

CITY OF CAMARILLO - UTILITIES COMMITTEE MEETING

Wednesday, September 19, 2018 at 8:30 a.m.

ADMINISTRATIVE CONFERENCE ROOM

NOTICES

1. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk, 805-388-5315. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title II)
2. Staff reports and other disclosable public records related to open session agenda items are available at City Hall, 601 Carmen Drive, Camarillo, at the office of the Department of Public Works during regular business hours, Monday through Friday, 8:00 a.m. to 5:00 p.m.

AGENDA

- A. Call to Order
- B. Set Next Meeting Date/Time
- C. Public Comments
- D. Approval of Minutes from the Previous Meeting July 26, 2017
- E. Action Items
 - 1. Combined Water and Sewer Rate Study Refresh Preliminary Results
- F. Information Items - None
- G. Committee Comments
- H. Adjournment

DISTRIBUTION:

Full Packet		Agenda Only	Agenda & Minutes Only
<u>Committee Members</u> Kevin Kildee Tony Trembley	Jim Pinkevich Dale Reynolds Roger Pichardo Genie Rocha Mark Uribe Rena Bassett May Ju City Clerk Cyndi Nicholl Counter Copy	Chamber of Commerce Jill Gordon Kathy Talley City Clerk/Posting (2)	Jan McDonald Charlotte Craven Mike Morgan Joe Vacca Tali Tucker
Dave Norman Tully Clifford Dave Klotzle Lindy Moore Lucie McGovern			<u>Contact Person</u> Dave Klotzle (805) 388-5340

POSTED: September 14, 2018

MINUTES

City of Camarillo - Utilities Committee Wednesday, July 26, 2017

Call to Order: Meeting was called to order at 8:35 a.m. The following Committee and staff members were present:

Councilmember Kevin Kildee
Councilmember Mike Morgan
Dave Norman, City Manager
Tom Fox, Assistant City Manager
Dave Klotzle, Director of Public Works
Lucie McGovern, Deputy Director/Environmental Engineer
Genie Rocha, Director of Finance
Mark Uribe, Assistant Director of Finance
Roger Pichardo, Management Analyst
Cyndi Nicholl, Administrative Specialist

Members of Public Present: None.

Set Next Meeting Date/Time: To be determined.

Approval of Minutes: Minutes of April 26, 2017, approved as presented.

Public Comments: None.

Action Items:

Item 1: Combined Water and Sewer Rate Study Preliminary Results

Mark Uribe introduced the item and provided information to the process of updating the Combined Water and Sewer Rate Study and then turned the meeting over to Sanjay Gaur, President and Kevin Kostiuk, Senior Consultant of Raftelis Financial Consultants, Inc. (RFC).

Kevin Kostiuk provided a Power Point presentation which highlighted the updated 5-year Financial Plan with the latest information to evaluate the proposed rates for water and sewer services each of the next two years. If approved, the rates would become effective January 1, 2018 and January 1, 2019.

Kevin also provided information on a Cost of Service (COS) analysis for Camarillo Sanitary District (CSD). The last time a COS analysis was performed on CSD operations was in 2011, and it is recommended to be performed at least every 10 years. The COS reviews historic flows and water quality of sewage collected and treated by CSD-owned infrastructure. The costs related to the collection and treatment of sewage are then allocated to each customer class in a fair and equitable manner and reflected in the sewer rate for each customer class. The COS results will require adjustments to all customer rate classes, and if approved will become effective on January 1, 2018.

RFC reviewed existing reserve practices for both water and CSD enterprise funds. The existing reserve policy amounts are 6-month Operations and Maintenance (O&M) budget for each of the funds. The proposed changes to the reserve amounts are recommended to: reduce risk in case of a catastrophic event that would require immediate repairs to the

infrastructure; set aside funds for rate stabilization (water fund); 3-month cash flow for O&M; capital depreciation; and debt coverage (sewer fund).

It is recommended that the following adjustments be considered for implementation:

- Increase water rates by 2% per year for each customer class to become effective January 1, 2018 and January 1, 2019;
- Adjust rates for each sewer customer class consistent with the COS to become effective January 1, 2018;
- Increase sewer rates by 2% for each sewer customer class to become effective January 1, 2019; and
- Modify reserve practices for both water and sewer funds; effective January 1, 2018.

The committee agreed with the CSD COS analysis, revised reserve amounts and recommended adjustments to water and sewer rates for the next two years, and that the information be presented to City Council at the August 23, 2017 study session.

Information Items: None.

Committee Comments: None.

Adjournment: The meeting adjourned at 9:40 a.m.



City of Camarillo

Camarillo Sanitary District

AGENDA REPORT

Date: September 19, 2018

To: Utilities Committee

From: Dave Norman, City Manager/District Manager

Submitted by: Genie Rocha, Director of Finance

Subject: **Preliminary Results of Combined Water and Sewer Rate Study Refresh**

SUMMARY

Discuss the preliminary results of the combined water and sewer rate study refresh for ratifying rates to be effective for January 2019. A project timeline will be presented for review.

DISCUSSION

Raftelis Financial Consultants (RFC) conducted a comprehensive combined water and sewer rate study in 2017. The process included mailing notices of proposed rate increases to all utility billing customers and property owners of the utility service locations, pursuant to Proposition 218. On November 1, 2017, City Council adopted Resolution No. 2017-123 setting water rate charges and on November 15, 2017, Camarillo Sanitary District Board adopted Ordinance No. 90 setting sewer rate charges. The approved 2017 rate charges for water and sewer were for a two year period to become effective January 1, 2018 and January 1, 2019. These rates were designed to achieve a 2% increase in water system revenues and no increase in sewer system revenues for 2018. For 2019, the rates were designed to achieve revenues of 2% increase in water, and 2% increase in sewer.

It is prudent to update the combined water and sewer rate study with current information to determine the appropriateness of the adopted rate adjustments scheduled to go into effect January 1, 2019. Staff and RFC will present the preliminary results of the updated study and review the underlying assumptions. Feedback and concurrence on several key components of the rate study will assist RFC and staff in preparation for our scheduled Study Session with the City Council and Sanitary District Officials.

Staff is not recommending any change to the rates adopted on November 1, 2017.

BUDGET IMPACT

None. There is no budget impact as a result of this action.

SUGGESTED ACTION

Staff is requesting feedback and further direction in preparation for the scheduled Study Session on October 10, 2018.

ATTACHMENT

Project Timeline

Project Meeting Schedule

- September 5: City Manager Meeting
- September 19: Utilities Committee Meeting
- October 10: Study Session 1
- October 24: Study Session 2 (if necessary)
- November 14: Council Meeting (if necessary)
- November 28: Public Hearing (if necessary)
- January 1, 2019: Rates Effective