

CITY OF THOUSAND OAKS

2024 Wastewater Enterprise Financial Plan Update

Final Report / August 17, 2023





August 17, 2023

City of Thousand Oaks
Attn.: Clifford G. Finley, Public Works Director
& Jaime Boscarino, Finance Director
City of Thousand Oaks
2100 Thousand Oaks Blvd
Thousand Oaks, CA 91362

Subject: 2024 Wastewater Enterprise Financial Plan Update

Dear Mr. Finley and Ms. Boscarino,

Raftelis is pleased to provide this report on the 2024 Wastewater Enterprise Financial Plan Update Study (Study) to the City of Thousand Oaks (City). The Study involved a comprehensive update of the City's five-year wastewater financial plan to determine proposed wastewater rate increases for FY 2024-25 and FY 2025-26. We are confident that the update to the financial plan and revenue adjustments will result in fair and equitable rates for the City's wastewater customers and comply with the requirements of Proposition 218.

It was a pleasure working with you, and we wish to express our thanks to you, Mr. Nader Heydari, Ms. Tara Tosatto, and other participating City staff members for the support and cooperation extended over the course of the Study. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in dark ink that reads 'Charles Diamond'.

Charles Diamond
Project Manager
Raftelis

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List of Abbreviations

<u>Terms</u>	<u>Descriptions</u>
CIP	Capital Improvement Plan
City	City of Thousand Oaks
CY	Calendar Year (January 1 – December 31)
FY	Fiscal Year (July 1 – June 30)
O&M	Operations and Maintenance
Study	2024 Wastewater Enterprise Financial Plan Update

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1. Executive Summary

1.1. Study Background

The City of Thousand Oaks (City) conducts financial plan update studies every two years to develop updated five-year financial projections and proposed two-year rate schedules for the City's Wastewater Enterprise. The last financial plan update was completed in 2021 and provided the basis for the City's adopted wastewater rates in Fiscal Year (FY) 2022-23 and FY 2023-24. The City also conducts wastewater cost of service updates approximately every five years to ensure that customers are appropriately charged in proportion to the costs incurred by the City to provide wastewater service. The last cost of service update was completed in 2019.

Raftelis was engaged in 2023 to assist the City with a financial plan update to establish updated five-year financial projections and a proposed two-year wastewater rate schedule for FY 2024-25 and FY 2025-26. The results of this 2024 Wastewater Enterprise Financial Plan Update (Study) are documented in this report. A cost of service update was not conducted as part of this Study but will be necessary during the next two-year wastewater rate update in 2025.

1.2. Objectives of the Study

The major objectives of the Study include the following:

- » Update the five-year financial plan for the Wastewater Enterprise to ensure financial sufficiency, meet Operations & Maintenance (O&M) costs, ensure sufficient funding for Capital Improvement Plan (CIP) projects, and maintain the financial health of the Wastewater Enterprise; and
- » Develop fair and equitable two-year rate adjustments for the City's wastewater customers.

1.3. Results and Recommendations

Reserve Policy

A reserve policy establishes cash reserve targets to ensure sufficient cash on hand to cope with uneven cash flow, unanticipated revenue shortfalls, asset failures, and other financial risks. It provides guidelines for sound financial management and helps utilities maintain financial solvency and mitigate financial risks over the long term. The City maintains three types of reserves for its Wastewater Enterprise:

1. An **Operating Reserve** to provide working capital to support the utility's operation, maintenance, and administration.
2. A **Capital Reserve** to fund future obligations necessary to maintain reliable infrastructure.
3. An **Emergency Reserve** to allow the utility to provide uninterrupted service during a fiscal or physical emergency.

Raftelis does not recommend any changes to the City's existing reserve policies for the Wastewater Enterprise at this time. Table 1-1 lists the Wastewater Enterprise's existing reserve policies and associated reserve target levels for the current fiscal year.

