned water main extension is made or paid for, in whole or in part by an applicant pursuant to this article, the main charges collected by the city within five years from the date on which water is first served through the extension shall be refunded to the person who paid for such extensions, or to his successors or assigns. If the water main was installed in conformance with a contract between the city and the applicant, any refunds shall be made only in accordance with the conditions of such contract. In no event will any person be refunded more than the amount paid by such person for construction of the extension main.

(C) In the event a water main extension is made through or adjacent to a city park or other city-owned land, no refund for that portion of the main will be made to the applicant, unless otherwise provided by city council.
(`64 Code, Sec. 33-66) (Ord. No. 1009, 2030)

ARTICLE VI. WATER RIGHTS AND WELLS

SEC. 22-100. WATER RIGHTS AND GROUNDWATER PUMPING ALLOCATION.

Before the city commits to provide water service to new lands or for an intensification of water use on old lands in the event of:

(A) Annexation of land into boundaries of the city;

(B) The subdivision of property as evidenced by the filing of a parcel map, tract map or other discretionary development approval;

(C) The application for a new water system connection pursuant to section 22-36 of this code; or

(D) The application for a new water service connection pursuant to section 22-37 of this code, the land owner requesting such water service for his/her property shall transfer or assign to the city any water rights, water wells, mains, easements, and water production equipment or facilities which may be appurtenant to such property or which may be used exclusively thereon as follows:

(1) Any and all applicable groundwater pumping allocations and/or credits attributable to the property to be served by the city and available from the Fox Canyon Groundwater Management Agency, shall be transferred to the city by the property owner. The property owner shall be responsible for all fees and charges necessary to obtain the approval of the transfer of pumping allocations and/or credits from the Fox Canyon Groundwater Management Agency to the city;

(2) However, when the water rights and appurtenant facilities as described in this section are used to supply water to land which will not concurrently be supplied with water service from the city, such water rights and appurtenant facilities may continue to supply the lands not receiving city water service until such time and upon such terms and conditions as the public works director may establish.
(`64 Code, Sec. 33-67) (Ord. No. 1009, 2502)

SEC. 22-101. PERMIT FOR DRILLING WELLS REQUIRED.

(A) The drilling, digging, sinking or deepening into another aquifer of any water well within the city or the tapping or penetrating of any subterranean water bearing gravel underlying the city, by other than the water division, is prohibited unless a permit to do same is first obtained from the city council. Any person may apply for such permit upon payment to the water division of an application fee of $1,000 and the filing of a verified application setting forth:

(1) The design and specifications for the proposed well;

(2) A map showing its proposed locations;

(3) A statement showing the aquifer into which the applicant proposes to drill the well;

(4) A statement of the exact circumstances under which the water superintendent believes that the water division is unable to furnish the required water service; and

(5) A statement that the overdraft on the Oxnard Zone Aquifer and the Fox Canyon Aquifer, which overdrafts are existing as of the effective date of this chapter, no longer exists and that such aquifers are being replenished to the same extent as they are being depleted.

(B) Such application fee shall be used to investigate the statements of the applicant and shall not be refundable. The city council shall hold a public hearing on such application within 30 days following its receipt. The city clerk shall mail written notice of time, date and place of such hearing to the applicant, such mailing to be accomplished not less than ten days prior to the date hereof. At the hearing, the applicant and other interested parties may present sworn testimony pertaining to the application. In order to obtain additional information, the city council may continue the hearing from time to time. The city council may disapprove the application unless the city council is satisfied in its discretion that drilling of the well and the operation thereof will not deplete or contaminate the city water supply. If the city council grants a permit for the well, the council may impose thereon reasonable conditions to prevent depletion and contamination of the city water supply and to protect the public health, safety and general welfare, including but not limited to a prohibition against operation of the well during periods when an overdraft of the abovementioned aquifers exists.
('64 Code, Sec. 33-67) (Ord. No. 1009)

ARTICLE VII. CONSTRUCTION, REPAIR, MODIFICATION AND DESTRUCTION OF WELLS

SEC. 22-110. PURPOSE.

This article shall provide, in cooperation with the county, for the city's construction, maintenance, operation, use, repair, modification and destruction of wells within the city in such a manner that the ground water of the city and the county will not be contaminated or polluted and that water obtained from wells will be suitable for beneficial use and will not jeopardize the health, safety or welfare of the people of this city.
(`64 Code, Sec. 33-70) (Ord. No. 2219)

SEC. 22-111. DEFINITIONS.

For the purposes of this article, the following words shall have the following meanings:

(A) ABANDONED WELL - Any of the following:

(1) A well, other than a monitoring well, which has been in continuous disuse for one year or more, unless such disuse is attributable to removal of the pump for repair or replacement and efforts to repair or replace the pump are being diligently pursued;

(2) A monitoring well from which no monitoring data has been taken for a period of three years;

(3) A well which is in such a state of disrepair that it cannot be made functional for its original use or any other use regulated by this article; or

(4) An engineering test hole 24 hours after construction and testing work has been completed on the site.

(B) APPLICANT - Any person applying for a permit required by this article.

(C) CATHODIC PROTECTION WELL - Any artificial excavation constructed by any method for the purpose of installing equipment or facilities for the protection electrically of metallic equipment in contact with the ground.

(D) CITY INSPECTOR - A person authorized by the public works director to inspect all work for which a permit is issued pursuant to this article.

(E) COMMUNITY WATER SUPPLY WELL - Any water well which provides water for public water systems as defined in the Cal. Health and Safety Code.

(F) COMPLETION OPERATION - Any of the following work conducted after artificial excavation:

(1) Placement of a well casing;

(2) Gravel packing;

(3) Sealing;

(4) Perforation of a well casing; or

(5) Any other work listed on a permit issued pursuant to this article as being a required part of a completion operation.

(G) CONTAMINATION - An alteration of waters by waste, salt-water intrusion or other material to a degree which creates a hazard to the public health through actual or potential poisoning or through an actual or potential spreading of disease.

(H) DESTROY A WELL - To fill a well, including both interior and annular spaces if the well is cased, completely in such a manner that it will not produce water or act as a conduit for the interchange of water between any water-bearing formations penetrated.

(I) ENGINEERING TEST HOLE - An uncased excavation used to determine the engineering or geological properties of subsurface materials by seismic investigation, direct observation or any other means.

(J) INDIVIDUAL DOMESTIC WELL - Any water well used to supply water for domestic needs of an individual residence, commercial establishment, or farming operation.

(K) INSPECT A WELL - To personally witness, record and certify work pursuant to a condition or conditions of a valid permit.

(L) MODIFY OR REPAIR A WELL - To replace its casing in a manner which involves removal or partial removal of the old casing, to install a liner in the well, or to change the depth of the well.

(M) MONITORING WELL - A cased or uncased well used exclusively for monitoring or sampling the conditions of a water-bearing aquifer, such as water pressure, depth, movement or quality.

(N) OWNER - A person who owns the land on which a well is located.

(O) POLLUTION - An alteration of waters by waste, saltwater intrusion or other material to a degree which adversely affects either the suitability of such waters for beneficial uses or the facilities employed in conjunction with such beneficial uses.

(P) POSSESSES - That a person is in actual possession of the well or has a legal right to the possession thereof.

(Q) REGISTERED INSPECTOR - A professional engineer or registered geologist currently registered in the State and approved by the public works director to inspect drilling and sealing operations for engineering test holes and monitoring wells. A technician trained and experienced in drilling and sealing operations who is working under the direct supervision of one of the aforementioned professionals shall be deemed qualified to perform required inspections) provided one of the aforementioned professionals reviews the well inspection record and assumes responsibility for the accuracy and completeness of the work by signing the well inspection record.

(R) WATER WELL - Any artificial excavation constructed by any method for the purpose of determining the availability of water, extracting water from or injecting water into the underground, except the following:

(1) Oil well, gas wells, and geothermal wells subject to regulation under the public resources code;

(2) Wells used exclusively for the purposes of dewatering excavation during construction or of stabilizing hillsides or earth embankments; and

(3) Seepage pits approved for use under permit from the public works director.

(S) WELL - A cathodic protection well, engineering test hole, monitoring well or water well. (`64 Code, Sec. 33-71) (Ord. No. 2219)

SEC. 22-112. PERMIT REQUIRED.

(A) No person, shall, within the city, construct, repair, modify or destroy any cathodic protection well or engineering test hole which is over 50 feet deep, any monitoring well or any water well unless such work is done pursuant to and in compliance with an unexpired written permit for such work issued by the public works director as provided in this article.

(B) If the well to be constructed, repaired, or modified is a community water supply well or water well, as defined herein, except for one operated by the city, then in addition to the permit required herein, a permit shall be obtained as required by section 22-101. The public works director may issue an annual permit for one or more engineering test holes which are 50 feet deep and are inspected by registered inspectors.
(`64 Code, Sec. 33-72) (Ord. No. 2219)

SEC. 22-113. APPLICATION FOR PERMIT.

(A) Applications for permits shall be made to the public works director, and shall include the following:

(1) A plot plan indicating the exact location of a well with respect to the following items within a radius of 500 feet of the well:

(a) Approximate property lines;

(b) Sewage disposal systems or works carrying or containing sewage;

(c) All intermittent or perennial, natural or artificial water bodies or watercourses;

(d) Drainage pattern of the property;

(e) Existing wells of all types, regardless of whether they are subject to regulation under this article; and

(f) Access roads.

(2) Location of property;

(3) Name of the person who will perform the work on the well;

(4) Name and affiliation of registered inspector (monitoring wells and engineering test holes only);

(5) Proposed depth of well;

(6) Use of well;

(7) Proof satisfactory to the public works director that the person who will construct the well is in possession of a valid license appropriate to such work which has been issued in accordance with the contractor's license law of the business and professions code;

(8) A certificate satisfying the requirements of the labor code (workers' compensation); and

(9) Such other information as the public works director may deem necessary in order to determine whether underground waters will be protected.

(B) Permits shall be issued or denied within 30 days after the day on which the completed applications are received by the water division.
(`64 Code, Sec. 33-73) (Ord. No. 2219)

SEC. 22-114. PERMIT REQUIREMENTS AND EXPIRATION.

(A) Permits shall require compliance with all applicable standards set forth in section 22-119. A permit to be valid must comply with all other applicable provisions of law. A permit shall expire six months from the date of issuance unless extended by the public works director.

(B) The public works director may grant one or more extensions of a permit, each for a period not to exceed three months, if the permittee proves to the satisfaction of the public works director that circumstances beyond the control of the permittee make it infeasible to complete the permitted work prior to the expiration date.

(C) Annual permits for engineering test holes shall expire one year from the date of issuance.
(`64 Code, Sec. 33-74) (Ord. No. 2219)

SEC. 22-115. TIME TO COMPLETE PERMITTED WORK AND SATISFY PERMIT REQUIREMENTS.

The permittee shall complete work authorized by the permit and satisfy all the requirements of the permit prior to the expiration date of the permit.
(`64 Code, Sec. 33-75) (Ord. No. 2219)

SEC. 22-116. GUARANTEE OF PERMITTED WORK.

Prior to the issuance of a permit or any extension thereof, the applicant may be required to post with the public works director a cash deposit or bond to guarantee compliance with the provisions of this

article and the applicable permit, such cash deposit or bond to be in an amount deemed necessary by the public works director to remedy improper work, but not in excess of the total estimated cost of the permitted work.
(`64 Code, Sec. 33-76) (Ord. No. 2219)

SEC. 22-117. LICENSE AND REGISTRATION REQUIRED OF PERSONS PERFORMING PERMITTED WORK.

No person shall perform any work, either on such person's own property or on the property of another, for which a permit is required by section 22-112 unless such person is in possession of a valid license appropriate to such work which has been issued in accordance with the contractors license law of the business and professions code and is registered with the director to perform work permitted by this article. Licensed water well contractors (Class C-57) registered with the public works director may perform all types of permitted work while licensed engineering contractors (Class A) and limited specialty contractors (Class C-61) registered with the public works director may only perform permitted work on engineering test holes.
(`64 Code, Sec. 33-77) (Ord. No. 2219)

SEC. 22-118. SUSPENSION OR TERMINATION OF PERMIT.

(A) Any permit issued pursuant to section 22-112 is subject to suspension or termination prior to expiration as provided in this section.

(1) Grounds - Any of the following occurrences constitutes a ground for termination of the permit:

(a) Suspension, revocation, or termination of the license required by section 22-117 of the person who is to perform the work;

(b) Failure of such person to comply with any provision of the labor code; or

(c) Failure of such person or of any person who owns or possesses the well to comply with any provision of this article or any permit issued pursuant thereto.

(2) Notice - To initiate proceedings to terminate a permit, the public works director shall send written notice to the person to whom the permit was issued. The notice shall briefly describe the suspected occurrence which constitutes a ground for termination, shall specify a time and place of a hearing at which such person shall be afforded an opportunity to present evidence showing that there

has been no such occurrence, and shall state that failure to appear and present such evidence may result in termination of the permit.

(3) Hearing - The public works director shall conduct the hearing specified in the notice. The hearing shall be informal and shall not be governed by rules of evidence applicable to courts of law. The person to whom the permit was issued shall have the right to present relevant evidence at the hearing. The public works director may, but need not, permit other persons to present relevant evidence.

(4) Determination - At the conclusion of the hearing, or within 30 days thereafter, the public works director shall determine, based upon the preponderance of the evidence accepted at the hearing, whether there has been such an occurrence. The determination of the public works director shall be final and conclusive. Such determination shall be in writing and shall contain a brief statement of the findings of fact upon which the determination is based.

(5) Termination of permit - If the determination is that there has been such an occurrence, the public works director shall terminate the permit; provided, however, that the public works director shall have the discretion not to terminate the permit if the public works director determines that the occurrence was not willful, is not ongoing, and is not likely to recur.

(6) Prehearing suspension - The public works director may suspend a permit prior to the hearing when the public works director determines that such action is necessary to protect the public health and safety or the environment from imminent danger. The public works director shall notify the person to whom the permit was issued of such suspension. The suspension shall remain in effect until the public works director makes a final determination based upon the hearing; provided, however, that the public works director may lift the suspension at any earlier time at which the public works director determines that it is no longer necessary.

(B) This section shall not deprive the public works director of the authority to pursue any other action or remedy otherwise available under the law.
(`64 Code, Sec. 33-78) (Ord. No. 2219)

SEC. 22-119. STANDARDS.

(A) Standards for the construction, repair, modification or destruction of wells shall be those set forth in the California Department of Water Resources ("DWR") Bulletin No. 74-1 entitled "Cathodic Protection Well Standards," Bulletin No. 74-9, Chapter IV, entitled "Water Well Standards -Ventura County" and Bulletin No. 74-81, Chapter II, entitled "Water Well Standards State of California," as supplemented or revised from time to time by DWR, with the following exceptions:

(1) The public works director may adopt additional or more stringent standards to be applicable in any or all zones of the city as delineated in Bulletin No. 74-9.

(2) All community water supply wells and individual domestic wells shall be provided with a pipe or other effective means through which chlorine or other disinfecting agents may be introduced directly into the well. If a pipe is provided, it shall be installed at a height equal to the pump slab or at least four inches above the finished grade, shall be kept sealed, and shall be provided with a threaded or equivalently secure cap. Equivalent protection for excluding contamination from the well shall be provided for subsurface pump discharge installations. If an air relief vent is used, it shall terminate downward and be screened with 16-inch screen to prevent contaminating material from entering the vent.

(3) Every new, repaired or modified community water supply well or individual domestic water well, after construction, modification or repair, and before being placed into service, shall be thoroughly cleaned of all foreign substance and shall be thoroughly disinfected utilizing the procedures set forth in Appendix C of Bulletin No. 74-81.

(4) In Sealing Zone III as described in Bulletin No. 74-9, no permit shall be issued pursuant to section 22-112 for the construction, repair or modification of any well which is perforated in the city's aquifer zone and/or the aquifer unless it is demonstrated to the satisfaction of the public works director either that:

(a) There is no substantial possibility that use of the well will cause overdraft or seawater intrusion into an aquifer; or

(b) All of the following conditions apply:

(i) The well is necessary to carry out seawater intrusion control programs and projects;

(ii) The well has a casing diameter no greater than six inches;

(iii) The pump will have no more than five horsepower;

(iv) Extraction will not exceed ten acre-feet per year; and

(v) The well will be used only for domestic purposes.

