

Agenda-D1

Wastewater Financial Position and Proposition 218 Schedule

WASTEWATER REVENUE AND EXPENDITURES AS OF NOVEMBER 2016

	REVISED BUDGET FY16-17	YTD NOV 2016 ACTUALS	YTD NOV 2015 ACTUALS	\$ CHANGE FR YTD FY15 TO FY16	% CHANGE
WASTEWATER					
REVENUES:					
Residential Sewer Charge	23,163,000	9,051,672	7,442,403	1,609,269	21.6%
Commercial Sewer Charge	4,245,000	1,681,739	1,571,259	110,480	7.0%
Industrial Sewer Charge	2,674,000	1,227,492	1,277,527	(50,035)	-3.9%
Regional Sewer Charge	2,352,000	517,191	433,997	83,194	19.2%
Permits and Fees	1,025,140	1,758,294	307,012	1,451,282	472.7%
Interest and Penalties	350,899	130,872	105,439	25,433	24.1%
Other Revenue	833,700	37,946	37,019	927	2.5%
TOTAL REVENUE	34,643,739	14,405,206	11,174,656	3,230,550	28.9%
EXPENDITURES:					
Personnel Services	8,561,580	2,685,371	2,789,179	(103,808)	-3.7%
Operating Expenses	8,299,401	2,484,749	2,527,445	(42,696)	-1.7%
Utilities Expense	1,122,000	385,382	534,419	(149,037)	-27.9%
Internal Services	4,530,640	1,888,572	2,027,473	(138,901)	-6.9%
Debt Service	9,879,607	2,677,616	2,562,707	114,909	4.5%
Capital Projects	630,028	306,629	265,704	40,925	15.4%
TOTAL EXPENDITURES	33,023,256	10,428,319	10,706,927	(278,608)	-2.6%
OPERATING INCOME/LOSS	1,620,483	3,976,887	467,729	3,509,158	

** These revenues include the 35% rate increase that became effective March 1, 2016, and the 10% rate increase that became effective January 1, 2017.

Agenda-D1(cont.)
Wastewater
Proposition 218 Schedule

WASTEWATER PROPOSITION 218 PROCESS

June 14, 2016

FY 2014-2015

CAFR complete

November 8, 2016

Measure M
approved

January 17, 2017

UTF Special Meeting

March 7, 2017

City Council Meeting to
Approve Proposition
218 Notice

May 16, 2017

Protest Hearing
and First
Reading of
Ordinance

May 24, 2017

30 Day Waiting Period
and Notice to the
Ratepayers of New
Rates

2017

December 13, 2016

Measure M stay
granted

January 25, 2017

To

February 15, 2017

URAP Workshops
(4)

March 29, 2017

Notice to
Ratepayers is
Mailed

May 23, 2017

Second Reading
of Ordinance

July 1, 2017

New Rates
Implemented

PROPOSITION 218 REQUIREMENTS AND PUBLIC INPUT

The Article XIII D, Section 6(a) process for increasing the rate of an existing property-related fee has three formally required components: (i) notice, (ii) public hearing and (iii) written protests (Cal. Const. Art. XIID, § 6).

- The City is going **above and beyond** what is legally required and has made it very easy for members of the public to get involved.

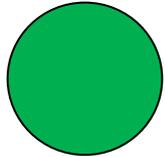
Date	Topic
Wednesday, January 25	URAP Meeting #1: Review existing situation
Thursday, January 26	URAP Tour of the Wastewater Facilities
Saturday, January 28	URAP Makeup Tour of the Wastewater Facilities
Wednesday, February 1	URAP Meeting #2: Review future needs
Wednesday, February 8	URAP Meeting #3: Review Rate Model Options-Cost of Service Study
Wednesday, February 15	URAP Meeting #4: URAP's Wastewater Rates Recommendations
Wednesday, February 22	Proposed Community Meeting
Wednesday, March 1	Proposed Community Meeting
Wednesday, March 29	Proposition 218 Notice to Ratepayers is Mailed
Tuesday, May 16	Protest Hearing and First Reading of Ordinance
Tuesday, May 23	Second Reading of Ordinance

WASTEWATER COST OF SERVICE UPDATE

STATUS

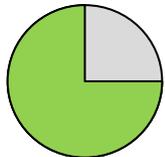
Initial Model Development

- Model developed for original study
- Update to incorporate additional/new information



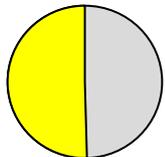
Incorporate Updated Financial Data

- Include final financials for FY 2015/16
- Update expenditure projection for FY 2016/17



Update CIP

- Include CIP as of 1/6/2017
- Further refine the CIP



Develop Scenarios using following assumptions:

Financial Metrics

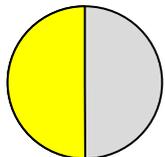
Cost Escalation/Pass Through

Capital Funding

Basis of O & M

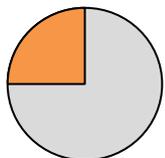
Capital Improvement Plan

Debt Assumptions



Report

- Complete Draft Report by 2/7/2017
- Complete Final Report by 2/13/2017



COST OF SERVICE - KEY ASSUMPTIONS

Financial Metrics

- Debt coverage – policy minimum of 1.25x
- Target reserves – percentage of policy goal met

Basis of O&M

- Projected costs include only ongoing expenses
- Emergency costs may be included in years 1 and 2
- Reviewing scenarios on the amount of infrastructure use fees included

Cost Escalation/Pass-Throughs

- No built in escalation of O&M – will be addressed annually as a pass-through (Labor, Energy, Solids Disposal, General Inflation)
- CIP escalated based on average of ENC-CCI

COST OF SERVICE - KEY ASSUMPTIONS (CONT.)