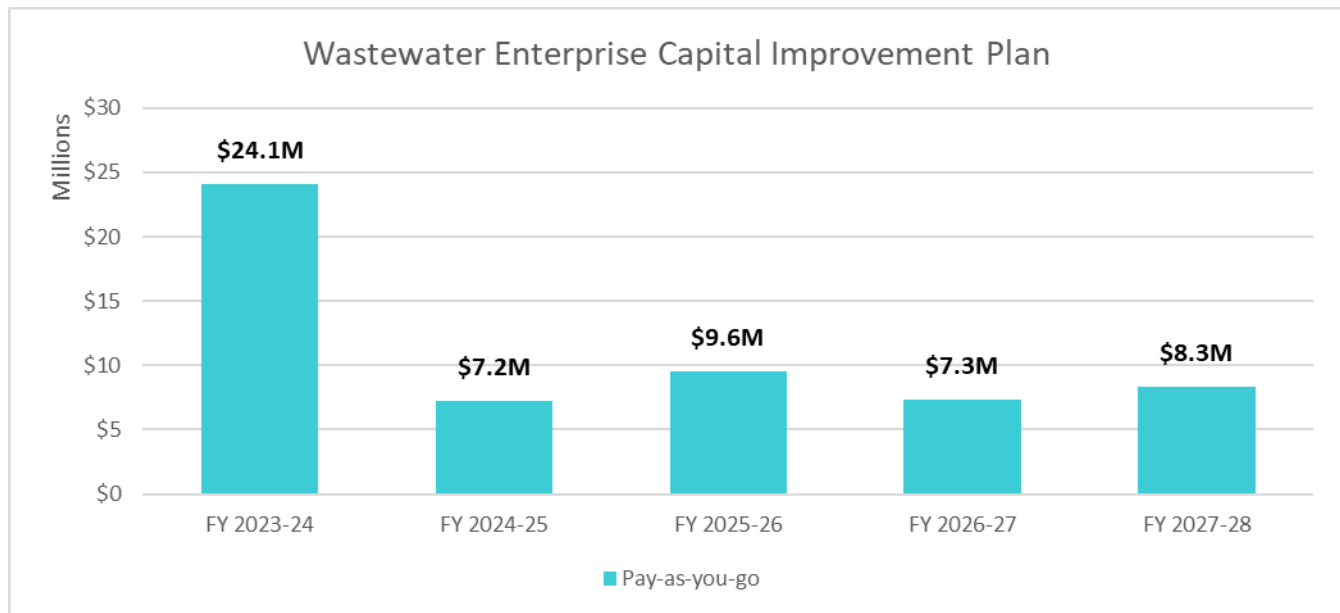
Table 1-1: Reserve Policy

	A	B	C
Line	Reserve	Reserve Target	FY 2023-24 Reserve Target (\$)
1	Fund 621 - Wastewater Operating		
2	Operating	25% of O&M expenses	\$5,495,856
3	Fund 624 - Wastewater Capital		
4	Capital	Two years of annual average five-year CIP	\$22,574,275
5	Emergency	Replacement Cost of Chlorine Contact Chamber and Filter Influent Pumps (most critical asset)	\$3,518,943
6	Total		\$31,589,074

Five-Year CIP Expenses

The City provided Raftelis with a five-year schedule of planned wastewater CIP project costs through FY 2027-28, amounting to \$80.6M. Based on a historical comparison of planned versus executed wastewater CIP, City staff and Raftelis determined that it would be most appropriate for Raftelis' financial plan projections to assume a 70% CIP execution factor over the study period. After applying the 70% execution factor, the total five-year CIP amounts to \$56.4M (see Figure 1-1). This averages approximately \$11.3M per year, representing significant capital spending relative to prior financial plan updates, primarily due to rising construction costs plus increased rehabilitation and replacement needs for the City's aging wastewater infrastructure. All CIP projects over the study period are assumed to be funded entirely by rates and reserves (i.e., pay-as-you-go), as the City does not expect to receive grant funding or to issue any new debt in the next five years.

Figure 1-1: Capital Improvement Plan Summary



Proposed Revenue Adjustments

To ensure that the Wastewater Enterprise generates sufficient revenues to adequately recover its operating and capital expenses while maintaining sufficient cash reserves, Raftelis recommends 11% annual rate increases (i.e., revenue adjustments) beginning in FY 2024-25. The revenue adjustments are assumed to be implemented on July 1 of each fiscal year, as shown in Table 1-2. Note that proposed revenue adjustments in FY 2026-27 and FY 2027-28 are for planning purposes only, as the City only adopts two years of wastewater rates at a time. Raftelis evaluated various financial plan scenarios with City staff to develop the recommended revenue adjustments below. Key factors influencing the need for significant rate increases include:

- » **Operating cost increases:** O&M expenses continue to increase yearly due to inflationary pressures, which have been significantly higher over the past few years across the global economy. Notably, budgeted chemical costs more than doubled between FY 2022-23 and FY 2023-24.
- » **Substantial capital needs:** Total five-year CIP expenses amount to \$56.4M, which represents an 11% increase in CIP relative to the prior financial plan update in 2021. All CIP expenses are assumed to be funded by rates and reserves, resulting in a need for the Wastewater Enterprise to generate increased revenues from rates.
- » **Low existing rates:** The City's existing wastewater rates are substantially lower than other public wastewater utilities in Ventura County and the surrounding area (see Appendix B residential bill comparisons to neighboring utilities). This suggests that current rates may be lower than what is necessary to support typical wastewater system needs in the Ventura County region.