(5) Engineering test holes greater than 50 feet deep shall be destroyed immediately upon completion of testing by complete filling and/or sealing of the borehole in accordance with criteria

established by the public works director. The public works director may waive complete sealing if the permittee demonstrates to the public works director's satisfaction that the purpose of this article as set forth in section 22-110 will be satisfied.
(`64 Code, Sec. 33-79) (Ord. No. 2219)

SEC. 22-120. LOG OF WELL.

(A) Any person who has performed any work for which a permit is required by section 22-112 and which involves drilling, digging, excavating or boring of a well shall, within 30 days of completion of such work, submit to the public works director an accurate and complete well log on forms satisfactory to the public works director. In areas for which the public works director deems the available subsurface information to be insufficient, the permit may require any person performing a completion operation to submit a well log prior to commencement of the completion operation.

(B) A well log shall include all of the following:

(1) A detailed record of the boundaries, character, size, distribution and color of all lithologic units penetrated;

(2) The type and size of well casing;

(3) The location of perforations and sealing zones;

(4) Reports on the quantity and quality of groundwater (if available); and

(5) Any other data required by the public works director in the permit conditions.
(`64 Code, Sec. 33-80) (Ord. No. 2219)

SEC. 22-121. WELL INSPECTION REPORT.

(A) Any registered inspector who has inspected any work pursuant to conditions of a permit required by section 22-112 which involves drilling, digging, excavating or boring a well shall, within 30 days of completion of such work, submit to the public works director an accurate and complete well inspection report on forms satisfactory to the public works director.

(B) A well inspection report shall include all of the following:

(1) Permit number;

(2) Type and volume of sealing material and depth of seal;

(3) Diameter of borehole and well casing in sealing zone;

(4) Method of placement (if grout pipe, include number and length of sections);

(5) Confirmation that casing was ripped or perforated (destruction only);

(6) Conditions which may have caused sealing to be less than satisfactory;

(7) Date sealed;

(8) An opinion as to whether the well sealing operation was satisfactory or unsatisfactory certified by signature of the registered inspector; and

(9) Any other data required by the public works director in the permit conditions.
('64 Code, Sec. 33-81) (Ord. No. 2219)

SEC. 22-122. CORRECTIVE ACTION.

Any person who owns a well and any person who is in possession of a well may be required to take corrective action with respect to the well as provided in this section.

(A) Grounds - Any of the following occurrences constitutes a ground for ordering corrective action:

(1) Maintenance, operation or use of the well in a manner that will cause or contribute to, or run a substantial risk of causing or contributing to, the pollution or contamination of the groundwater; or

(2) Construction, maintenance, repair, modification or destruction of the well in a manner that violates any provision of this article.

(B) Notice - To initiate proceedings to order corrective action, the public works director shall send written notice to the person who owns the well or the person in possession of the well or both of them. The notice shall briefly describe the suspected occurrence which constitutes a ground for ordering corrective action, shall describe the proposed corrective action, shall specify a time and place of hearing at which such person shall be afforded an opportunity to present evidence showing that there has been no such occurrence or that the proposed corrective action is inappropriate, and shall state that failure to appear and present such evidence may result in an order requiring such person to take some or all of the proposed corrective action.

(3) Hearing - The public works director shall conduct the hearing specified in the notice. The hearing shall be informal and shall not be governed by rules of evidence applicable to courts of law. The person to whom the permit was issued shall have the right to present relevant evidence at the hearing. The public works director may, but need not, permit other persons to present relevant evidence. At the conclusion of the hearing, or within 30 days thereafter, the public works director shall determine, based upon the preponderance of the evidence accepted at the hearing, whether there has been such an occurrence, and, if so, whether the proposed corrective action is appropriate. The determination of the public works director shall be final and conclusive. Such determination shall be in writing and shall contain a brief statement of the findings of fact upon which the determination is based.

(D) Order - If the determination is that there has been such an occurrence and that some or all of the proposed corrective action is appropriate, the public works director may issue and serve upon the person or persons who were served with notice of the hearing a written order requiring such appropriate corrective action. The order shall state a deadline for commencing the corrective action if such action is to be ongoing and shall state a deadline for completing the corrective action if such corrective action is not to be ongoing. The order shall further state that, if the corrective action is not taken in compliance with the order, such action may be taken by the public works director at the expense of the person served with the order and, in addition, such person may be subject to criminal prosecution.

(E) Compliance - Any owner or possessor of the well who is served with such an order shall, on or before the deadline stated therein, commence every corrective action described therein as being ongoing and complete every corrective action described therein as not being ongoing. Any owner or possessor of the well served with such an order, and any person who thereafter acquires ownership or possession of the well with actual or constructive notice of the order, shall, for so long as such person owns or possesses the well, continue to take every corrective action described in the order as ongoing, until such time as either the well is destroyed pursuant to this article or the public works director states in writing that such ongoing corrective action is no longer necessary.
(`64 Code, Sec. 33-82) (Ord. No. 2219)

SEC. 22-123. DESTRUCTION OF ABANDONED WELLS.

No person shall own or possess an abandoned cathodic protection well which is over 50 feet deep, an abandoned monitoring well, an abandoned engineering test hole which is over 50 feet deep, or an abandoned water well unless either such well has been destroyed pursuant to this article or a current certificate of exemption has been issued for such well pursuant to section 22-124.
(`64 Code, Sec. 33-83) (Ord. No. 2219)

SEC. 22-124. CERTIFICATE OF EXEMPTION.

Any person who owns or possesses a water well or monitoring well which is abandoned or about to become abandoned but who intends to use such well again may apply to the public works director, in a form satisfactory to the public works director, for a certificate of exemption from the requirement that such well be destroyed. If the public works director determines from such application that exemption from the requirement that the well be destroyed would not result in pollution or contamination of ground water and would not create a hazard to health or safety, the public works director shall issue such a certificate of exemption. A certificate of exemption shall expire three years after issuance and may be terminated by the public works director at any time prior to expiration upon a determination that destruction of the well is necessary to prevent pollution or contamination of ground water or to avoid a hazard to health or safety. Successive certificates of exemption may be issued with respect to a well in same manner as the original certificate.
(`64 Code, Sec. 33-84) (Ord. No. 2219)

SEC. 22-125. FEES.

The city council may, by resolution, establish fees for the processing of any application for approval as a registered inspector, for registration with the public works director pursuant to section 22-119, or for a permit, extension of a permit, or certificate of exemption pursuant to this article. The payment of such fee, if any, established by such resolution shall accompany the application. If the application is withdrawn before issuance of the permit, the public works director shall compute the cost to the city of processing the application up to that point in accordance with the city's standard cost accounting procedures and, if such cost is less than the amount of the fee paid, the difference shall be refunded to the applicant.
(`64 Code, Sec. 33-85) (Ord. No. 2219)

SEC. 22-126. INSPECTION.

The public works director and the city inspectors may, at any and all reasonable times, enter any and all places, property, enclosures and structures for the purpose of making examinations and investigations to determine whether any provision of this article is being violated. The public works director may require that any work for which a permit is required by this article be completed in stages and that work completed for any stage be inspected prior to any further work. Registered inspectors must inspect drilling and sealing operations for engineering test holes and monitoring wells if required by permit conditions.
(`64 Code, Sec. 33-86) (Ord. No. 2219)

SEC. 22-127. MISDEMEANOR/INFRACTION.

(A) Any person who violates any provision of this article shall be guilty of a misdemeanor, and shall be guilty of a separate offense for each and every day or portion thereof during which such violation is committed, continued or permitted, and shall be subject to the same punishment for each such separate offense as for the original offense. Notwithstanding the foregoing, where the prosecuting attorney has determined that such action would be in the best interests of justice, the prosecuting attorney may specify in the accusatory pleading that the violation shall be an infraction and the violation shall then be prosecuted as an infraction.

(B) The provisions of this section are in addition to and independent of any other sanctions which are or may be imposed under this article or any other provision of law.
(`64 Code, Sec. 33-87) (Ord. No. 2219)

SEC. 22-128. ABATEMENT.

If any corrective action required by an order issued pursuant to section 22-122 is not taken in full compliance with such order, the public works director may cause the corrective action to be taken by the city and all persons required by section 22-122 to take such corrective action shall be jointly and severally liable to the city for the cost of such action. In cases where the public health and safety require emergency corrective action, the public works director may cause the emergency corrective action to be taken by the city without a prior order or notice and all persons who own or possess the well shall be jointly and severally liable to the city for the cost of such action.
(`64 Code, Sec. 33-88) (Ord. No. 2219)

SEC. 22-129. EXEMPTION.

The foregoing provisions of this article do not apply to any leak detection system installed or destroyed pursuant to the provisions of the health and safety code or of the county ordinance code. The public works director may also waive permit requirements for installation or destruction of monitoring and recovery wells which are not more than 50 feet deep to determine the extent of or remove underground tank contamination, pursuant to requirements of the State or the county, if the public works director determines that the purpose of this article as set forth in section 22-110 will be satisfied. The director may also waive permit requirements for installation or destruction of natural gas monitoring and recovery wells which are not more than 50 feet deep pursuant to requirements of the State or the county if the public works director determines that the purpose of this article as set forth in section 22-110 will be satisfied.
(`64 Code, Sec. 33-89) (Ord. No. 2219)

ARTICLE VIII. WATER WASTE

SEC. 22-135. DECLARATION OF POLICY AND PURPOSE.

The city council hereby declares that because of the normally arid conditions in Southern California, the recurrent critical low levels of precipitation throughout the State, and the limited available supply of local and imported water, the general welfare of the city requires that water resources available to the city be used for the maximum beneficial purpose.
(`64 Code, Sec. 33-90) (Ord. No. 2232)

SEC. 22-136. WATER WASTE PROHIBITED.

(A) The city council further declares that any waste or unreasonable use, or unreasonable method of use of water is hereby prohibited and that the conservation of water shall be mandatory on all persons using city water within and outside the city limits.

(B) Therefore, the city council orders that no person shall use, cause the use, or permit the use of water as specified below:

(1) For watering of turf, ornamental landscape, open ground crops and trees (including agricultural irrigation) in a wasteful manner such as, but not limited to, allowing water to run off onto sidewalks, driveways, gutters or streets, or allowing the pooling or puddling of water on any hard-surfaced area.

(2) Such that the escape of water through leaks, breaks or malfunction within a plumbing or water distribution system occurs for any period of time beyond which such leak, break or malfunction should reasonably have been discovered and corrected. A period of 72 hours after a person discovers such leak, break or malfunction, or receives notice from the city of such condition, whichever comes first, shall be presumed to be a reasonable time within which the person shall correct such condition.

(3) In conjunction with the use of a handheld hose, to wash an automobile, truck, trailer, boat, or other type of motor vehicle or mobile equipment:

(a) Without the use of a workable positive automatic shut-off nozzle;

(b) Unless a bucket is used in order that a maximum of five gallons of water is consumed;

(c) Unless the activity occurs at a facility equipped with a water reuse system;

(d) For the operation of any ornamental fountain, or similar structures, unless water for such operation is recycled for reuse and the loss of water does not exceed ten percent, provided that nothing in this subsection shall prevent the operation of any ornamental fountain to operate for up to 20 minutes per week for the purpose of priming and exercising its internal mechanisms;

(e) For using water to wash sidewalks, walkways, driveways, parking lots, patios, decks, tennis courts, the exterior of any building or structure, or any other hard-surfaced area by hose or flooding, except as necessary to prevent or eliminate conditions dangerous to the public health and safety, as required by the Ventura County Environmental Health Department, provided that nothing in this subsection shall prevent the washing of the exterior of any building or structure when such washing is required as surface preparation for the application of any architectural coating or painting or as may be required for construction projects approved by the city;

(f) For the serving of water by a restaurant, hotel, café, cafeteria, coffee shop, fast-food operation, banquet facility or other public place, where food is served or offered for sale to the customer without the service of water first being requested by the customer;

(g) For the filling and refilling of a swimming pool, with the exception of the first filling of a swimming pool and the occasional adding of small quantities of water to maintain proper water level; and

(h) For any indiscriminate use of water or washing with water not otherwise prohibited above which is unreasonably wasteful, as determined by the city manager.
(`64 Code, Sec. 33-91) (Ord. No. 2232, 2265)

SEC. 22-137. FAILURE TO COMPLY.

The following civil remedies shall be imposed against any person for violation of any of the sections of this article:

(A) For the first violation, a written warning shall be entered upon the person's, water service record.

(B) For the second violation during a 12-month period, a surcharge shall be imposed on the customer in an amount equal to 25 percent of the most recent utility bill (exclusive of the sewer and refuse portion of the bill), or $25, whichever is greater, payable as part of the utility bill for the location at which the violation occurred.

(C) For the third violation during a 12-month period, a surcharge shall be imposed on the customer in an amount equal to 50 percent of the most recent utility bill (exclusive of the sewer and refuse portion of the bill), or, $50, whichever is greater, payable as part of the utility bill for the location at which the violation occurred.

(D) (1) For a fourth violation during a 12-month period, the city shall be able to install a flow-restricting device of one gpm capacity on the location receiving water service through up to 1½-inch size distribution systems and comparatively sized restricting devices on locations receiving water service through larger distribution systems. These devices shall be installed for a period of not less than 48 hours on the service of the customer at the location at which the violation occurred.

(2) The charge for installation of such a flow-restricting device shall be based upon the size of the customer's meter and the actual cost of installation.

(3) The flow-restricting device shall remain installed until removed as authorized by the city manager. The charge for removal of the flow-restricting device and restoration of normal service shall be based on the city's actual cost. In addition, a surcharge of 50 percent of the most recent utility bill (exclusive of the sewer and refuse portion of the bill) shall be imposed for restoration of service. Both of these charges shall be payable by the customer as part of the utility bill. Restoration of service shall be performed during the hours of 8:00 a.m. to 4:00 p.m. on regular working days.

(5) For any violations after the fourth violation during a 12-month period, the city may discontinue water service to the customer at the location at which the violation occurred, or impose such other penalty as deemed appropriate by the city manager, until such time that the city manager determines that further violations are not likely to occur.
(`64 Code, Sec. 33-92) (Ord. No. 2232)

SEC. 22-138. NOTICE TO CUSTOMER.

(A) The city shall provide notice of each violation of this article to the customer of the location at which the violation occurred, as follows:

(1) For a first violation, the city shall give written notice of the fact of such violation to the customer by personal service, by delivery through regular United States mail addressed to the customer's residence, or any other means reasonably designed to notify the customer of the violation.

(2) If a surcharge is to be assessed, or if the installation of a flow restricter is scheduled, or the discontinuance of water service to the customer for any period of time may occur, advance notice shall be given in the following manner:

(a) Written notice to the customer by personal service;

(b) If the customer is absent from or unavailable at either the customer's residence or place of business, by leaving a copy of the notice with an adult at either location, and by delivery of the notice through regular United States mail addressed to the customer at either the customer's place of business or residence; or

(c) If such residence and place of business cannot be ascertained, or an adult cannot be found at the location of the violation, then by affixing a copy of the notice in a conspicuous place at the location where the violation has occurred, and by delivery of a copy of the notice through regular United States mail addressed to the customer at the customer's billing address and to the subject location.

(B) All notices shall contain, in addition to the facts of the violation, a statement of the possible remedies for each violation, a statement informing the customer of his/her right to an administrative hearing on the violation, when the surcharge shall be assessed, and the date and time the water flow shall be restricted, or the water service discontinued.
(`64 Code, Sec. 33-93) (Ord. No. 2232)

SEC. 22-139. RIGHT TO HEARING.