Capital Improvement Plan

- Emergency Projects in years 1 and 2
- Short-term CIP years 3 through 5
- Long-term CIP years 6 through 10 (still in development)

Capital Funding

- Emergency projects in years 1 and 2 will be cash funded
- Capital projects in years 3 through 5 will be funded with a combination of cash and debt

Debt Assumptions

- First Issuance in FY 2019/20
- 30-year Municipal Bonds
- 6% Interest Rate

Agenda-D2
Selection of
Utility Ratepayers
Advisory Panel (URAP)
Members

UTILITY RATEPAYERS ADVISORY PANEL (URAP)

Mission: The URAP will **review the financial needs** of the Wastewater utility, **consider options**, and **provide a recommendation** to the Utilities Task Force.

Limited Term: Approximately 6-8 weeks

Proposed Panel Members (7): The URAP will be comprised of three (3) members representing owners of and ratepayers for properties paying the wastewater utility's single-family residential rate, one (1) member representing owners of and ratepayers for properties paying the wastewater utility's multi-family, multi-unit residential rate, and three (3) members representing the Oxnard business wastewater utility ratepayer community.

Representation Categories:

- Owner of or ratepayer for a property paying the wastewater utility's single-family residential rate
- Owner of or ratepayer for a property paying the wastewater utility's multi-family/multi-unit residential rate
- Representative of an Oxnard business that is a wastewater utility ratepayer

Eligibility: To be eligible for selection to the URAP, an individual must meet all of the following requirements.

- At least eighteen years of age.
- An owner of property located in the City of Oxnard, an Oxnard wastewater utility ratepayer, or a representative of an Oxnard business that is a wastewater utility ratepayer.
- A completed application on file with the City Manager's Office.

Application Period: Began on December 21, 2016, and ended on January 12, 2017.

URAP MEETINGS FORMAT AND SCHEDULE

Proposed Format:

- Four three-hour meetings (6 p.m. – 9 p.m.) to be held every week for 4 weeks, beginning on January 25, 2017, and concluding February 15, 2017.
- All workshops will be advertised, open to the public and filmed.

Date	Topic
Wednesday, December 21	URAP application period begins and ends on January 12, 2017
Tuesday, January 17	Utilities Task Force Special Meeting to select URAP new members
Wednesday, January 18	URAP new member notification
Wednesday, January 25	URAP Meeting #1: Review existing situation
Thursday, January 26	URAP Tour of the Wastewater Facilities
Saturday, January 28	URAP Makeup Tour of the Wastewater Facilities
Wednesday, February 1	URAP Meeting #2: Review future needs
Wednesday, February 8	URAP Meeting #3: Review Rate Model Options-Cost of Service Study
Wednesday, February 15	URAP Meeting #4: URAP Recommendations

Agenda-D3
**Water Financial Position
and
Proposition 218 Schedule**

WATER REVENUE AND EXPENDITURES AS OF NOVEMBER 2016

	REVISED BUDGET FY16-17	YTD NOV 2016 ACTUALS	YTD NOV 2015 ACTUALS	\$ CHANGE FR YTD FY15 TO FY16	% CHANGE
WATER					
REVENUES:					
Residential Water Service	27,666,000	9,896,548	11,194,189	(1,297,641)	-11.6%
Comm/Industrial Water Service	14,016,000	6,438,860	6,360,910	77,950	1.2%
Addtl Water Service Agreements	2,839,500	1,301,032	1,421,997	(120,965)	-8.5%
Developmental Fees	1,657,200	547,597	449,922	97,675	21.7%
Recycled Water Service	1,104,000	86,675	38,725	47,950	123.8%
Interest and Penalties	2,202,300	90,223	911,891	(821,668)	-90.1%
Other Revenue	3,034,600	976,361	753,373	222,988	29.6%
TOTAL REVENUE	52,519,600	19,337,296	21,131,007	(1,793,711)	-8.5%
EXPENDITURES:					
Personnel Services	6,002,833	1,977,392	2,063,012	(85,620)	-4.2%
Operating Expenses	9,870,092	1,227,488	1,953,896	(726,408)	-37.2%
Utilities Expense	2,750,500	779,741	480,977	298,764	62.1%
Internal Services	6,465,936	2,624,428	2,490,737	133,691	5.4%
Water Acquisition	20,435,118	7,291,205	6,806,587	484,618	7.1%
Debt Service	14,614,828	6,021,952	6,027,196	(5,244)	-0.1%
Capital Projects	1,650,622	549,678	824,634	(274,956)	-33.3%
TOTAL EXPENDITURES	61,789,929	20,471,884	20,647,039	(175,155)	-0.8%
OPERATING INCOME/LOSS	(9,270,329)	(1,134,588)	483,968	(1,618,556)	

WATER PROPOSITION 218 SCHEDULE

Proposed Water Proposition 218 Schedule:

* URAP meetings can be scheduled earlier beginning February 22nd, March 1st, or March 8th.

Date	Topic
Thursday, March 2	First Draft of Water Cost of Service Study
Wednesday, March 8	Final Water Cost of Service Study complete
Wednesday, March 15	Proposed URAP Meeting #1: Water Rate Models/Cost of Study review
Wednesday, March 22	Proposed URAP Meeting #2: URAP's Water Rates Recommendations
Tuesday, April 4	City Council to approve Proposition 218 Notice
Wednesday, April 5	Printing and mailing period
Tuesday, May 2	Proposition 218 Notice mailed
Wednesday, May 3	45 day notice period begins and ends on June 17, 2017
Tuesday, June 20	Protest Hearing and First Reading of Ordinance
Tuesday, June 27	Second Reading of Ordinance
Wednesday, June 28	30 day waiting period begins and ends on July 28, 2017
Tuesday, August 1	New Water Rates Implemented

Questions?