Table 1-2: Proposed Revenue Adjustments

	A	B	C
Line	Fiscal Year	Effective Month	Revenue Adjustment
1	FY 2023-24	July 2023	3.0% ¹
2	FY 2024-25	July 2024	11.0%
3	FY 2025-26	July 2025	11.0%
4	FY 2026-27	July 2026	11.0%
5	FY 2027-28	July 2027	11.0%

¹ 3% wastewater rate increases in FY 2023-24 were proposed during the 2022 Wastewater Financial Plan Update and have already been adopted and implemented.

Proposed Financial Plan

Under the proposed financial plan, ending cash reserves are projected to fall slightly below the reserve target in FY 2024-25 through FY 2026-27 before building back up to above the target level in FY 2027-28 (see Figure 1-2). This is primarily due to a significant drawdown in reserves in the first year to fund substantial CIP projects. Raftelis and City staff determined that the magnitude of revenue adjustments needed to maintain cash reserve levels above the target level in all years would result in unacceptably high bill impacts to the City’s wastewater customers. The proposed rate increases are necessary to ensure sufficient revenues to meet capital funding needs and maintain sufficient cash reserves. This is demonstrated in Figure 1-3, which compares current revenues (excluding proposed rate increases) and proposed revenues (including proposed rate increases) versus various funding requirements.