(A) Any customer against whom a surcharge is to be assessed on whose water service is scheduled for flow restriction, or whose water service may be discontinued, shall have a right to a hearing to be conducted by a person selected by the city manager. The customer shall file the written request for a hearing with the city manager's designee within 15 days of the date of notification of the violation and intended remedy. The imposition of any remedy shall be stayed until any such hearing is conducted and a written decision is made by the city manager's designee and written notice of the decision is delivered to the customer by any means specified in section 22-138(A)(2).

(B) (1) The hearing shall be conducted promptly following the request for hearing. The customer may present any relevant evidence at the hearing which tends to show that the alleged violation has not occurred.

(2) The formal rules of evidence shall not apply and all relevant evidence customarily relied upon by reasonable persons in the conduct of serious business affairs shall be admissible, unless a sound objection warrants its exclusion.

(3) The decision of the city manager's designee shall be final and exhaust the administrative process.
(`64 Code, Sec. 33-94) (Ord. No. 2232)

SEC. 22-140. RESTORATION OF DISCONTINUED WATER SERVICE.

When water service is discontinued, the service shall be restored upon the following conditions:

(A) Proof submitted by the violator of correction of the condition or activity satisfactory to the city manager; and

(B) Payment of the estimated restoration charge, including the cost of any inspection fees or required staff time, and all other fees and charges still outstanding, including, but not limited to, surcharges and/or installation and removal charges for flow restricters.
(`64 Code, Sec. 33-95) (Ord. No. 2232)

SEC. 22-141. LIMITATIONS ON CURTAILMENT.

Nothing contained in this article shall be construed to allow the city to curtail the supply of water to any customer when, in the discretion of the city manager or Ventura County Environmental Health Department, such water is required by that customer to maintain a minimum level of public health and safety.
(`64 Code, Sec. 33-96) (Ord. No. 2232)

SEC. 22-142. ENFORCEMENT PERSONNEL.

The employees of the police department, fire department, building division, code enforcement division and other designated persons shall be responsible for enforcement of the various sections of this article under their respective authority or as is specifically assigned to them by the city manager.
(`64 Code, Sec. 33-97) (Ord. No. 2232)

ARTICLE IX. WATER SHORTAGE EMERGENCY PROCEDURES

SEC. 22-150. SHORT TITLE.

This article shall be known and cited as the "City of Oxnard Water Shortage Emergency Ordinance."
(`64 Code, Sec. 33-98) (Ord. No. 2246)

SEC. 22-151. DECLARATION OF WATER SHORTAGE EMERGENCY.

The city council conducted a duly noticed public hearing on March 5, 1991, to determine whether a drought-induced water shortage emergency exists and, if so, what rules, regulations and procedures should be adopted in response to the shortage. By Resolution No. 10127 dated March 5, 1991, the city council declared a water shortage emergency to prevail within this city's boundaries.
(`64 Code, Sec. 33-98.1) (Ord. No. 2246)

SEC. 22-152. POLICY AND PURPOSE.

(A) Because of the drought conditions prevailing in the city and in the areas of the State and elsewhere from which the city obtains its water supplies, the city council finds that the general welfare requires that the water sources available to the city be put to the maximum beneficial use to the greatest extent possible, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that such water is to be conserved with a view to the reasonable and beneficial use thereof in the interests of the people of the city and for the public welfare.

(B) The purpose of this article is to provide water shortage emergency procedures with mandatory provisions to minimize the effect of the existing and threatened water shortage emergency to the customers of the city and, by means of such provisions, to adopt procedures which will significantly reduce the consumption of city water over an extended period of time and, thus, extend the available water required for the customers of the city while reducing the hardship on the city and the general public to the greatest extent possible.

(C) This article provides for an eleven stage program and the 15 percent stage is effective immediately upon its adoption. Subsequent and more stringent measures may be adopted by the city council, by resolution, if made necessary by the continuing drought.
(`64 Code, Sec. 33-98.2) (Ord. No. 2246)

SEC. 22-153. DEFINITIONS.

For the purpose of this article, the following words shall have the following meanings:

(A) CUSTOMER - The person or entity responsible for payment for water service at a particular location, as shown in the city's water billing records.

(B) DIRECTOR - The director public works director or designee.

(C) HISTORICAL BASE PERIOD - The appropriate 12-month billing period beginning on or soon after July 1, 1989, and ending on or soon after June 30, 1990 to determine past water use by the customer.

(D) WASTE - Any excessive, unnecessary or unwarranted use of water, including but not limited to, any use which causes unnecessary run-off beyond the boundaries of any property as served by its meter and any failure to repair as soon as reasonably possible any leak or rupture in any water pipes, faucets, valves, plumbing fixtures or other water service appliances or any other use or practice previously prohibited by the city pursuant to Ordinance No. 2232 or section 22-136.

(E) WATER SERVICE CLASSIFICATIONS - The following are the water service classifications to be in effect during the water shortage emergency:

(1) SINGLE-FAMILY DOMESTIC/RESIDENTIAL - Water uses which are common to residences, including reasonable landscaping (in the amounts as set forth in section 22-167), such as a single-family home, duplex, condominium or townhouse, which are served through individual meters.

(2) MULTI-FAMILY DOMESTIC/RESIDENTIAL - Water uses which are common to residences, including reasonable landscaping (in the amounts as set forth in section 22-167) (except landscape water use by a separate meter), such as apartments, triplex and quad-plex, mobile home parks, trailer parks, which are served through a master meter.

(3) COMMERCIAL - Water uses to serve the purposes of business, commerce, trade or industry, other than agriculture, industrial and landscape, such as hotels, motels, stores, schools, restaurants, churches, offices, licensed day-care centers, governmental and municipal, and all other similar services.

(4) INDUSTRIAL - Water uses to serve light, medium and heavy manufacturing, and processing activities and utilities.

(5) AGRICULTURAL - Water uses for the production of crops for business or profit purposes.

(6) LANDSCAPE - Water used for landscaping by separate meter.

(F) WATER SHORTAGE EMERGENCY - The condition which exists as determined by the city council described as a drought-induced water shortage of a critical nature within the boundaries of the city as set forth in Resolution No. 10127 declaring a water shortage emergency to exist within the city, including but not limited to, the imminent threat that deliveries of potable water supplies to the Calleguas Municipal Water District have reached a level such that each member agency is being requested to reduce the use of water by a given amount and the Fox Canyon Groundwater Management Agency's establishment of groundwater extraction reductions.
('64 Code, Sec. 33-98.3) (Ord. No. 2246)

SEC. 22-154. SCOPE OF COVERAGE.

The use by any person of any water delivered through city water distribution facilities owned, maintained, operated or under the jurisdiction of the city shall be governed and controlled by this article. (`64 Code, Sec. 33-98.4) (Ord. No. 2246)

SEC. 22-155. WATER SHORTAGE PLAN IMPLEMENTATION.

(A) The director shall monitor and evaluate the projected water supply and demand by city customers. In the event of a continuing severe water shortage emergency, the director shall recommend to the city council such water shortage plan which permits the department of public works to prudently plan for and supply water to city customers.

(B) The city council may, upon proper findings, order implementation of such water shortage plan which city council may deem appropriate to address any water shortage emergency.

(C) City council adoption of such water shortage plan shall be by resolution and shall be published one time only in a daily newspaper of general circulation and shall become effective immediately upon such publication. The provisions of section 22-156 shall be in effect with the first full billing period commencing on or after the effective date of the resolution.

(D) Upon a finding by the city council, by resolution, that a water shortage emergency no longer exists, any water shortage plan then in effect shall terminate.
(`64 Code, Sec. 33-98.5) (Ord. No. 2246)

SEC. 22-156. WATER SHORTAGE PLAN GOALS AND ALLOCATIONS.

(A) The city council, by resolution, may declare and determine the severity of the water shortage emergency and establish water conservation goals by stages as listed below:

Stages and Goals: Vol. and Con. 5% 10% 15% 20% 25% 30% 35% 40% 45% 50%

(B) Immediately after adoption of a city council resolution declaring the percentage stage, the following water allocations shall be in effect and no customer shall cause, use or permit the use of water in excess of the authorized allocation.

(1) Single-family domestic/residential water allocations shall be made per customer and shall be based on the number of persons per customer and reasonable landscaping requirements relative to the severity of the drought conditions. The monthly allocation shall be subject to percentage stage reductions as provided in section 22-167.

(2) Multi-family domestic/residential water allocations shall be made per customer and shall be based on the number of persons per customer and reasonable landscaping requirements (unless landscaping is separately metered) relative to the severity of the drought conditions. The monthly allocation shall be subject to percentage stage reductions as provided in section 22-167.

(3) Commercial, industrial, agricultural and landscape water allocations shall be based upon the historical base period reduced by the percentage stage reduction as provided in section 22-167.
(`64 Code, Sec. 33-98.6) (Ord. No. 2246)

SEC. 22-157. RESIDENT VERIFICATION FORM.

(A) A resident verification form shall be used to determine the number of residential units and the number of persons using water in order for the city to allocate water for residential customers.

(B) Any single-family or multi-family domestic residential customer failing to truthfully complete a resident verification shall be guilty of a violation of this article.
(`64 Code, Sec. 33-98.7) (Ord. No. 2246)

SEC. 22-158. NEW CUSTOMER.

Any commercial, industrial, agricultural, or landscape customer who was not a customer during the historical base period shall be assigned an average monthly allocation of water which corresponds to the usage of a similar customer.
(`64 Code, Sec. 33-98.8) (Ord. No. 2246)

SEC. 22-159. WATER SHORTAGE RESTRICTION; 10%-50% STAGES.

During 10 percent through 50 percent stages inclusive, no customer shall cause, use or permit the use of water for any use restricted under this section as follows:

(A) Water used on a one-time basis, for purposes such as construction and dust control, shall be limited to that quantity identified in a plan submitted by the user to the director for approval. The plan shall describe the specific water use requirements and shall identify water sources other than potable water which shall be utilized where available.

(B) Water shall not be used to clean, fill or maintain levels in decorative fountains, ponds, lakes or other similar aesthetic structures unless such structures have a recycling system.

(C) The use of water from fire hydrants shall be limited to fire fighting and related activities. Other uses of water from fire hydrants shall be limited to activities reasonably necessary to maintain the public health, safety and welfare. The testing of fire hydrant flows is prohibited unless approved by the director.

(D) The draining and/or refilling of residential swimming pools or spas is prohibited. Commercial swimming pools and/or spas may be drained and refilled only as required by the county health department and approved in advance by the department of public works.
(`64 Code, Sec. 33-98.9) (Ord. No. 2246)

SEC. 22-160. PROHIBITION AGAINST WASTE OF WATER.

No person shall waste any water obtained from and through the distribution facilities of the city.
(`64 Code, Sec. 33-98.10) (Ord. No. 2246)

SEC. 22-161. USE OF ALLOCATED WATER.

Subject to the prohibition against waste and subject to the penalties provided for a violation of this article, each customer shall be solely responsible for managing the customer's water uses in such a manner as to not exceed the amount of water allocated to that customer.
(`64 Code, Sec. 33-98.11) (Ord. No. 2246)

SEC. 22-162. ENFORCEMENT OF WATER USE ALLOCATIONS; PENALTIES AND OTHER MEASURES.

During the water shortage emergency, the city shall take the following actions for the failure of any customer to comply with the required water use allocation:

(A) For the first, second, and third failure to comply with water use allocation requirements, a customer's use of water in excess of the allocated amount during a billing period shall be assessed a penalty. The excess water use penalty shall be charged in addition to the regular rate charged for water as specified in section 22-168 attached hereto and incorporated herein in full by this reference.

(B) For the fourth failure to comply with the water use allocation requirements:

(1) A customer using water in excess of the allocated amount during a billing period shall be assessed a penalty in addition to the regular rate charged for water and shall be in an amount provided for in section 22-168; and

(2) The director may install for a period of not less than one week a flow-restricting device of three gallons per minute capacity for services up to 1½-inch size, and comparatively sized restricting devices for larger services, on the service of the customer, at the property at which the violation occurred. The city shall charge the customer for reasonable costs incurred for installing and for removing a flow-restricting device and for restoration of regular service. The charge shall be paid before regular service is restored.

(C) For the fifth and subsequent failures to comply with the water use allocation requirements:

(1) A customer using water in excess of the allocated amount during a billing period shall be assessed a penalty in addition to the regular amount charged for water in an amount provided in section 22-168; and

(2) The director may install for a period of not less than one month a flow-restricting device of three gallons per minute capacity for services up to 1½-inch size, and comparatively sized restricting devices for larger services, on the service of the customer at the property at which the violation occurred. The city shall charge the customer the reasonable costs incurred for installing and for removing a flow-restricting device and for restoration of regular service. The charge shall be paid before regular service will be restored; and

(3) The director may disconnect water service to the customer's property in accordance with the notice and review provisions of this article. The city shall charge the customer the reasonable costs incurred for disconnection and restoration of regular service. The charge shall be paid before regular service is restored.

(4) A customer's failure to comply with water allocation requirements will be cumulative for the duration of the water shortage emergency.
('64 Code, Sec. 33-98.12) (Ord. No. 2246)

SEC. 22-163. RIGHT TO A REVIEW.

(A) A customer notified that a penalty has been assessed under section 22-168 for exceeding the water use allocation shall have the right to a review of the penalty by the director provided that a written request for review is filed by the customer with the water conservation office within 15 days after receipt of notice that a penalty has been assessed. The review shall be held within a reasonable time after receipt of the request thereof.

(B) A customer notified that a flow restricter will be installed for exceeding the water use allocation shall have the right to a review by the director prior to the installation of the restricter provided that the

customer files a written request for review with the water conservation office within 15 days after the receipt of notice of the proposed installation.

(C) A customer notified that water service will be disconnected for exceeding the water use allocation shall have the right to a review by the city manager or designate prior to the disconnection of service provided that the customer files a written request for review with the water conservation office within 15 days after the receipt of notice that service will be discontinued.

(D) At the review opportunity provided prior to disconnection of service, the customer may present any relevant evidence which tends to show that the disconnection of service is not warranted. The formal rules of evidence shall not apply to this review and all relevant evidence customarily relied upon by reasonable persons in the conduct of serious business affairs shall be admissible unless a valid objection justifies its exclusion.

(E) In reviewing a customer's claims, the director or city manager shall consider all relevant factors, including but not limited to those identified in section 22-165.

(F) The decision of the city manager and/or director, respectively, shall be final and shall exhaust all administrative remedies.

(G) The city council hereby authorizes the city manager to prepare procedural rules and regulations for the implementation of this section.
(`64 Code, Sec. 33-98.13) (Ord. No. 2246)

SEC. 22-164. NOTICES OF FAILURE TO COMPLY; VIOLATIONS.

The city shall give written notice of a failure to comply or violation. The regular city water bill may be used as a notice of failure to comply.

(A) Notice of failure to comply with the water use allocation provisions or commission of waste shall be provided to the customer by regular mail or by personal delivery.

(B) Personal delivery shall be made in the following manner:

(1) By handing the notice to the violator;

(2) By leaving a copy of the notice with some person of suitable age and discretion at the property and sending a copy through the regular mail to the violator's address; or

(3) If a person of suitable age or discretion cannot be found, then by affixing a copy of the notice in a conspicuous place at the property at which the violation occurred and sending a copy through the regular mail to the violator's address.

(C) Any notice given under this section shall contain the following:

(1) The nature of the violation;

(2) The person committing the violation, if known;

(3) The penalty for the violation;

(4) The person's right to request a review of the violation, the time within which and to whom such request must be made; and

(5) The person's loss of the right to review in the event the person fails to request review within the time required.
('64 Code, Sec. 33-98.14) (Ord. No. 2246)

SEC. 22-165. CHANGES IN ALLOCATIONS; EXEMPTIONS.

(A) Upon application by the customer to the director, a change in allocation or an exemption from the provisions of this article may be granted by the director based on substantial evidence of undue hardship, reasons of health and safety or other valid reasons.

