

1999-2000 GRAND JURY FINAL REPORT

AN EXAMINATION OF SPECIAL DISTRICTS PROVIDING WATER TO VENTURA COUNTY

Respondent: Board of Supervisors

Recommendation (R-3):

The Board of Supervisors should take the lead in urging the Water Districts of the County to work towards achieving parity in water rates to residential customers and in achieving parity in water rates to business customers.

Response:

The recommendation will not be implemented because it is not functionally sound. First, as the Grand Jury is aware, each of the special districts are autonomous and have the responsibility of establishing water rates that represent the cost of service. Secondly, the rates of each district can vary widely based on many operational factors. These factors include operation and maintenance, the purchase price of water from other districts, energy costs (based on the number of well, pumping levels and booster pumps within each district), number of customers served, capitalization costs, administrative costs, overhead, and debt service.

For the water districts governed by the Board of Supervisors, the water rates are set using the same methodology and operational principles. For each district, the water rates consist of fixed and variable component. The budgeted costs for such items as depreciation, customer billing, and meter reading are recovered in the fixed component of the rate while such items as water purchases and delivery are covered in the variable component. Each district's requirements are compared to what the current fixed and variable rate components will generate in financing to ensure that all costs for that district's operation and maintenance costs are recovered via the rates. Differences in costs, not methodology, create different rates for the County Water Works Districts.

With respect to achieving parity in water rates to commercial rates, all of the districts studied maintain an equal or lower commercial rate, except for the Channel Islands Community Services District, which is not governed by the Board of Supervisors or managed by County staff.