Figure 1-2: Projected Ending Cash Balance

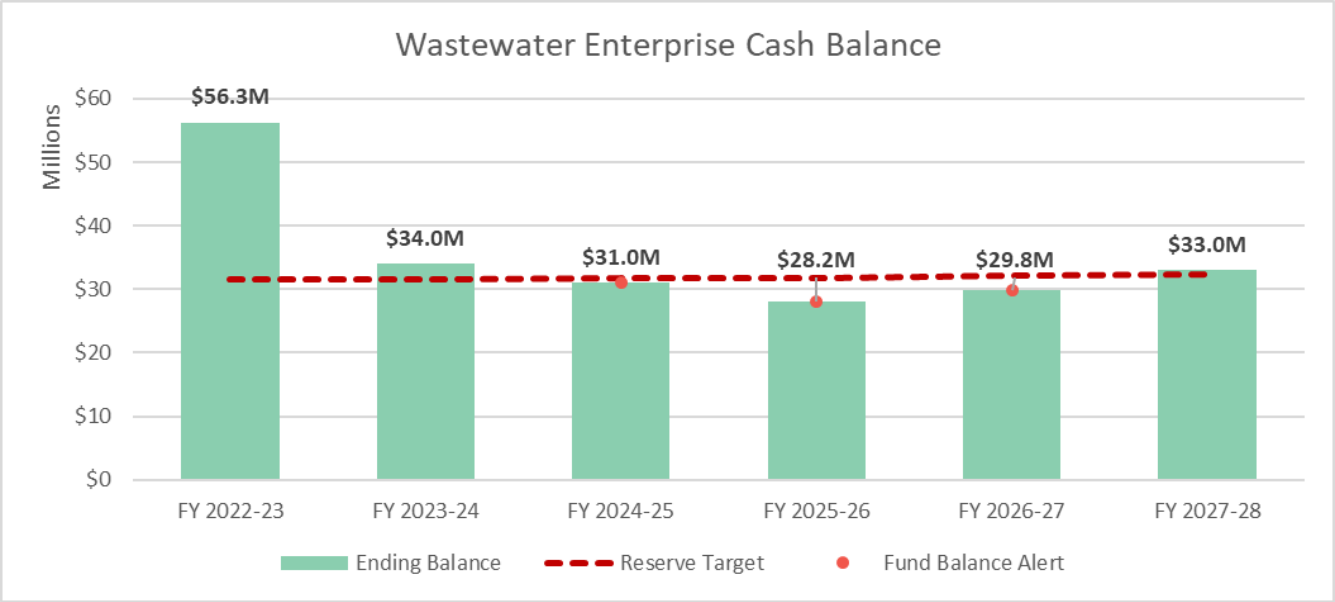
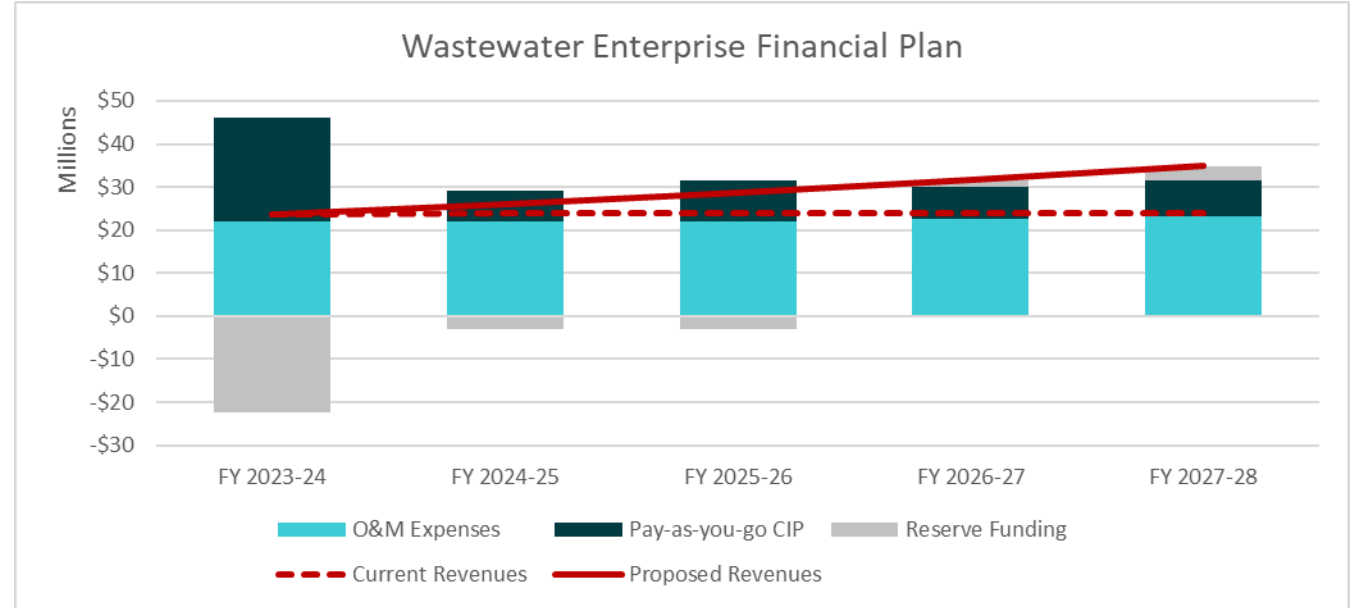


Figure 1-3: Proposed Financial Plan



Current Wastewater Rate Structure

Currently adopted wastewater rates in effect in FY 2023-24 are summarized below in Table 1-3. The City's current wastewater rate structure consists of a monthly fixed service charge per Service Unit for all customer classes. One Service Unit is equal to one single family residence in terms of wastewater flow (i.e., quantity of discharge to the wastewater system) and strength (i.e., concentration of Biological Oxygen Demand and Suspended Solids). The number of Service Units attributed to each non-residential customer is calculated based on the number of plumbing fixture units, wastewater strength adjustment factors, and additional considerations. The City also serves a small number of wastewater customers outside city limits. These "Outside City" customers are also subject to an additional monthly surcharge per Service Unit. No changes to the current wastewater rate structure are recommended at this time.

Table 1-3: Current Wastewater Rates

	A	B
Line	Description	FY 2023-24 (July 2023)
1	Monthly Service Charge per Service Unit	\$31.78
2	Outside City Monthly Surcharge per Service Unit	\$0.44

Proposed Wastewater Rates

Although the financial plan spans a five-year period, the City only adopts wastewater rates for two years at a time. Therefore, proposed wastewater rates are presented below for FY 2024-25 and FY 2025-26 only. All proposed rates are assumed to be implemented in July of each fiscal year. The current FY 2023-24 monthly charges per Service Unit are proposed to be increased by 11% per year (per Table 1-2) and rounded up to the nearest cent to determine the proposed monthly charges shown below in Table 1-4. Each single family residential customer is charged based on one Service Unit. Therefore, single family residential customers within city limits will experience a \$3.50 increase in monthly wastewater charges in FY 2024-25 and an additional \$3.89 monthly increase in FY 2025-26. Note that since FY 2021-22, wastewater service charges for single family residential customers are now collected by the City in two installments per year via the Ventura County Property Tax Roll.