(B) In determining whether a change of allocation or exemption shall be granted to the customer, the director shall consider all relevant factors submitted in the application, including but not limited to the following factors:

(1) Reduction in water consumption which results in reductions in employment;

(2) Significant variances in the number of persons residing at a customer's property;

(3) Change in the number of employees or units of production for commercial and industrial accounts subsequent to the historical base period;

(4) Change in the amount of landscaped or planted property for agricultural accounts subsequent to the historical base period;

(5) Water use during construction;

(6) Emergency conditions threatening health or safety;

(7) First filling of a swimming pool or spa constructed under permit;

(8) Demonstrated reductions already achieved through previous water conservation efforts, in cases where further reductions in water consumption would create an undue hardship; and

(9) Required compliance with production standards for lowest water use per unit of production.
(`64 Code, Sec. 33-98.15) (Ord. No. 2246)

SEC. 22-166. SUSPENSION OF CONFLICTING ORDINANCES, RESOLUTIONS, RULES AND REGULATIONS.

To the extent that the terms and provisions of this article are inconsistent or in conflict with the terms and provisions of any previously adopted city ordinances, resolutions, rules or regulations the terms of this article and its implementing rules and regulations shall prevail, and inconsistent and conflicting provisions of previously adopted, ordinances, resolutions and implementing rules and regulations shall be suspended during the effective period of this article.
(`64 Code, Sec. 33-98.16) (Ord. No. 2246)

SEC. 22-167. ALLOCATIONS BY WATER SERVICE CLASSIFICATION.

[See table on following page.]

Shortage Stage	Single-Family and Multi-Family Residential			Com. and Ind.	Agricultural	Landscape
	Allocation Per Person	Landscape Allocation				
	HFC Per Month	Single-Family or First Multi-Unit HCF Per Month	Additional Multi-Units HCF Per Month	Reduction		
Voluntary Stage						
5%	3.8 HCF: 95 gal/day; 2,842 gal/mo.	3.2 HCF: 80 gal/day; 2,394 gal/mo.	0.9 HCF: 22 gal/day; 673 gal/mo.	5%	5%	5%
10%	3.6 HCF: 90 gal/day; 2,693 gal/mo.	2.9 HCF: 72 gal/day; 2,169 gal/mo.	0.8 HCF: 20 gal/day; 598 gal/mo.	10%	10%	10%
15%	3.4 HCF: 85 gal/day; 2,543 gal/mo.	2.3 HCF: 57 gal/day; 1,720 gal/mo.	0.6 HCF: 15 gal/day; 449 gal/mo.	15%	15%	20%
20%	3.2 HCF: 80 gal/day; 2,394 gal/mo.	1.6 HCF: 40 gal/day; 1,197 gal/mo.	0.4 HCF: 10 gal/day; 299 gal/mo.	20%	20%	30%
25%	3.0 HCF: 75 gal/day; 2,244 gal/mo.	1.0 HCF: 25 gal/day; 748 gal/mo.	0.2 HCF: 5 gal/day; 150 gal/mo.	25%	25%	40%
30%	2.8 HCF: 70 gal/day; 2,094 gal/mo.	0.5 HCF: 12 gal/day; 374 gal/mo.	0.2 HCF: 5 gal/day; 150 gal/mo.	30%	30%	50%

Shortage Stage	*Single-Family and Multi-Family Residential*			*Com. and Ind.*	*Agricultural*	*Landscape*
	Allocation Per Person	*Landscape Allocation*				
	HFC Per Month	*Single-Family or First Multi-Unit HCF Per Month*	*Additional Multi-Units HCF Per Month*	*Reduction*		
Voluntary Stage						
35%	2.6 HCF: 65 gal/day; 1,945 gal/mo.	0.2 HCF: 5 gal/day; 150 gal/mo.	0.1 HCF: 2 gal/day; 75 gal/mo.	35%	35%	60%
40%	2.4 HCF: 60 gal/day; 1,795 gal/mo.	0.2 HCF: 5 gal/day; 150 gal/mo.	0.1 HCF: 2 gal/day; 75 gal/mo.	40%	40%	70%
45%	2.2 HCF: 55 gal. day; 1,646 gal/mo.	0.2 HCF: 5 gal/day; 150 gal/mo.	0.1 HCF: 2 gal/day; 75 gal/mo.	45%	45%	80%
50%	2.0 HCF: 50 gal/day; 1,496 gal/mo.	0.2 HCF: 5 gal/day; 150 gal/mo.	0.1 HCF: 2 gal/day; 75 gal/mo.	50%	50%	90%

('64 Code, Sec. 33-98.17, Sched. A) (Ord. No. 2246)

SEC. 22-168. PENALTIES.

Water Shortage Stage	*Penalty Per HCF Over Allocation*	
	First Three Offenses	*Additional Offenses*
5%	$0.50	1.00
10%	$1.00	$ 2.00
15%	$2.00	$ 4.00
20%	$4.00	$ 8.00
25%	$4.50	$ 9.00
30%	$5.00	$10.00
35%	$5.50	$11.00
40%	$6.00	$12.00
45%	$6.50	$13.00
50%	$7.00	$14.00

(Ord. No. 2246)

ARTICLE X. WHEELING SERVICES

SEC. 22-175. SHORT TITLE.

This article shall be known and cited as the "City of Oxnard-Ocean View Wheeling Services Ordinance."
(`64 Code, Sec. 33-100) (Ord. No. 2301)

SEC. 22-176. POLICY AND PURPOSE.

(A) The Ocean View Municipal Water District (Ocean View), a public agency retail water supplier which is generally located outside the boundaries of the city, desires to dissolve and obtain a substitute retail water purveyor. However, under present facts and circumstances it is not economical for Ocean View or the city to have the city assume retail water deliveries within the Ocean View area.

(B) The purpose of this article is to authorize the city to furnish, transfer or wheel water that Ocean View purchases from the United Water Conservation District (United) through the Hueneme Pipeline to Ocean View for its distribution to Ocean View's customers.

(C) United will continue to make water available to Ocean View, and United will directly bill Ocean View for the water delivered.

(D) An agreement between the city, United and Ocean View is necessary to carry out these purposes. Ocean View, the city and United intend this article and the temporary water wheeling services agreement attached hereto and incorporated herein by this reference, to operate as an interim measure to provide for the delivery of water to Ocean View.
(`64 Code, Sec. 33-100.1) (Ord. No. 2301)

SEC. 22-177. DEFINITIONS.

All terms, phrases and words shall have the meanings assigned to such terms, phrases and words in the temporary water wheeling services agreement executed by and between the city, United and Ocean View.
(`64 Code, Sec. 33-100.2) (Ord. No. 2301)

SEC. 22-178. RATES AND CHARGES.

The rates and charges for wheeling services shall be established by resolution of the city council. The rates and charges for wheeling services authorized by this article shall only be those rates and charges, if any, set forth in a resolution and amendments or supplements thereto, approved and adopted by the city council and which shall satisfy the requirements of Cal. Water Code, Sections 1810 *et seq.*
(`64 Code, Sec. 33-100.3) (Ord. No. 2301)

SEC. 22-179. TERMS AND CONDITIONS.

The city hereby incorporates, codifies and adopts in full, as though fully set forth herein, the terms and conditions of the temporary water wheeling services agreement executed by and between the city, United and Ocean View, as the terms and conditions of the temporary wheeling services under which the city is hereby authorized to provide water to Ocean View.
(`64 Code, Sec. 33-100.4) (Ord. No. 2301)

SEC. 22-180. SUSPENSION OF CONFLICTING ORDINANCES, RESOLUTIONS, RULES AND REGULATIONS.

To the extent that the terms and provisions of this article are inconsistent or in conflict with the terms and provisions of any previously adopted city ordinances, resolutions, rules or regulation, the terms of this article and its implementing rules and regulations shall prevail; and inconsistent and conflicting provisions of previously adopted ordinances, resolutions and implementing rules and regulations shall be suspended during the effective period of this article.
(`64 Code, Sec. 33-100.5) (Ord. No. 2301)

SEC. 22-181. TERMINATION DATE.

This article shall automatically terminate on December 31, 1993, unless the temporary water wheeling services agreement is mutually extended with the agreement of Ocean View and United and with the prior written consent of the city.
(`64 Code, Sec. 33-100.7) (Ord. No. 2301)

ARTICLE XI. ANNEXATION VERIFICATION

SEC. 22-190. SHORT TITLE.

This article shall be known and cited as the Annexation Verification Ordinance.
(`64 Code, Sec. 33-120) (Ord. No. 2378)

SEC. 22-191. POLICY AND PURPOSE.

(A) The purpose of this article is to provide a procedure by which the city can verify that each property for which the owner requests water service from the city is properly annexed into Calleguas Municipal Water District (Calleguas) and Metropolitan Water District of Southern California (Metropolitan) boundaries prior to commencement of water delivery by the city.

(B) The city intends this article to operate as a long term measure to define the responsibilities of the city, Metropolitan and Calleguas in the annexation verification process and to ensure that no property will receive water service from the city without first being properly annexed into Calleguas and Metropolitan boundaries.
(`64 Code, Sec. 33-120.1) (Ord. No. 2378)

SEC. 22-192. DEFINITION, CUSTOMER.

"Customer" means any natural person or public or private entity, including but not limited to, any State or local governmental agency, private corporation, firm, partnership, individual, group of individuals, or, to the extent authorized by law, any federal agency, who is or seeks to be supplied with water service from the city.
(`64 Code, Sec. 33-120.2) (Ord. No. 2378)

SEC. 22-193. PROOF OF ANNEXATION PRIOR TO DELIVERY OF WATER SERVICE.

Prior to delivery of water service by the city to any property, the city may require the customer to submit to the city written verification providing proof that the customer's property has been annexed into Calleguas and Metropolitan boundaries and that the customer has paid all applicable fees and costs to Calleguas, Metropolitan and the Local Agency Formation Commission (LAFCO) as may be required.
(`64 Code, Sec. 33-120.3) (Ord. No. 2378)

SEC. 22-194. ANNEXATION PROCEDURE.

If a customer's property requires annexation into Calleguas and Metropolitan boundaries, the customer is responsible for complying with any and all annexation procedures required by Calleguas, Metropolitan and LAFCO.
(`64 Code, Sec. 33-120.4) (Ord. No. 2378)

SEC. 22-195. DETERMINATION LETTER AS CONCLUSIVE EVIDENCE OF ANNEXATION STATUS.

(A) A customer may provide written verification of annexation into Calleguas and Metropolitan boundaries and payment of all applicable fees, by submitting to the city a copy of the annexation and capital construction charges determination (Determination Letter), in a form approved by the city manager.

(B) A valid Determination Letter submitted to the city shall be deemed conclusive evidence that the customer's property is properly annexed into Calleguas and Metropolitan boundaries and that all annexation fees and costs have been paid to Calleguas, Metropolitan and LAFCO.
(`64 Code, Sec. 33-120.5) (Ord. No. 2378)

SEC. 22-196. TIMELY SUBMISSION OF A REQUEST FOR DETERMINATION OF ANNEXATION STATUS.

The customer should submit a written request for a determination letter to Calleguas early in the applicable permitting or development approval process. The city encourages Calleguas to respond promptly to annexation determination requests. If a property requires annexation into Calleguas and Metropolitan boundaries, the annexation process may take six months or more to complete. Annexation approval is discretionary to Calleguas, Metropolitan and LAFCO. The city acknowledges that both Calleguas and Metropolitan have the right to reject a customer's annexation request.
(`64 Code, Sec. 33-120.6) (Ord. No. 2378)

SEC. 22-197. VERIFICATION PRIOR TO OR CONCURRENT WITH ANNEXATION INTO CITY.

If the city manager determines that annexation of the customer's property into Calleguas and Metropolitan bound aries should be accomplished in conjunction with annexation into the city, the customer shall submit written verification of annexation into Calleguas and Metropolitan boundaries prior to or concurrent with final approval of annexation into the city.
(`64 Code, Sec. 33-120.7) (Ord. No. 2378)

SEC. 22-198. VERIFICATION PRIOR TO OR CONCURRENT WITH SUBDIVISION APPROVAL.

A customer seeking water service from the city who is also requesting subdivision approval from the city may, in the discretion of the city manager, be required to submit written verification providing proof that the customer's property has been annexed into Calleguas and Metropolitan boundaries and that the customer has paid all applicable annexation fees and costs to Calleguas, Metropolitan and LAFCO as may be required. The customer shall submit such written verification of annexation into Calleguas and Metropolitan service areas prior to or concurrent with subdivision approval.
(`64 Code, Sec. 33-120.8) (Ord. No. 2378)

SEC. 22-199. VERIFICATION PRIOR TO OR CONCURRENT WITH CONDITIONAL LAND USE APPROVAL.

A customer seeking water service from the city who is also requesting conditional land use approval from the city may, in the discretion of the city manager, be required to submit to the city written verification providing proof that the customer's property has been annexed into Calleguas and Metropolitan boundaries and that the customer has paid all applicable annexation fees and costs to

Calleguas, Metropolitan and LAFCO as may be required. The customer shall submit written verification of annexation into Calleguas and Metropolitan boundaries prior to or concurrent with the conditional land use approval.
(`64 Code, Sec. 33-120.9) (Ord. No. 2378)

SEC. 22-200. VERIFICATION PRIOR TO FINAL LAND USE CLEARANCE.

A customer seeking water service from the city who is also requesting final land use clearance from the city shall submit to the city written verification providing proof that the customer's property has been annexed into Calleguas and Metropolitan boundaries and that the customer has paid all applicable annexation fees and costs to Calleguas, Metropolitan and LAFCO as may be required. The customer shall submit written verification of annexation prior to the final issuance of land use clearance for the proposed development.
(`64 Code, Sec. 33-120.10) (Ord. No. 2378)

SEC. 22-201. VERIFICATION PRIOR TO ISSUANCE OF A BUILDING PERMIT.

Prior to issuance of a building permit from the city, a customer shall submit written verification providing proof that the customer's property has been annexed into Calleguas and Metropolitan boundaries and that the customer has paid all applicable fees and costs to Calleguas, Metropolitan and LAFCO.
(`64 Code, Sec. 33-120.11) (Ord. No. 2378)

SEC. 22-202. SUSPENSION OF CONFLICTING ORDINANCES, RESOLUTIONS, RULES AND REGULATIONS.

To the extent that the terms and provisions of this article are inconsistent or in conflict with the terms and provisions of any previously adopted city ordinances, resolutions, rules or regulations, the terms of this article and its implementing rules and regulations shall prevail.
(`64 Code, Sec. 33-120.12) (Ord. No. 2378)

City of Oxnard Rate Sheet,
Effective 1/1/02

City of Oxnard

Utility Rates

Water — Effective 01/01/02

RATE PER HUNDRED CUBIC FEET (HCF)	Single Family & Multi-Family	Commercial/Industrial
0 - 10 HCF	1.192	2.145
11 - 400 HCF	1.192	1.106
401 - 1000 HCF	1.192	1.016
1001 - 6000 HCF	1.192	0.908 *
6001 - over	1.192	0.790 *

* To qualify for the lower rates for water use above 1000 HCF a water conservation report needs to be submitted to Public Works

Monthly Meter Charge

0.75	4.18	4	144.49
1	6.13	6	392.14
1.5	15.18	8	608.98
2	21.84	10	1,219.53
3	53.25		

Sewer — Effective 7/1/01

Single Family Residential	Commercial	
21.88 /mo	Regular	1.829 per HCF (Minimum $15.00)
Multiple Unit Residential	Commercial Laundry	1.898 per HCF (Minimum $15.00)
15.00 /mo per unit	Restaurant	2.899 per HCF (Minimum $15.00)

Refuse — Effective 07/1/01

Residential		Residential - Multiple Units		Temporary Dumpsters		
70 gallon	18.20	Second Unit	20.73	2 yd	32.86	per collection
110 gallon	21.91	Third Unit	19.23	4 yd	53.00	per collection
Extra		Additional Units	18.16	13.4 yd	84.16	+ $35.25 per ton
Container	4.25		per unit	30 yd	113.43	+ $35.25 per ton
				Plus $7.00 Delivery Fee		

Commercial

Container Size		Collections Per Week 1	2	3	4	5	6
2 cu. yd.		92.69	162.95	210.62	258.30	305.99	353.68
2 cu. yd.	Compactor	121.51	191.53	239.21	286.91	334.57	382.28
4 cu. yd.		162.60	257.98	342.48	426.86	515.66	596.72
4 cu. yd.	Compactor	249.11	396.20	526.06	656.11	791.85	916.31
Recycle Containers							
2 cu. yd.		46.34	81.48	105.31	129.15	153.00	176.84
2 cu. yd.	Compactor	60.75	95.77	119.61	143.46	167.28	191.14
4 cu. yd.		81.30	128.99	171.24	213.43	257.83	298.36
4 cu. yd.	Compactor	124.56	198.10	263.03	328.05	395.93	458.15

Roll Off Containers

13.4	Collection on call*	96.24 + $35.25 per ton (Maximum 2½ tons)
30	Collection on call*	130.56 + $35.25 per ton (Maximum 3 tons)

*Minimum pick-up is twice per month. If less, then there is a daily container rental fee of $5.00 per day.

Appendix E

Capital Facility Charge and Water
Resource Development Fee Report

4 December 2002

Memorandum

To: Ken Ortega

From: Greg Arakaki

Subject: Capital Facility Charge and Water Resource Development Fee Report
K/J 994609.20

Introduction

As part of the City of Oxnard's (City's) Water System Master Plan, Kennedy/Jenks Consultants was retained to assess the appropriateness of the City's current water service connection fees and prepare new water service connection fees for the recovery of capital improvement costs in accordance with the requirements of Government Code sections 66000 through 66024.

Connection fees are an alternative source of income available to finance capital improvements and expansions to a water utility system. The term connection fee is no longer appropriate terminology due to the adoption of AB 1600. This bill renamed this fee to capital facility charges and specified that this fee must be used for capital expansions, and cannot be used for operating expenses. A capital facility charge should reimburse the utility for a new customer's purchase of existing capacity in a utility's water supply transmission and distribution facilities.

Current Water Capital Facility Charge

The City's existing capital facility charges (water, wastewater, and drainage) are based on calculations performed in 1991 (Oxnard, 1991). The underlying assumption behind the connection fees is that certain improvements are needed to serve the growth of the City and that new development should share proportionately in the cost of the infrastructure. 1985 was used as the base year for calculating water system connection fees. The cost of infrastructure required to be built after the base year through build-out of the City is to be shared among all development occurring from the base year through build-out of the City. Fees were calculated on an Equivalent Dwelling Unit (EDU) basis.

The City maintains five separate reserve funds – operating (Fund 601), capital projects (Fund 602), connection fee (Fund 603), debt service (Fund 604), and bond reserves. The connection fee fund is comprised of connection fee revenues. These revenues can only be used for capital improvement projects identified in the analysis utilized to establish connection fees or projects that are substituted for identified projects. The connection fee fund balance as of 30 June 2002 was $2,077,188.

The projects used to establish the current connection fees included the following:

Memorandum

1. Colonia Road (Hayes Avenue to Juanita Avenue) and Rose Avenue (Colonia Road to 1,000-feet north)
2. Parallel to and north of Colonia Road (Juanita Avenue and Rose Avenue)
3. Rose Avenue (Gonzales Road to north end of project 2)
4. Gonzales Road (Rose Avenue to Rice Avenue)
5. Gonzales Road (Rice Avenue to 4,500-feet east)
6. Easterly study boundary from Gonzales Road to westerly extension of Latigo Avenue
7. Westerly extension of Latigo Avenue from easterly study boundary to Rice Avenue
8. Along easterly study boundary from end of Project No. 6 to Sturgis Road
9. Sturgis Road from existing 12-inch easterly to end of Project No. 8
10. Vineyard Avenue (Orange Drive to Simon Way)
11. Simon Way (Vineyard Avenue to Rose Avenue)
12. Rose Avenue (Simon Way to 101 and tie to new blending station {Del Norte})
13. Network of mains to serve residential area west of Ventura Road, north of Fifth Street
14. Blending Station, booster station, and transmission main to Springville with two turnouts
15. Water Master Plan
16. Pressure reducing stations along Gonzales Road
17. Main along Edison Canal to serve Mandalay Bay
18. Grid of 16-inch and 12-inch mains to serve Ormond Beach
19. 12-inch main between Colonia Road and Gonzales Road, on Lombard Street
20. 16-inch Northeast assessment Area, #5, 6, and 8 above

The total estimated cost of these improvements (including allowances for reimbursement interest and processing costs) in 1991 dollars was $20,516,000. The estimated number of remaining EDUs at that time was 45,376. This yielded a charge of $460.00 per water equivalent dwelling unit. The City's current water capital facility charge, as reflected in the City's Development Service Department's Fees Charged Developers, Fee Scheduled last revised January 1, 2002, is presented in Table 1.

Table 1. Current Water Capital Facility Charges

Water Meter Size	Equivalency Factor	Water Capital Facility Charges
¾"	1	$460
1"	2	$920
1 ½"	3	$1,380
2"	5	$2,300
3"	11	$5,060
4"	17	$7,820
6"	33	$15,180
8"	53	$24,380
10"	113	$51,980
12"	180	$82,800
Over 12"	To be calculated by the Public Works Director	TBD

The current water connection fees do not include the costs of currently planned capital improvements required to support future customer demands. Increasing connection fees will assist in keeping water sales revenues at a lower level and serve to offset capital costs for additions and improvements to the water system.

Water Capital Facility Charge and Water Resource Development Fee Projects

Based on discussions with Water Division Staff, it was decided that in addition to updating the capital facility charges, that a Water Resource Development Fee be established. The purpose of this fee is to recover the cost of new water supply projects to accommodate future growth. Costs associated with the Water Resource Development Fee were related to the implementation of the Groundwater Recovery Enhancement And Treatment (GREAT) Program. Projects associated with the capital facility charge were those related to infrastructure developments such as projects to correct hydraulic deficiencies, Aquifer Storage and Recovery (ASR) wells, and SCADA upgrades, Blending Station No. 3 improvements, and the construction of Blending Station No. 5. Tables 2 and 3 list the projects associated with the capital facility charge and the water resource development fee, respectively, and their estimated costs.

The projects associated with the water resource development fee include several projects that could be considered wastewater projects (tertiary treatment and BWRDF modifications). However, as no formal agreement has been reached between the Water and Wastewater Divisions regarding ownership of these projects, they are included in the calculation of the water

resource development fee and factor into the proposed water rates as a line item under bond funded projects.

Table 2. Capital Facility Charge Projects

Project	Cost
Hydraulic Improvements	
P-3: Upgrades to pipeline in Wooley Road from S. Ventura Road to "H" Street	$392,400
P-5: Upgrades to pipeline in Vineyard Avenue beginning at Ventura Boulevard and continuing northeast approximately 4,600 linear feet	$815,220
P-9: Upgrades to pipeline in Gonzales Road between Rose Avenue and Rice Avenue	$1,127,960
P-14: Miscellaneous improvements required for 2005	$897,300
P-15: Miscellaneous improvements required for 2020	$948,800
ASR Wells	$4,867,000
Industrial Lateral Reconnections	$551,318
SCADA Upgrades	$263,600
Blending Station No. 5	$570,000
Blending Station No. 3 Water Conditioning and Pumping Plant	$4,509,100
Total Capital Facility Charge	$14,942,698

Table 3. Water Resource Development Fee Projects

Project	Cost
Water Resource Development Fee	
GREAT Program	
Phase 1 (a)	$24,921,000
Phase 2 (b)	$97,362,000
Total Water Resource Development Fee	$122,283,000

Notes:
(a) Costs for Phase 1 GREAT Program elements are based on the Advanced Planning Study (May 2002) with the assumption that the tertiary treatment, BWRDF improvements, RW delivery system, and injection wells are entirely attributable to new customers. GW desalination facility costs are proportioned on the basis of production with 43 percent of the costs attributable to existing users (3,000 AF/6,944 AF) and the remaining 57 percent (3,944 AF/6,944 AF) attributable to new users.
(b) Costs for Phase 2 GREAT Program elements are based on the Advanced Planning Study (May 2002) with the assumption that the tertiary treatment, BWRDF improvements, RW delivery system, injection wells, groundwater desalination facility expansion, and concentrate collection system are attributable to new users. The amount will probably be bond funded, but at this time it is unreasonable to project bond costs for this future project. Therefore, half the project cost (assuming it is half grant funded) is listed and used for calculation purposes.

Estimation of Remaining EDUs

Discussions with the City's Planning and Environmental Services Department indicated that estimates of the remaining number of EDUs to be developed was not available. In order to develop the number of remaining EDUs, data from the City's Geographical Information System (GIS) database was used. This same information was used to estimate the City's future water demands for the Water System Master Plan.

The GIS database was queried to determine the total acreage and developed acreage within the City's planning area for single family, multi-family, commercial, and residential uses. The difference between these two acreages is the amount of undeveloped acreage. By applying average EDU density (EDUs per acre) from the 1991 connection fee calculation, it was determined that there are 43,803 undeveloped EDUs. This calculation is summarized in Table 4.

Table 4. Projected Remaining EDUs

User Class	Total Acreage	Developed Acreage	Undeveloped Acreage	Average EDU's per Acre	Projected Undeveloped EDU's
Single Family Residential	6,335	4,209	2,126	4.50	9,567
Multi-Family Residential	651	535	116	12.00	1,392
Commercial	2,669	1,660	1,009	6.00	6,054
Industrial	4,031	1,352	2,679	10.00	26,790
TOTAL	13,686	7,756	5,930	7.39	43,803

Proposed Water Capital Facility Charge and Water Resource Development Fee

Calculation of the proposed water capital facility charge and water resource development fee is based on dividing the costs associated with each charge or fee by the number of EDUs. Table 5 shows the projected charge and fee calculation.

Table 5. Proposed Capital Facility Charge and Water Resource Development Fee per EDU

Parameter	Capital Facility Charge	Water Resource Development Fee
Associated Project Costs	$14,942,698	$122,283,000
No. of EDUs	43,803	43,803
Proposed Fee/Charge per EDU	$341	$2,792

The cost for a specific installation is then based on multiplying the unitary amount by an equivalency factor as shown in Table 1.

Recommendation

The proposed capital facility charge and water resource development fee are designed to reimburse the water utility for the capital costs associated with providing water service to new system users. The water resource development fee is intended to specifically recover the cost of new water supply projects that accommodate future growth. The proposed capital facility charge and water resource development fee are $341 and $2,792 per equivalent dwelling unit, respectively. The water resource development fee is high because it includes several wastewater related items that are integral to the GREAT Program. Table 6 presents a comparison of the current and proposed capital facility charges and the new water resource development fees.

Memorandum

Table 6. Proposed Capital Facility Charge and Water Resource Development Fee

Meter Size	Equivalency Factor	Existing Capital Facility Charge	Proposed Capital Facility Charge	Proposed Water Resource Development Fee
¾"	1	$460	$341	$2,792
1"	2	$920	$682	$5,583
1 ½"	3	$1,380	$1,023	$8,375
2"	5	$2,300	$1,706	$13,958
3"	11	$5,060	$3,752	$30,708
4"	17	$7,820	$5,799	$47,458
6"	33	$15,180	$11,257	$92,125
8"	53	$24,380	$18,080	$147,958
10"	113	$51,980	$38,548	$315457
12"	180	$82,800	$61,404	$502,498
Over 12"	To be calculated by the Public Works Director	TBD	TBD	TBD

References

City of Oxnard. 19991. *Memo from James E. Frandsen, Public Works Director, to the City Council regarding Adjustments to the Development Infrastructure Fees* dated September 27, 1991.

cc: Lynn Takaichi, Ventura
Julia Aranda, Ventura

Appendix F

Rate Schedules of Adjacent Utilities

City of Camarillo
City of San Buenaventura
Ventura County Waterworks

RESOLUTION NO. 98-184

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMARILLO, CALIFORNIA, SETTING THE AMOUNT OF WATER RATES AND CHARGES IN THE CITY OF CAMARILLO

SECTION 1. The City Council of the City of Camarillo (the "City") does hereby make the following findings of fact:

a. A public hearing has been held by the City Council at a special meeting held on June 17, 1998, regarding the rates and charges to be established by this Resolution as required by Government Code Section 54354.5, notice of that hearing was provided as required by Government Code Section 54354.5 and compliance has been certified.

b. The City Council conducted the public hearing and gave every interested person an opportunity to object to the proposed rates.

c. The City Council considered and overruled all written protests, if any, against the proposed rates.

d. The City Council having duly received and considered oral and documentary evidence concerning the jurisdictional facts in this proceeding and concerning the necessity for the contemplated water rates, has acquired jurisdiction to order the setting of the proposed water rates and charges.

e. The City Planning Director has determined that this Resolution is exempt from the California Environmental Quality Act pursuant to sections 210980(b)(8) of the California Public Resources Code and Title 14, Section 15273 of the California Code of Regulations.

SECTION 2. Based upon the testimony and other evidence received before it, and upon the study and investigation made by the City Council and upon its behalf, the City Council further finds as follows:

a. The City requires a reliable supply of water meeting current and anticipated water quality standards to protect the public general welfare, health and safety.

b. The purpose of water rates and charges is to protect the public health, safety and general welfare by providing a reliable and adequate supply of water meeting current and anticipated water quality standards for the residents of the City of Camarillo and to pay for the cost of providing such service.

c. There is a reasonable relationship between the amount of the rates and charges and the cost of services and facilities necessary to deliver water service to the residents and non-residential development of the City.

d. The City currently subsidizes commodity rates for large volume agricultural water customers and has called an election for September 23, 1998, of the water ratepayers on the question of whether to continue such subsidy. A vote to terminate the subsidy will result in a reduction in the commodity rates for other customer classes from those set forth in this resolution.

SECTION 3. Based upon the foregoing facts and findings, the City Council of the City of Camarillo does hereby resolve, determine, and order as follows:

a. Cost Estimates. The City Manager shall periodically, but no less than annually, review the water rates and charges to determine whether revenues from such charges are meeting actual cost of services and facilities necessary to deliver water service to the residents and non-residential developments within the City. If the City Manager determines that said revenues are not adequate to meet said costs, the City Manager shall recommend to the City Council a revised rate and charge schedule to be adopted by this City Council by resolution.

b. Amount of Rates and Charges. The amount of water rates and charges shall be as set forth in Exhibit "A" which is attached hereto and incorporated herein by this reference.

c. Time of Payment. The monthly billing cycle is as follows: for the purposes of this resolution, a Month shall be a billing period not to exceed 33 days. The bill shall contain information regarding dispute resolution procedures. All bills are due and payable upon receipt and become delinquent 21 days from the mailing date. A Non-Payment penalty shall be applied in accordance with Exhibit "A" to all past due accounts at that time and a past due notice mailed.

If the bill is not paid within 15 days from the mailing of the past due notice, a Notice of Shutoff will be delivered to the service address at least 48 hours before service is to be discontinued, and a fee assessed for notice in accordance with Exhibit "A". Failure to make payment within 48 hours of notice will result in shutoff of the meter, and assessment of a shutoff fee in accordance with Exhibit "A".

If a meter is locked off for non-payment, the delinquent balance plus all fees assessed as a result of the delinquency are due and payable. Service will be reinstated only during regular working hours and only after payment has been received or special payment arrangements have been made with the Director of Finance.

Tampering with or breaking a meter or lock will result in assessment of a penalty consisting of a fixed amount plus expenses and other costs, as provided in Exhibit "A".

d. Past Due Charges. Past due charges and penalties, when recorded as provided in the Revenue Bond Law of 1941, commencing with Section 54300 of the Government Code, shall constitute a lien upon the real property served.

e. Agricultural Irrigation Water. Agricultural irrigation water is considered as non-firm water by the wholesale purveyor, and is provided to agricultural customers only if sufficient water is available for such purposes.

f. Public Landscape Accounts. A public agency wishing to have a landscape meter classified within the Public Landscape category must make application with the Customer Service Department to have a water audit performed by the Water Division or by another agency approved by the Water Superintendent. Upon completion of the water audit, the agency will be assigned an appropriate classification based upon determined need.

g. Senior Qualifying Rate: Senior citizens meeting the qualifications set forth in this section shall pay a total monthly charge equal to the monthly service charge for a 3/4" meter as defined in Exhibit "A", subsection A; that is, they shall pay no commodity charge. To qualify, a customer must meet all these criteria in a given billing period:

- Be a resident in the Camarillo water service area.
- Be 62 years of age or older at the start of the billing period for which the allowance is claimed, or meet the criteria of disability as established by the Social Security Administration Supplemental Income Program for the Aged, Blind and Disabled (Title XVI of the Social Security Act, as amended).
- Occupy the home subject to assistance as owner or be eligible for renter's credit on the California Senior Citizens Property Tax Assistance claim form.
- Have a household income not to exceed that which is set forth by Title XVI of the Social Security Act, as amended.
- Consume no more than 1,000 cubic feet of water per billing cycle.