Table 1-4: Proposed Wastewater Rates

	A	B	C	D
Line	Description	Current FY 2022-23 (July 2023)	Proposed FY 2024-25 (July 2024)	Proposed FY 2025-26 (July 2025)
1	<u>Service Charge (All Customers)</u>			
2	Monthly Charge per Service Unit	\$31.78	\$35.28	\$39.17
3	<i>Difference (\$)</i>		\$3.50	\$3.89
4				
5	<u>Outside City Surcharge (Outside City Customers Only)</u>			
6	Monthly Charge per Service Unit	\$0.44	\$0.49	\$0.55
7	<i>Difference (\$)</i>		\$0.05	\$0.06

2. Introduction

2.1. Study Background

The City conducts financial plan update studies every two years to develop updated five-year financial projections and proposed two-year rate schedules for the City's Wastewater Enterprise. The last financial plan update was completed in 2021 and provided the basis for the City's adopted wastewater rates in Fiscal Year (FY) 2022-23 and FY 2023-24. The City also conducts wastewater cost of service updates approximately every five years to ensure that customers are appropriately charged in proportion to the costs incurred by the City to provide wastewater service. The last cost of service update was completed in 2019. Raftelis was engaged in 2023 to assist the City with a financial plan update to establish updated five-year financial projections and a proposed two-year wastewater rate schedule for FY 2024-25 and FY 2025-26. The results of this 2024 Wastewater Enterprise Financial Plan Update (Study) are documented in this report. A cost of service update was not conducted as part of this Study but will be necessary during the next wastewater rate update in 2025.

2.2. Objectives of the Study

The major objectives of the Study include the following:

- » Update the five-year financial plan for the Wastewater Enterprise to ensure financial sufficiency, meet Operations & Maintenance (O&M) costs, ensure sufficient funding for Capital Improvement Plan (CIP) projects, and maintain the financial health of the Wastewater Enterprise; and
- » Develop fair and equitable two-year rate adjustments for the City's wastewater customers.

2.3. Legal Requirements and Rate-Setting Methodology

California Constitution - Article XIII D, Section 6 (Proposition 218)

Proposition 218, reflected in the California Constitution as Article XIII D, was enacted in 1996 to ensure that rates and fees are reasonable and proportional to the cost of providing service. The principal requirements, as they relate to public water and wastewater service, are as follows:

1. A property-related charge (such as wastewater rates) imposed by a public agency on a parcel shall not exceed the costs required to provide the property related service.
2. Revenues derived by the charge shall not be used for any purpose other than that for which the charge was imposed.
3. The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of the property.
5. A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing, when the agency considers all written protests against the charge.

Water and wastewater rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers. Proposition 218 makes clear that wastewater rates cannot be "arbitrary and capricious," meaning that the rate-setting methodology must be sound and that there must be a nexus between the costs and the rates charged. Raftelis' 2019 Wastewater Enterprise Financial Plan and Cost of Service Update Study followed industry-standard rate-setting methodologies set forth by the Water Environment Federation to ensure that the City's wastewater rates do not exceed the proportionate cost of providing wastewater service.

3. Financial Plan

The five-year financial plan includes projections of Wastewater Enterprise revenues, O&M expenses, CIP expenses, debt service payments, and reserve funding. The overall purpose of the financial plan is to determine annual wastewater rate revenues required to achieve sufficient cash flow, maintain adequate reserves, and meet any debt service coverage requirements. The key outcome of the financial plan update is to identify the required annual increases in wastewater rates needed to maintain the financial sufficiency of the City's Wastewater Enterprise.

3.1. General Assumptions

The five-year study period spans from FY 2023-24 to FY 2027-28. Various assumptions incorporated into the updated financial plan projections were determined based on recommendations from Raftelis and/or direction from City staff. These assumptions include cost inflation and customer account growth, outlined below.

Cost Inflation

Inflationary assumptions are shown below in Table 3-1. Raftelis utilized the City's adopted budgets for FY 2023-24 and FY 2024-25 as a baseline for O&M expenses and then escalated expenses beyond FY 2024-25 based on the inflationary increases shown below in Lines 1-4. CIP expenses are escalated beginning next fiscal year in FY 2024-25 based on the "Capital" inflationary category in Line 5.