Claims for the special senior qualifying rate are to be filed with the Finance Department of the city. To make application for the Senior Qualifying Rate, a customer is required to submit the following documents to the Finance Department: 1) a signed photocopy of California Citizens' Property Tax Assistance claim, Form FTB-9000), or other competent acceptable evidence of qualification, 2) a completed Senior Citizens Water Bill Assistance Claim form, available from the city; and 3) a photocopy of proof of age.

All such allowances shall first be recognized on the next full billing cycle after the date of approval. The Finance Department may require such additional evidence as it deems necessary or appropriate in processing the claim. The allowance shall be limited to service charges paid for by the residence dwelling occupied by the claimant and shall apply only when the claimant contributes over 50% to the financial support of the household. Only one claimant from each household shall be entitled to allowance. The Finance Department, at any time, may require a customer to provide proof of continuing eligibility. Any change in the qualification status of the claimant during the fiscal year of the allowance shall be immediately reported by the claimant to the Finance Department of the city and the appropriate adjustments made accordingly.

Residents who would otherwise qualify, but are billed through a master meter serving multiple housing units, are not eligible for this program.

h. Effective Date. Water rates and charges as set forth in Exhibit "A" will become effective November 1, 1998.

i. Previous Resolution Repealed. Resolution 98-121 is repealed on the effective date of this resolution.

SECTION 4. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this resolution is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this resolution. The City Council hereby declares that it would have adopted this resolution, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that anyone or more sections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

SECTION 5. That the City Clerk shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 14th day of Oct., 1998.

CHARLOTTE CRAVEN, Mayor

ATTEST:

DEBORAH HARRINGTON, City Clerk

STATE OF CALIFORNIA)
COUNTY OF VENTURA) ss.
CITY OF CAMARILLO)

I, DEBORAH HARRINGTON, City Clerk of the City of Camarillo, DO HEREBY CERTIFY that the foregoing Resolution No. 98-184 was duly passed and adopted at a special meeting of the Camarillo City Council held on the 14th day of October, 1998, with the following roll call vote, to wit:

AYES: COUNCIL MEMBERS: Daily, Kildee, Liebmann, Morgan; Mayor Craven

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: None

DEBORAH HARRINGTON, City Clerk

(SEAL)

cc: Dir. of Public Services
Finance Dept.
Planning Dept.
Pam-Water Services

Effective November 1, 1998

Exhibit "A"

WATER RATES AND CHARGES

A. Monthly Service Charges: (Applicable to All Except Agricultural Accounts)

Meter Size	Service Charge
3/4" (5/8")	$9.92
1"	14.47
1½"	25.85
2"	39.50
3"	75.90
4"	116.85
6"	230.61
8"	367.12
Fire Hydrant Meters (Construction)	116.85
Backflow Prevention Devices	1.00 per device

B. Commodity Charges, per 100 Cubic Feet [HCF]

1. Residential and Public Landscape Accounts:

Charges, Based on Range of Use per Monthly Billing Period [HCF]

	Tier I	Tier II	Tier III
Customer Class	$1.20	$1.60	$2.25
Single Family - 3/4" Meter *	1-14	15-34	35+
Single Family -1" Meter	1-23	24-57	58+
Single Family - 1½" Meter	1-47	48-113	114+
Single Family - 2" Meter	1-75	76-181	182+
Multi-Family (per Dwelling Unit) **	1-5	6-12	13+
Duplex/Triplex (per Dwelling Unit) **	1-9	10-26	27+
Public Landscape - 2" Meter	1-133	134-300	301+
Public Landscape - 3" Meter	1-434	435-838	839+
Public Landscape - 4" Meter	1-600	601-1300	1301+

NOTES:

* Waived to qualifying low-income seniors (see Resolution SECTION 3.h).

** Applies to master-metered connections serving more than one dwelling unit.

2. Accounts Other Than Residential or Public Landscape:

Customer Class	Uniform Commodity Charge, per HCF
Commercial	$1.34
Industrial	1.34
Governmental	1.34
Landscape (except Public Landscape)	1.34
Construction (temporary service)	2.68
Agricultural	1.14

C. Service to Customers Outside City Limits: Rates for Monthly Service Charges and Commodity Charges are assessed at 125% (1.25 times) the In-City Rates.

D. Fees Upon Initiation of Service

1. Trust Deposit:

Meter Size	Deposit
3/4"	$25.00
1"	35.00
1½"	65.00
2"	100.00
3"	200.00
4"	300.00
6"	600.00
8"	900.00

2. Service Connection:

a. During Regular Business Hours	$10.00
b. After Hours, Holidays, Weekends	60.00

E. Private Fire Line Services: Per Inch of Pipe Diameter, per Month: $4.00

F. Water Metered from Fire Hydrants (Temporary Service):

Damage Deposit	$1,250.00
(Refundable when meter is surrendered in working condition)	
Processing and Installation Fee:	100.00
Each Relocation to a different hydrant:	25.00

G. Miscellaneous Fees, Charges and Deposits:

1. Fees in Conjunction with Delinquent Accounts:
   a. Non-Payment 21 days after mailing — 10% of outstanding balance
   b. Notice of Shutoff — $10.00
   c. Shutoff (Meter Lock-Off) — 25.00
   d. Penalty for Tampering with or Breaking Locked Meter: Time and Materials plus 30%, plus $250.00

2. Returned Check Fee — $25.00

3. Bank Verification of Available Funds — $3.50

4. Meter Test Fee (test requested by customer, and meter is found to be within tolerances for accuracy) — 30.00

5. Installation/Construction of New or Replacement Services:

   a. Meter Installation:
      3/4": — $200.00
      1" — 250.00
      Larger Meters: — Time & Materials, plus 30%

   b. Field Inspection:
      per installation — $25.00
      per 100 feet of lateral — 15.00

   c. Plan Check & Engineering Fees — 2% of Estimate of Cost

   d. Service to Buildings Under Construction:
      per connection or dwelling unit: — $26.00 per Month

City of San Buenaventura FY 2002-2003 Water and Wastewater Rates

FY 2002-2003 Water Rates

Water Volume Rates
Per Hundred Cubic Feet (HCF)

Single Family Residential

Rate Adjustment 1.09

Water Usage HCF	City $	County $
1-16	1.41	2.39
17-42	1.87	3.18
43+	3.00	5.10

Multiple Family Residential

Water Usage HCF	City $	County $
1-10	1.41	2.39
11-24	1.87	3.18
25+	3.00	5.10

Non-Residential

Water Usage HCF	City $	County $
Per HCF	1.87	3.18

Raw Water*, Irrigation*, & Municipal Parks

Water Usage HCF	City $	County $
Per HCF	0.98	0.98

Reclaimed Water

Water Usage HCF	City $	County $
Per HCF	0.44	0.44

1 HCF = 748 gallons

*Non Potable, Non Fully Treated Water

Bimonthly Service Charge
(Based on Meter Size)

Residential & Non-Residential

Meter Size	City $	County $
5/8 & 3/4	8.69	14.82
1	17.11	29.10
1.5	28.89	49.16
2	40.66	69.11
3	92.54	156.96
4	151.51	257.24
6	298.66	507.94
8	445.81	757.55
10	592.96	1,008.25
12	681.25	1,158.67

Fire Line Monthly Charge

Meter Size	City $	County $
1	1.80	3.05
2	1.80	3.05
3	5.40	9.16
4	10.85	18.42
6	30.08	51.12
8	63.22	107.37
10	108.46	184.21
Each Add'l Inch	1.80	3.05

City Reclaim Meter Charge

Meter Size	Bi-Mo $	Monthly $
5/8 & 3/4	8.69	4.34
1	17.11	8.56
1.5	28.89	14.44
2	40.66	20.33
3	92.54	46.27
4	151.51	75.76
6	298.66	149.33
8	445.81	222.91
10	592.96	296.48
12	681.25	340.63

FY 2002-2003 Wastewater Service Rates

Customer Classification

	# HCF **	Bimonthly Rate $
Single Family & Multiple Dwelling	0 - 8	23.67
	9 - 10	29.04
	11 - 12	34.40
	13 - 14	39.76
	15 - 16	45.12
	17+	50.48

**Usage established during determination period November 1 thru April 30. Charge based on lowest water usage during determination billings.

Schools***	90.86
Churches***	50.48

*** Per Single Family Dwelling Unit Equivalent. Rates will vary;See Ordinance chapter 22.220, section 020 for rate factors.

Industrial (Billed Monthly)

Flow	per million gallons	1,393.39
COD	per 1000 pounds	210.03
SS	Per 1000 pounds	473.58

Customer Classification

Commercial Group 1:	# HCF	Bimonthly Rate $
	0 - 8	$15.20
	9 + per unit	$1.90
A. Laundromats		
B. Car Wash		
C. Professional Offices		
D. Convalescent homes		
E. Wholesale Establishments		
F. Offices		
G. Retail Establishments		
H. Public Buildings		
I. Barber & Beauty Shops		
J. Gas Stations & Garages		
K. Bars w/out dining facilities		
L. Theaters		
M. Gyms		
N. Hospitals		
O. Grocery stores w/out garbage grinders		
Group 2	0 - 8	$17.28
	9 + per unit	$2.16
A. Hotels & Motels w/out dining facilities		
B. Commercial laundries		
Group 3	0 - 8	$29.04
	9 + per unit	$3.63
A. Hotels w/dining facilities		
Group 4	0 - 8	$34.64
	9 + per unit	$4.33
A. Mortuaries		
B. Grocery stores with garbage grinders		
Group 5	0 - 8	$34.56
	9 + per unit	$4.32
A. Bakeries		
B. Restaurants		
C. Multi-use shopping centers		
Group 6		$50.48
A. Plant Nurseries		

ORDINANCE NO. 2002 - 9

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN BUENAVENTURA AMENDING SECTIONS 22.160.010, 22.160.020 AND 22.220.020 OF THE SAN BUENAVENTURA MUNICIPAL CODE RELATIVE TO WATER SERVICE RATES, PRIVATE FIRE LINES AND CHARGES AND SEWER SERVICE CHARGES.

WHEREAS, the City Council finds that the user charges for water and wastewater service were last adjusted in May of 1994, eight years ago;

WHEREAS, the City Council finds that, based on analysis of the water fund by Tuckfield and Associates, an increase in water customer rates averaging 9% will provide $11,299,200 in revenue to meet operating and maintenance expenses, $2,373,800 to meet existing debt service and capital outlay expenses including state water project payments, and $2,166,300 needed for future capital projects; and

WHEREAS the City Council finds that, based on analysis of the wastewater fund by Tuckfield and Associates, an increase in wastewater customer rates averaging 12% will provide $8,558,100 in revenue to meet operating and maintenance expenses, $1,240,900 to meet existing debt service and capital outlay expenses and $1,965,600 needed for future capital projects.

THEREFORE, the Council of the City of San Buenaventura does ordain as follows:

SECTION 1: Section 22.160.010 of the City of San Buenaventura Ordinance Code is hereby amended to read as follows:

Sec. 22.160.010. Rates.

A. *Applicability.* The rates set out in this chapter shall be charged for all water sold, supplied, distributed or transported by the city, except as may be established by contract or elsewhere provided in this Code.

B. *Inside city limits.* The meter rate for water sold, supplied, distributed or transmitted to customers within the city, unless otherwise herein specified, shall be:

1. *Residential water charge.*

Single-Family Residential Dwelling Unit Water Charge

Quantity in 100 Cubic Feet	Rate per 100 Cubic Feet
1 to 16	$1.41 ~~1.29~~
17 to 42	1.87 ~~1.72~~
43 and over	3.00 ~~2.75~~

Multiple-Family Residential Dwelling Water Charge

Quantity in 100 Cubic Feet	Rate per 100 Cubic Feet
1 to 10	$1.41 ~~1.29~~
11 to 24	1.87 ~~1.72~~
25 and over	3.00 ~~2.75~~

Multiple-family residential customers shall be charged by dividing the total number of dwelling units in that customer's complex into the total amount of water used for the billing period; a bill for the resulting average quantity of water used per dwelling unit is then calculated in the same manner as is done for single-family residential dwelling units (except that the inside city limits multiple-family residential rate scale is used). The bill per unit thus determined shall then be multiplied by the number of dwelling units in the customer's complex.

2. Nonresidential water charge. All customers, who are not classified as single-family residential, multiple-family residential, a municipal facility, or raw water users.

Quantity in 100 Cubic Feet	Rate per 100 Cubic Feet
All usage	$1.87 ~~1.72~~

Billing shall be on a bimonthly basis. A service charge shall be made for each account in each billing period and for each partial billing period for new customers or customers terminating service as follows:

For Each	Service Charge
5/8 inch meter	$ 8.69 ~~7.97~~
3/4 inch meter	8.69 ~~7.97~~
1 inch meter	17.11 ~~15.70~~
1.5 inch meter	28.89 ~~26.50~~
2 inch meter	40.66 ~~37.30~~
3 inch meter	92.54 ~~84.90~~
4 inch meter	151.51 ~~139.00~~
6 inch meter	298.66 ~~274.00~~
8 inch meter	445.81 ~~409.00~~
10 inch meter	592.96 ~~544.00~~
12 inch meter	681.25 ~~625.00~~

C. *Outside city limits.* The meter rate for water sold, supplied, distributed or transported to customers outside the city, unless otherwise herein specified, shall be:

1. *Residential water charge.*

Single-Family Residential Dwelling Unit Water Charge

Quantity in 100 Cubic Feet	*Rate per 100 Cubic Feet*
1 to 16	$2.39 ~~2.19~~
17 to 42	3.18 ~~2.92~~
43 and over	5.10 ~~4.68~~

Multiple-Family Residential Dwelling Water Charge

Quantity in 100 Cubic Feet	*Rate per 100 Cubic Feet*
1 to 10	$2.39 ~~2.19~~
11 to 24	3.18 ~~2.92~~
25 and over	5.10 ~~4.68~~

Multiple-family residential water customers shall be charged by dividing the total number of dwelling units in that customer's complex into the total amount of water used for the billing period; a bill for the resulting average quantity of water used per dwelling unit is then calculated in the same manner as is done for single-family residential dwelling units (except that the outside city limits multiple-family residential rate scale is used). The bill per unit thus determined shall then be multiplied by the number of dwelling units in the customer's complex.

2. *Nonresidential water charge.* All customers who are not classified as single-family residential, multiple-family residential, municipal park or raw water users.

Quantity in 100 Cubic Feet	*Rate per 100 Cubic Feet*
All usage	$3.18 ~~2.92~~

Billing shall be on a bimonthly basis. A service charge shall be made for each account in each billing period and for each partial billing period for new customers or customers terminating service as follows:

For Each	*Service Charge*
5/8 inch meter	$ 14.82 ~~13.60~~
3/4 inch meter	14.82 ~~13.60~~
1 inch meter	29.10 ~~26.70~~
1.5 inch meter	49.16 ~~46.10~~
2 inch meter	69.11 ~~63.41~~
3 inch meter	158.96 ~~144.00~~
4 inch meter	257.24 ~~238.00~~
6 inch meter	507.94 ~~466.00~~
8 inch meter	757.55 ~~695.00~~
10 inch meter	1,008.25 ~~926.00~~
12 inch meter	1,158.67 ~~1,063.00~~

D. *Raw water (irrigation water, nonpotable) rates.* The rate shall be $0.98 ~~$0.90~~ per 100 cubic feet.

E. *Treated water for irrigation.* Treated water for irrigation uses shall be at the rates as outlined in subsections B. and C.

F. *Reclaimed water rates.* The rate shall be $0.44 ~~$0.28~~ per 100 cubic feet ~~beginning July 1, 1999 for FY 1999-2000, $0.33 per 100 cubic feet beginning July 1, 2000 for FY 2000-20001 and $0.39 per 100 cubic feet effective July 1, 2001~~. A meter service charge will be applied according to meter size as set forth below.

Billing shall be on a bimonthly basis. A meter service charge shall be made for each account in each billing period, and for each partial billing period for new customers or customers terminating service, as follows:

~~Effective Dates and Reclaimed Meter Service Charges~~

	~~July 1, 1999 FY 1999-2000~~	~~July 1, 2000 FY 2000-2001~~	~~July 1, 2001 FY 2001 and Thereafter~~
~~For each:~~			
~~5/8 inch meter~~	~~$ 2.66~~	~~$ 5.31~~	~~$ 7.97~~
~~3/4 inch meter~~	~~2.66~~	~~5.31~~	~~7.97~~
~~1 inch meter~~	~~5.23~~	~~10.47~~	~~15.70~~

~~1.5 inch meter~~	~~8.83~~	~~17.67~~	~~26.50~~
~~2 inch meter~~	~~12.43~~	~~24.87~~	~~37.30~~
~~3 inch meter~~	~~28.30~~	~~56.60~~	~~84.90~~
~~4 inch meter~~	~~46.33~~	~~92.67~~	~~139.00~~
~~6 inch meter~~	~~91.33~~	~~182.67~~	~~274.00~~
~~8 inch meter~~	~~138.33~~	~~272.67~~	~~409.00~~
~~10 inch meter~~	~~181.33~~	~~362.67~~	~~544.00~~
~~12 inch meter~~	~~208.33~~	~~416.67~~	~~625.00~~

For Each	*Service Charge*
5/8 inch meter	$ 8.69
3/4 inch meter	8.69
1 inch meter	17.11
1.5 inch meter	28.89
2 inch meter	40.66
3 inch meter	92.54
4 inch meter	151.51
6 inch meter	298.66
8 inch meter	445.81
10 inch meter	592.96
12 inch meter	681.25

G. *Pass-through charges.* An increase in cost of water or energy purchased by the city or pump charges established or increased by other agencies which shall take effect subsequent to July 1, 1992, shall be passed through to all water users except those in the 0—16 ~~12~~ hcf consumption block for the single-family residential customer classification, and 0—10 ~~8~~ hcf consumption block for the multifamily residential customer classification, 0—16 ~~12~~ hcf consumption block for the nonresidential customer classification and 0—16 ~~12~~ hcf consumption block for the raw water (nonpotable, non-fully treated water) customer classification. Pass-through cost shall be in the form of a quantity rate surcharge, effective as of the date of said pump charge and of the purchased water or energy cost increase.

The city manager shall determine the amount of the surcharge increase by estimating the annual increase in cost of purchased water or pump charge and dividing this cost by the quantity of water consumed in the preceding year. The surcharge shall be computed separately for treated and untreated water sales.

H. *Municipal facility rates.* The City of San Buenaventura shall only be charged for potable water used by the city for a municipal facility which exceeds an annual water budget established by the superintendent for such facility. The

annual water budget for every separately metered municipal facility shall be prepared by the superintendent on or before the commencement of each fiscal year of the city, shall be based on the estimated amount of water that would ordinarily be necessary to operate and maintain such facility during the fiscal year after implementation of reasonable water conservation measures, all as determined by the superintendent, and shall be promptly forwarded by the superintendent to the city department primarily responsible for operation and maintenance of the facility. The meter rate for potable water used for the operation and maintenance of a municipal facility that is in excess of the annual water budget established by the superintendent for such facility shall be as follows:

Usage	*Rate per 100 Cubic Feet*
Park irrigation	$0.98 ~~0.90~~
All other usage	1.87 ~~1.72~~

(Code 1971, § 4521; Ord. No. 99-14, § 1, 5-18-99)

SECTION 2: Section 22.160.020 of the City of San Buenaventura Ordinance Code is hereby amended to read as follows:

Sec. 22.160.020. Private fire lines.

A. *Inside city limits.* The rate for standby water service, and any water consumed by private fire lines within the city limits and exclusively for fire protection, whether such lines be connected with automatic sprinkling systems or to hose attachments, shall be as follows:

For each 1 inch fire line, per month	$ 1.80 ~~1.65~~
For each 2 inch fire line, per month	1.80 ~~1.65~~
For each 3 inch fire line, per month	5.40 ~~4.95~~
For each 4 inch fire line, per month	10.85 ~~9.95~~
For each 6 inch fire line, per month	30.08 ~~27.60~~
For each 8 inch fire line, per month	63.22 ~~58.00~~
For each 10 inch fire line, per month	108.46 ~~99.50~~
For each additional 1 inch of diameter, per inch	1.80 ~~1.65~~

For one-inch fire line meters servicing automatic sprinkling systems and installed on the same water service connection as a domestic meter servicing a single-family residential dwelling unit, the rate for standby water service and any water consumed by private fire lines within the city limits exclusively for fire protection, shall be $ 1.10 ~~1.00~~ bi-monthly.

B. *Outside city limits.* The rate for standby water service, and any water consumed by private fire lines outside the city limits and exclusively for fire

protection, whether such lines be connected with automatic sprinkling systems or to hose attachments, shall be as follows:

For each 1 inch fire line, per month	$ 3.05 ~~2.80~~
For each 2 inch fire line, per month	3.05 ~~2.80~~
For each 3 inch fire line, per month	9.16 ~~8.40~~
For each 4 inch fire line, per month	18.42 ~~16.90~~
For each 6 inch fire line, per month	51.12 ~~46.90~~
For each 8 inch fire line, per month	107.37 ~~98.60~~
For each 10 inch fire line, per month	184.21 ~~169.00~~
For each additional 1 inch of diameter, per inch	3.05 ~~2.80~~

For one-inch fire line meters servicing automatic sprinkling systems and installed on the same water service connection as a domestic meter servicing a single-family residential dwelling unit, the rate for standby water service and any water consumed by private fire lines outside the city limits exclusively for fire protection, shall be $ 1.86 ~~1.70~~ bi-monthly.

C. *Fire hydrants, county area.* The following rates shall apply for water supplied to fire hydrants located in the county areas:

4 inch hydrants, per month	$2.74 ~~2.50~~
6 inch hydrants, per month	6.54 ~~6.00~~

(Code 1971, § 4522)

SECTION 3: Section 22.220.020 of the City of San Buenaventura Ordinance Code is hereby amended to read as follows:

Sec. 22.220.020. Sewage charges.

There is hereby levied and assessed upon each of the premises having any sewer connection with the sewerage system of the city or otherwise discharging sewage which ultimately passes through the city sewerage system, a service charge for rental payable as hereinafter provided and in an amount determinable as follows.

1. *Single-family and multiple dwellings.*

(a) *Charges.* The following charges shall be made for single-family and multiple dwellings per bimonthly billing period based upon water consumption:

Water Consumption in Hundred Cubic Feet (HCF)	*Bimonthly Sewer Charge*
0-8 HCF	$23.67 ~~20.96~~
9, 10 HCF	29.04 ~~25.70~~
11, 12 HCF	34.40 ~~30.44~~
13, 14 HCF	39.76 ~~35.18~~
15, 16 HCF	45.12 ~~39.93~~
17- over HCF	50.48 ~~44.67~~

(b) *Consumption determination.* For single-family customers, the lowest water consumption during a billing period between November 1st ~~December 1st~~ and April 30th of the previous fiscal year shall determine the corresponding bimonthly sewer charge for the next fiscal year.

For multiple dwelling customers, the lowest total water consumption of a customer's complex during a billing period between November 1st ~~December 1st~~ and April 30th of the previous fiscal year shall be divided by the total number of dwelling units in that customer's complex. The resulting average water consumption per dwelling unit shall be rounded to the nearest whole number to determine the applicable consumption block above. The sewer charge corresponding to the consumption block shall be multiplied by the total number of dwelling units in the complex to determine the complex's bimonthly sewer charge for the next fiscal year.

2. *Commercial establishments.* Commercial establishments operating within the City of San Buenaventura shall be assigned to one of the six groups outlined below:

(a) Group 1:
- (1) Laundromats
- (2) Car wash
- (3) Professional offices
- (4) Convalescent homes
- (5) Wholesale establishments
- (6) Offices
- (7) Retail establishments
- (8) Public buildings
- (9) Barber and beauty shops
- (10) Gas stations and garages
- (11) Bars without dining facilities
- (12) Theaters
- (13) Gyms
- (14) Hospitals

(15) Grocery stores without garbage grinders

(b) Group 2:
(1) Hotels and motels without dining facilities
(2) Commercial laundries

(c) Group 3:
(1) Hotels with dining facilities

(d) Group 4:
(1) Mortuaries
(2) Grocery stores with garbage grinders

(e) Group 5:
(1) Bakeries
(2) Restaurants
(3) Multi-use shopping centers

(f) Group 6:
(1) Plant nurseries

Group designation is based on the similarity of discharge strength into the city's sewerage system.

For those commercial establishments where it is claimed that the above grouping would lead to inequitable rates for waste water service, the utilities manager, or a designee thereof, shall determine the appropriate discharge parameters and place the commercial establishment in the most appropriate group. Any customer may appeal the utilities manager's classification on the basis of hardship or incorrect calculation to the director of public works or a designee thereof, whose decision shall be final. Appeals shall be processed as set forth below:

Any customer who wishes to appeal the classification shall do so in writing to the director of public works by either using the forms provided by the city or by letter setting forth the reason for the appeal.

The bimonthly billing rate for each commercial group shall be:

Water Consumption in Hundred Cubic Feet (HCF)	Commercial Sewer Charge
Group 1: 0--8	$15.20 ~~13.458~~/bimonthly billing period
9 +	1.90 ~~1.682~~ per HCF
Group 2: 0--8	17.28 ~~15.483~~/bimonthly billing period
9 +	2.16 ~~1.936~~ per HCF
Group 3: 0--8	28.04 ~~26.417~~/bimonthly billing period

9 +	
Group 4: 0—8	3.63 ~~3.302~~ per HCF
9 +	34.64 ~~31.497~~/bimonthly billing period
Group 5: 0—8	4.33 ~~3.937~~ per HCF
9 +	34.56 ~~31.436~~/bimonthly billing period
Group 6: (SFDUE)	4.32 ~~3.929~~ per HCF
	50.48 ~~44.671~~/bimonthly billing period

3. *Other nondomestic wastewater discharges.* Except as provided in subsections 4., 5., and 8., sewerage charges for other nondomestic wastewater discharge shall be based on volume and strength as determined by the provisions of chapter 22.240 of this part unless such discharge is determined by the public works director to be similar in strength to one of the groups of subsection 2., in which case the public works director may assign the discharge to one of these groups for determination of sewerage charges.

4. *Churches.* Churches or other places of religious worship shall be charged the highest bimonthly sewer charge as listed in subsection 1. Each church or other place of religious worship may appeal to adjust their sewer charge based on water consumption history for single-family customers as described in subsection 1. The filing by a customer of a request for an appeal must be in writing to the utilities manager or a designee thereof, whose decision will be final.

5. *Schools.* Secondary schools, colleges, junior colleges, middle schools, private schools (having shower facilities) will be billed on a bimonthly basis based upon the average daily attendance. The charge will be 1.8 times the maximum single-family dwelling rate per 100 average daily attendance. Elementary schools and other schools not having shower facilities will be billed on a bimonthly basis based upon the average daily attendance. The charge will be 1.4 times the maximum single-family dwelling rate per 100 average daily attendance. It will be the school's responsibility to furnish the utility billing office with the average daily attendance records for the school within 60 days of the close of school. If these records are not furnished, the utility billing office will use the average daily attendance records from the previous reported year adjusted upward ten percent until the current average daily attendance records are received. The adjusted rate will be effective with the next water billing.

6. *Enforcement.* The manager may adopt reasonable rules and regulations to carry out the purposes of this article.

7. *Customers with no consumption history.* The following charges shall be made for single-family and multiple dwellings with no consumption history:

For single-family customers, a bimonthly sewer charge corresponding to the 9—10 HCF consumption block will remain in effect until a consumption determination is established for the next fiscal year, or following three consecutive billing periods when the charge can be appealed.

For multiple dwelling customers, a bimonthly sewer charge corresponding to the 9--10 HCF consumption block shall be multiplied by the total number of dwelling units in the customer's complex to determine the complex's bimonthly sewer charge for the next fiscal year, or following three consecutive billing periods when the charge can be appealed.

After three consecutive billing periods the customer can appeal to change the bimonthly sewer charge to an average of the consumption amounts of the three billing periods. The filing by a customer of a request for an appeal must be in writing to the utilities manager or a designee thereof, whose decision will be final.

8. *Computation, premises not using city water.* For premises not using city water, the charge shall be based upon the amount of water used each month measured by a meter, or if no meter is used, then by estimate of the city manager, which estimate shall be conclusive.

(Code 1971, § 4642)

SECTION 4: Pursuant to Public Resources Code Section 21080(b)(8) and State CEQA Guidelines Section 15273, the City Council finds that the rates established or increased in this Ordinance are statutorily exempt from CEQA because they are for the purpose of meeting operating expenses and obtaining funds for capital projects necessary to maintain service within existing service areas. Funds generated as a result of these rates for asset depreciation shall be designated for capital replacement/improvement. These findings are based upon financial analysis provided to the Council by the Director of Management Resources, and kept on file and maintained as a part of the City's official financial records. The City Planner is directed to file a notice of exemption within five working days of adoption of this Ordinance.

SECTION 5: *Savings Clause.* The repeal by this ordinance of any ordinance or provision of the San Buenaventura Ordinance Code shall not have the effect of releasing or extinguishing any penalty, forfeiture, or liability previously incurred, or of precluding prosecution and imposition of penalties with respect to any violation having occurred prior to the effective date hereof. Any such repealed ordinance or provision shall be treated as remaining in full force and effect for the purpose of sustaining any proper action or prosecution for the enforcement of such penalty, forfeiture, or liability, or any prosecution and imposition or penalties with respect to any violation having occurred prior to the effective date hereof.

SECTION 6: *Severability.* If any provision, section, subsection, sentence, clause or phrase of this Ordinance is, for any reason, held to be unconstitutional, or the application thereof to any person or circumstances held to be invalid, such decision shall not affect the validity of the remaining portions of this ordinance.

The City Council hereby declares that it would have passed this ordinance, each provision, section, subsection, clause or phrase thereof, irrespective of the fact that any one or more provisions, sections, subsections, sentences, clauses and phrases be declared unconstitutional.

SECTION 7: The Ordinance shall take effect on the 31st day following its final passage and adoption.

PASSED AND ADOPTED this 25th day of June, 2002.

Ray DiGuilio, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

By: Robert G. Boehm, City Attorney

[waln:02-03Rate Ordinance]

STATE OF CALIFORNIA)
COUNTY OF VENTURA) ss
CITY OF SAN BUENAVENTURA)

I, BARBARA J. KAM, City Clerk of the City of San Buenaventura, California, do hereby certify that the foregoing Ordinance was passed and adopted by the Council of the City of San Buenaventura, at a regular meeting thereof, held on the 24th day of June, 2002, by the following vote:

AYES: Councilmembers Friedman, Morehouse, Andrews Brennan, and Di Guilio.

NOES: Councilmember Monahan.

ABSENT: Councilmember Smith.

IN WITNESS WHEREOF, I have hereunto set my hand affixed the official seal of the City of San Buenaventura this 25th day of June, 2002.