Table 3-1: Annual Cost Inflation Assumptions

	A	B	C	D	E	F
Line	Inflationary Categories	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
1	General	N/A	N/A	2.5%	2.5%	2.5%
2	Salary/Benefits	N/A	N/A	3.2%	3.2%	3.2%
3	Electricity	N/A	N/A	3.0%	3.0%	3.0%
4	Chemicals	N/A	N/A	3.0%	3.0%	3.0%
5	Capital	N/A	3.0%	3.0%	3.0%	3.0%

Account Growth

The assumed annual growth in the number of customer connections to the City's wastewater system is shown in Table 3-2. Assumed single family residential and multi-family residential account growth is based on expected development and was provided by City staff. Assumed non-residential annual account growth of 0.5% is based on a projected customer growth between 2020 and 2045 from the City's 2020 Urban Water Management Plan.

Table 3-2: Account Growth Assumptions

	A	B	C	D	E	F
Line	Customer Class	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
1	Single Family Residential	0.2%	0.2%	0.2%	0.2%	0.2%
2	Multi-Family Residential	1.0%	1.0%	1.0%	1.0%	1.0%
3	Commercial	0.5%	0.5%	0.5%	0.5%	0.5%
4	Industrial	0.5%	0.5%	0.5%	0.5%	0.5%

3.2. Revenues from Current Rates

Current Rates

Table 3-3 summarizes the current adopted wastewater rates in effect in FY 2023-24. The City's current wastewater rate structure consists of a monthly fixed service charge per Service Unit for all customer classes. One Service Unit is equal to one single family residence in terms of wastewater flow (i.e., quantity of discharge to the wastewater system) and strength (i.e., concentration of Biological Oxygen Demand and Suspended Solids). The number of Service Units attributed to each non-residential customer is calculated based on the number of plumbing fixture units, wastewater strength adjustment factors, and additional considerations.

The City also serves a small number of wastewater customers outside city limits. These "Outside City" customers are also subject to an additional monthly surcharge per Service Unit. The City's Wastewater Enterprise must pay taxes to the County of Ventura because the City's wastewater lines extend through County land to serve Outside City customers. The Outside City surcharges are designed to recover said taxes.

Table 3-3: Current Wastewater Rates

	A	B
Line	Description	FY 2023-24 (July 2023)
1	Monthly Service Charge per Service Unit	\$31.78
2	Outside City Monthly Surcharge per Service Unit	\$0.44

Projected Service Units

The projected number of Service Units by customer class is shown in Table 3-4. Actual Service Units in FY 2022-23 were increased annually by the account growth percentages from Table 3-2 to determine the number of projected Service Units through FY 2027-28.

Table 3-4: Projected Service Units

	A	B	C	D	E	F	G
Line	Customer Class	FY 2022-23 Actual	FY 2023-24 Projected	FY 2024-25 Projected	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected
1	Inside City Limits						
2	Single Family Residential	33,961	34,029	34,097	34,165	34,234	34,302
3	Multi-Family Residential	4,104	4,145	4,186	4,228	4,271	4,313
4	Commercial	10,419	10,471	10,523	10,576	10,629	10,682
5	Industrial	3,719	3,738	3,756	3,775	3,794	3,813
6	Subtotal	52,203	52,383	52,563	52,745	52,927	53,110
7							
8	Outside City Limits						
9	Single Family Residential	2,051	2,055	2,059	2,063	2,067	2,072
10	Multi-Family Residential	24	24	24	25	25	25
11	Commercial	28	28	28	28	29	29
12	Industrial	45	45	45	46	46	46
13	Subtotal	2,148	2,153	2,157	2,162	2,167	2,172
14							
15	Total	54,351	54,535	54,721	54,907	55,094	55,282

Revenue from Current Rates

The wastewater rate revenue projections in this section assume that current FY 2023-24 rates remain in effect throughout the five-year study period, and therefore represent estimated rate revenues without any rate increases. This status quo scenario provides a baseline from which Raftelis evaluated the need for rate increases. Annual wastewater rate revenue is calculated by multiplying the number of Service Units (from Table 3-4) by the monthly fixed charge rates per Service Unit (from Table 3-3) and then multiplying by twelve months. For example, the total estimated revenue from Inside City single family residential customers in FY 2023-24 is:

$$\text{Monthly Service Charge} \times \text{Number of Service Units} \times 12 \text{ Months} = \text{Annual Revenue from Current Rates}$$

$$\$31.78 \times 34,029 \times 12 = \$13.8M$$

The same calculation is repeated for all other customer classes and summed to determine the total annual revenue from current rates shown below in Table 3-5.