Barbara J. Kam, City Clerk

Ventura County Waterworks

PUBLIC WORKS AGENCY
county of ventura

Director
Ronald C. Coons

Deputy Directors of Public Works

Wm. B. Britt
Transportation

John C. Crowley
Water Resources & Engineering

Kay Martin
Solid Waste Management

Jeff Pratt
Flood Control

Paul W. Ruffin
Central Services

VENTURA COUNTY WATERWORKS DISTRICT NO. 1 - MOORPARK
PROCEDURES FOR OBTAINING DOMESTIC WATER AND SEWER SERVICES FOR COMMERCIAL, INDUSTRIAL AND PUBLIC DEVELOPMENTS

1. Contact Ventura County Waterworks District No. 1 (District), 7150 Walnut Canyon Road, P.O. Box 250, Moorpark, CA 93020; Phone (805) 584-4831 for availability of domestic water and sewer. Provide assessors parcel number and street address. Complete all Fire Protection District requirements, as necessary.

2. Provide the District a stamped "Memorandum of Understanding" and "Proof of Payment of the Capital Construction Charge" from Calleguas Minicipal Water District, 2100 Olsen Road, Thousand Oaks, CA 91360, Phone (805) 526-9323.

3. Submit three sets of site and plumbing plans prepared by a Professional Engineer or Architect that show the service lines (domestic water, irrigation, fire service and sewer), meter boxes, RP backflow devices, double detector check valves, water and sewer mains, sewer sampling wells, water demands in GPM (separate for irrigation and domestic) and sewer fixture units count per latest edition of UPC.

Upon approval of the plans, the District shall determine and collect fees based on applicable items listed below. Make checks payable to: Ventura County Waterworks District.

a)	Capital Improvement Charge*		(Commercial $5,554/AC, Industrial $5,713/AC, Public $3,173/AC)
b)	Meter Charge		Meter Rates → (3/4" $360, 1" $395, 1 1/2" $620, 2" $740, 3" $1250, 4" $1935)
c)	Sewer Connection Fee	$2,500	(per ERU)
d)	Water Trust Deposit	$40	(per ERU based on meter size)
e)	Sewer Trust Deposit	$40	(per ERU based on sewer fixture units)
f)	Water Will-Serve Letter	$40	
g)	Sewer Will-Serve Letter	$40	
h)	Water Availability Letter**	$40	
i)	Sewer Availability Letter**	$40	
j)	Fire Flow Test***	$80	
k)	Construction Permit	$60	
l)	Construction Inspection	$125	(each service connection).

* Adjusted annually based on ENR Construction Cost Index for the Los Angeles Region. CIC may not be applicable within improvement zones.
** Availability and Will-Serve Letters will be processed within 4 working days from the date fees were collected.
*** Submit to the District the original of "Requirements for Construction" form from the Fire Protection District.

5. Hire a contractor, licensed by the State of California, to install the new service lines. Contractor shall complete and submit a construction permit application, along with a copy of liability insurance certificate that provides coverage for the District. Contractor shall obtain and submit encroachment permits from applicable agencies. Upon approval of the construction permit, Contractor may schedule a preconstruction meeting to be held at the District conference room at least two working days prior to start of construction.

After the project is completed and all RP backflow device and double detector check valves have passed the test, customer shall complete and sign separate application cards for each domestic water, irrigation and fire services and pay water and sewer trust deposits as indicated above.

word/procedure#1commercial 1/99ee

RATES High Demand
PEAK DEMAND; MAY TO OCTOBER

Dist 1

Domestic Commodity Rates

	District 1 - Jul 015-2015				District 1 Only 015-2015				District 16:			
Billing	Bimonthly				Monthly				16Z-Bimonthly 16Z-Monthly			
Misc	Sewer=$29.00 bimothly								Sewer=$46.00 bimonthly *			
Tier	I	II	III	SVC	I	II	III	SVC	I	II	III	SVC
$/ccf	1.252	1.565	2.504	CHG	1.252	1.565	2.504	CHG	0.947 *	1.183 *	1.894 *	CHG
[redacted]	0-42	43-74	75+	12.50	0-21	22-37	38+	6.25	0-22	23-39	40+	24.29 *
[redacted]	0-63	64-111	112+		0-32	33-56	57+		0-33	34-58.5	58.6+	
[redacted]	0-84	85-148	149+	25.00	0-42	43-74	75+	12.50	0-44	45-78	79+	48.58 *
[redacted]	0-105	106-185	186+		0-53	54-93	94+					
[redacted]	0-126	127-222	223+		0-63	64-111	112+					
[redacted]	0-147	148-259	260+		0-74	75-130	131+					
[redacted]	0-168	169-296	297+	50.00	0-84	85-148	149+	25.00	0-88	89-156	157+	97.16 *
[redacted]	0-189	190-333	334+		0-95	96-167	168+					
[redacted]	0-231	232-407	408+		0-116	117-204	205+					
[redacted]	0-294	295-518	519+	87.50	0-147	148-259	260+	43.75	0-154	155-273	274+	170.03 *
[redacted]	0-357	358-629	630+									
[redacted]	0-441	442-777	778+									
[redacted]	0-630	631-1110	1111+	187.50	0-315	316-555	556+	93.75	0-330	331-585	586+	364.35 *
[redacted]					0-420	421-740	741+					
[redacted]					0-473	474-833	834+					
[redacted]	0-1260	1261-2220	2221+	375.00	0-630	631-1110	1111+	187.50	0-660	661-1170	1171+	728.70 *
[redacted]	0-2520	2521-4440	4441+	750.00	0-1260	1261-2220	2221+	375.00	0-1320	1321-2340	2341+	1457.40 *

Domestic Commodity Rates

	[redacted]				[redacted]				[redacted]			
Billing	[redacted]				Bimonthly				[redacted]			
Misc					Lift Charge=0.155 per ccf							
Tier	I	II	III	SVC	I	II	III	SVC	I	II	III	SVC
$/ccf	1.798	2.247	3.596	CHG	1.077	1.348	2.154	CHG	1.375	1.719	2.75	CHG
[redacted]	0-39	40-68	69+	6.00 *	0-52	53-90	91+	18.50	0-33	34-59	60+	12.50
[redacted]	0-59	60-102	103+		0-78	79-135	136+		0-49.5	49.6-88.5	88.6+	
[redacted]	0-78	79-136	137+	12.00 *	0-104	105-180	181+	37.00	0-66	67-118	119+	25.00
[redacted]	0-98	99-170	171+		0-130	131-225	226+		0-82.5	82.6-147.5	147.6+	
[redacted]	0-117	118-204	205+		0-156	157-270	271+		0-99	100-177	178+	
[redacted]	0-137	138-238	239+		0-182	183-315	316+		0-115.5	115.6-206.5	206.6+	
[redacted]	0-156	157-272	273+	24.00 *	0-208	209-360	361+	74.00	0-132	133-236	237+	50.00
[redacted]	0-176	177-306	307+		0-234	235-405	406+					
[redacted]	0-195	196-340	341+		0-260	261-450	451+					
[redacted]									0-181.5	181.6-324.5	324.6+	
[redacted]	0-234	235-408	409+		0-312	313-540	541+					
[redacted]	0-254	255-442	443+									
[redacted]	0-273	274-476	477+	42.00 *	0-364	365-630	631+	129.50	0-231	232-413	414+	87.50
[redacted]	0-332	333-578	579+		0-442	443-786	788+		0-280.5	280.6-501.5	501.6+	
[redacted]					0-494	495-855	856+					
[redacted]	0-507	508-884	885+									
[redacted]	0-585	586-1020	1021+	90.00 *	0-780	781-1350	1351+	277.50	0-495	496-885	886+	187.50
[redacted]	0-1170	1171-2040	2041+	180.00 *	0-1560	1561-2700	2701+	555.00	0-990	991-1770	1771+	375.00
[redacted]	0-2340	2341-4080	4081+	360.00 *	0-3120	3121-5400	5401+	1110.00	0-1980	1981-3540	3541+	750.00

Domestic Commodity Rates

	[redacted]				[redacted]				[redacted]			
Billing	[redacted]				[redacted]				[redacted]			
Misc	Sewer=$7.46 /Avg Unit + $26.00 Infiltration											
Tier	I	II	III	SVC	I	II	III	SVC	I	II	III	SVC
$/ccf	3.15			CHG				CHG				CHG
[redacted]	0+			6.75								
[redacted]	0+			13.50								
[redacted]	0+			27.00								
[redacted]	0+			47.25								
[redacted]	0+			101.25								
[redacted]	0+			202.50								
[redacted]	0+			405.00								

* ITEM CHANGED OR ADDED ON THIS ISSUE

08/09/02

RATES
LOW DEMAND NOVEMBER TO APRIL

Dist. 1

Domestic Commodity Rates

	District 1 Only 015-3016				District 1 Only 015-3016				District 16			
Billing	Bimonthly				Monthly				302 Bimonthly/163 Monthly			
Misc	Sewer=$29.00 bimothly								Sewer=$46.00 bimothly *			
Tier	I	II	III	SVC	I	II	III	SVC	I	II	III	SVC
S/cef	1.252	1.565	2.504	CHG	1.252	1.565	2.504	CHG	0.947	1.183 *	1.894 *	CHG
3/4" BAN	0-28	29-50	51+	12.50	0-14	15-25	26+	6.25	0-15	16-26	27+	24.29 *
1" BAN	0-42	43-75	76+		0-21	22-38	39+		0-22.5	22.6-39	40+	
1 1/2" BAN	0-66	57-100	101+	25.00	0-28	29-50	51+	12.50	0-30	31-52	53+	48.58 *
2" BAN	0-70	71-125	126+		0-35	36-63	64+					
3" BAN	0-84	85-150	151+		0-42	43-75	76+					
4" BAN	0-98	99-175	176+		0-49	50-88	89+					
6" BAN	0-112	113-200	201+	50.00	0-56	57-100	101+	25.00	0-60	61-104	105+	97.16 *
8" BAN	0-126	127-225	226+		0-63	64-113	114+					
10" BAN	0-154	155-275	276+		0-77	78-138	139+					
12" BAN	0-196	197-350	351+	87.50	0-98	99-175	176+	43.75	0-105	106-182	183+	170.03 *
14" BAN	0-238	239-425	426+									
16" BAN	0-294	295-525	526+									
18" BAN	0-420	421-750	751+	187.50	0-210	211-375	376+	93.75	0-225	226-390	391+	364.35 *
20" BAN					0-280	281-500	501+					
24" BAN					0-315	316-563	564+					
30" BAN	0-840	841-1500	1501+	375.00	0-420	421-750	751+	187.50	0-450	451-780	781+	728.70 *
36" BAN	0-1680	1681-3000	3001+	750.00	0-840	841-1500	1501+	375.00	0-900	901-1560	1561+	1457.40*

Domestic Commodity Rates

Billing	Bimonthly				Monthly				Bimonthly			
Misc					Lift Charge=0.155 per cef							
Tier	I	II	III	SVC	I	II	III	SVC	I	II	III	SVC
S/cef	1.798	2.247	3.596	CHG	1.077	1.346	2.154	CHG	1.375	1.719	2.75	CHG
3/4" BAN	0-23	24-41	42+	6.00 *	0-36	37-64	65+	18.50	0-18	19-30	31+	12.50
1" BAN	0-36	36-61	62+		0-54	55-96	97+		0-27	28-45	46+	
1 1/2" BAN	0-48	47-82	83+	12.00 *	0-72	73-128	129+	37.00	0-36	37-60	61+	25.00
2" BAN	0-58	59-102	103+		0-90	91-160	161+		0-45	46-75	76+	
3" BAN	0-69	70-123	124+		0-108	109-192	193+		0-54	55-90	91+	
4" BAN	0-81	82-143	144+		0-125	127-224	225+		0-63	64-105	106+	
6" BAN	0-92	93-164	165+	24.00 *	0-144	145-256	257+	74.00	0-72	73-120	121+	50.00
8" BAN	0-104	105-184	185+		0-162	163-288	289+					
10" BAN	0-115	116-205	206+		0-180	181-320	321+					
12" BAN												
14" BAN	0-138	139-246	247+		0-216	217-384	385+		0-99	100-165	166+	
16" BAN	0-150	151-266	267+									
18" BAN	0-161	162-287	288+	42.00 *	0-252	253-448	449+	129.50	0-126	127-210	211+	87.50
20" BAN	0-196	197-348	349+		0-306	307-544	545+		0-153	154-255	256+	
24" BAN					0-342	343-608	609+					
30" BAN	0-299	300-533	534+									
36" BAN	0-345	346-615	616+	90.00 *	0-540	541-960	961+	277.50	0-270	271-450	451+	187.50
42" BAN	0-690	691-1230	1231+	180.00 *	0-1080	1081-1920	1921+	555.00	0-540	541-900	901+	375.00
48" BAN	0-1380	1381-2460	2461+	360.00 *	0-2160	2161-3840	3841+	1110.00	0-1080	1081-1800	1801+	750.00

Domestic Commodity Rates

Billing												
Misc	Sewer= $7.48/Avg Unit + $26.00 Infiltration											
Tier	I	II	III	SVC	I	II	III	SVC	I	II	III	SVC
S/cef	3.15			CHG				CHG				CHG
3/4" BAN	0+			6.75								
1" BAN	0+			13.50								
1 1/2" BAN	0+			27.00								
2" BAN	0+			47.25								
3" BAN	0+			101.25								
4" BAN	0+			202.50								
6" BAN	0+			405.00								

* ITEM CHANGED OR ADDED ON THIS ISSUE

Appendix G

Meter Service Installation Fee Report

4 December 2002

Memorandum

To: Ken Ortega

From: Greg Arakaki

Subject: Meter Service Install Charges
K/J 994609.20

Meter service install charges are one element of the City's Water Code (Section 22-61, paragraph E). However, because these charges represent such a small portion of the Water Division's revenues, historical values were used in the development of the new water rates.

As requested, we have reviewed the meter service installation charges described in the existing ordinance to determine whether they are sufficient to recover the actual costs of meter installation. Table 1 presents the existing rates.

Table 1. Existing Meter Service Install Charges

Service (inches)	Meter (inches)	New Meter Installations[a]	Meter Reinstallations <5 years old	Meter Reinstallations >5 years old
¾"	¾"	$574.35	$276.66	$453.32
¾"	1" or larger	–	$310.28	$530.33
1"	1"	$802.10	$364.19	$612.36
1 ½"	1 ½"	$1,319.24	$646.96	$980.35
1 ½"	2"	–	$722.88	$1,213.61
2"	2"	$1,938.69	$956.14	$1,446.87

Notes:
(a) New meter installations do not have rates for ¾" service x 1" or larger meters and 1 ½" service x 2" meter.

In determining the new charges for new meter installations, the following items were accounted for:

- Meter installation labor and fringe benefits
- Meter costs
- Miscellaneous costs including meter box, pipe/tubing, tailpiece, angle meter stops, etc.

In developing the new charges for replacement of meters 5 years old or less, it was assumed that the replaced meter could be repaired and has some salvage value. The following items were accounted for in the calculation of the charge:

Memorandum

- Meter removal and installation labor and fringe benefits
- Meter costs
- Miscellaneous costs including pipe/tubing, tailpiece, angle meter stops, etc.
- Meter repair labor and fringe benefits
- Meter salvage value (considered a credit)

In developing the new charges for replacement of meters greater than 5 years old, the following items were accounted for:

- Meter removal and installation labor and fringe benefits
- Meter costs
- Miscellaneous costs including pipe/tubing, tailpiece, angle meter stops, etc.

Table 2 presents the recommended new charges for meter service installations and reinstallations. Reinstallation of meters less than five years old was changed to meters five years old or less (to account for meters that are 5 years old). Back-up for the charges is documented in the attached sheets.

Table 2. Proposed Meter Service Install Charges

Service (inches)	Meter (inches)	New Installations	Reinstallations ≤5 years old	Reinstallations >5 years old
¾"	¾"	$700	$330	$552
¾"	1" or larger	–	$380	$652
1"	1"	$925	$406	$704
1 ½"	1 ½"	$1,416	$709	$1,016
1 ½"	2"	–	$759	$1,266
2"	2"	$2,018	$1,010	$1,569

Notes:
(a) New meter installations do not have charges for ¾" service x 1" or larger meters and 1 ½" service x 2" meter.

Enclosure

cc: Julia Aranda
Lynn Takaichi