Table 3-5: Revenue from Current Rates

	A	B	C	D	E	F
Line	Customer Class	FY 2023-24 Projected	FY 2024-25 Projected	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected
1	Single Family Residential	\$13,771,854	\$13,799,398	\$13,826,997	\$13,854,651	\$13,882,360
2	Multi-Family Residential	\$1,590,125	\$1,606,026	\$1,622,086	\$1,638,307	\$1,654,690
3	Commercial	\$4,004,137	\$4,024,158	\$4,044,278	\$4,064,500	\$4,084,822
4	Industrial	\$1,442,855	\$1,450,069	\$1,457,320	\$1,464,606	\$1,471,929
5	Total	\$20,808,971	\$20,879,651	\$20,950,681	\$21,022,064	\$21,093,802

Miscellaneous Revenue

In addition to revenue from rates, the Wastewater Enterprise receives miscellaneous revenues from different sources such as reclaimed water sales, connection fees, and other miscellaneous revenues shown in Table 3-6. All miscellaneous revenues except connection fees and interest income are set equal to the adopted budget in FY 2023-24 and FY 2024-25 and then held constant thereafter to ensure sufficiently conservative revenue projections. Connection fees in FY 2023-24 and FY 2024-25 are based on updated City staff projections and differ from the adopted budget. Interest income beyond FY 2024-25 is calculated based on projected changes in Wastewater Enterprise cash reserve levels.

Table 3-6: Projected Miscellaneous Revenue

	A	B	C	D	E	F
Line	Miscellaneous Revenue	FY 2023-24 Budget	FY 2024-25 Budget	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected
1	Interest Income	\$1,010,000	\$1,010,000	\$922,892	\$836,914	\$884,837
2	Grease Diversion Charges	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
3	Connection Fees	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
4	Reclaimed Water Sales	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
5	WW Frappo Recycling Charges	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000
6	Rental of City Facilities	\$46,200	\$46,200	\$46,200	\$46,200	\$46,200
7	Inspection Fees	\$35,200	\$35,200	\$35,200	\$35,200	\$35,200
8	Interest/Penalty Water Receivable	\$15,000	\$20,000	\$20,000	\$20,000	\$20,000
9	Other Miscellaneous Revenue	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800
10	Total	\$2,935,200	\$2,940,200	\$2,853,092	\$2,767,114	\$2,815,037

3.3. O&M Expenses

The Wastewater Enterprise's O&M expenses primarily include the cost of operating and maintaining wastewater collection, treatment, and disposal facilities. Additional O&M expenses include laboratory services, customer service and billing, and other administrative costs. Projected O&M expenses in FY 2023-24 and FY 2024-25 are set equal to the adopted budget. Beyond FY 2024-25, O&M expenses are projected by increasing FY 2024-25 O&M expenses by the annual inflationary increases from Table 3-1. Table 3-7 summarizes projected O&M expenses for the Wastewater Enterprise over the study period.

Table 3-7: Projected O&M Costs

	A	B	C	D	E	F
Line	O&M Expenses	FY 2023-24 Budget	FY 2024-25 Budget	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected
1	Salaries	\$5,575,362	\$5,890,254	\$6,078,742	\$6,273,261	\$6,474,006
2	Professional/Contractual Services	\$5,288,083	\$5,394,171	\$5,529,025	\$5,667,251	\$5,808,932
3	Fringe Benefits	\$2,977,432	\$3,027,431	\$3,124,309	\$3,224,287	\$3,327,464
4	Chemicals	\$2,456,000	\$2,634,000	\$2,713,020	\$2,794,411	\$2,878,243
5	Capital Outlay	\$2,271,605	\$976,119	\$163,000	\$167,075	\$171,252
6	Utilities	\$1,302,100	\$1,297,100	\$1,334,728	\$1,373,452	\$1,413,305
7	Supplies and Equipment	\$1,228,700	\$1,219,450	\$1,249,936	\$1,281,185	\$1,313,214
8	Repairs and Maintenance	\$691,557	\$685,138	\$702,266	\$719,823	\$737,819
9	Insurance and Claims	\$504,250	\$595,000	\$609,875	\$625,122	\$640,750
10	Asset Replacement Funding	\$370,448	\$472,828	\$484,649	\$496,765	\$509,184
11	Training and Memberships	\$106,825	\$107,325	\$110,008	\$112,758	\$115,577
12	Equipment/Building Rental	\$44,760	\$45,080	\$46,207	\$47,362	\$48,546
13	Use of Asset Replacement	(\$833,696)	(\$492,265)	(\$163,000)	(\$167,075)	(\$171,252)
14	Total	\$21,983,426	\$21,851,631	\$21,982,765	\$22,615,677	\$23,267,040

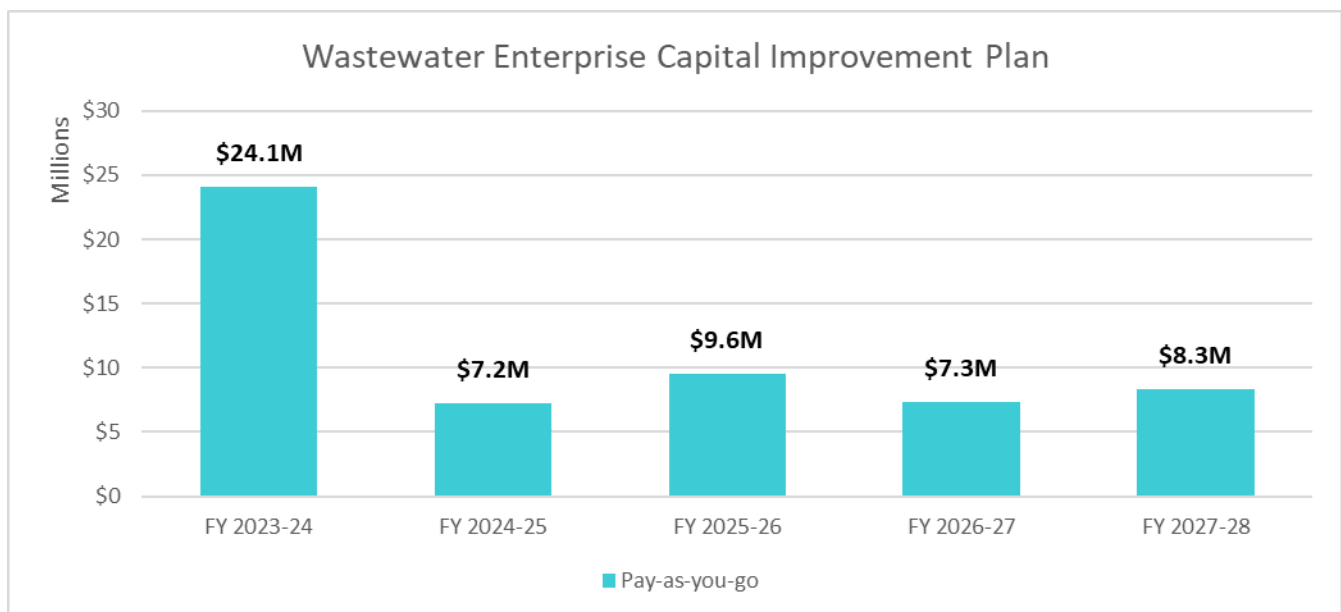
3.4. Capital Improvement Plan (CIP)

The City provided Raftelis with a five-year schedule of planned CIP project costs through FY 2027-28, amounting to \$80.6M after incorporating 3% annual inflationary adjustments (from Table 3-1). See Appendix A for detailed costs by project. Based on a historical comparison of planned versus executed wastewater CIP, City staff and Raftelis determined that it would be most appropriate for Raftelis' financial plan projections to assume a 70% CIP execution factor over the study period. After applying the 70% execution factor, the five-year CIP totals \$56.4M (approximately \$11.3M per year on average). All CIP over the study period is assumed to be funded entirely by rates and reserves (i.e., pay-as-you-go), as the City does not expect to receive grant funding or to issue any new debt in the next five years. CIP assumptions are outlined in Table 3-8 and summarized in Figure 1-1.

Table 3-8: Capital Improvement Plan

	A	B	C	D	E	F
Line	Capital Improvement Plan	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
1	Planned CIP					
2	Fund 624	\$34,374,900	\$10,279,400	\$13,680,306	\$10,413,688	\$11,874,118
3	Total Planned CIP	\$34,374,900	\$10,279,400	\$13,680,306	\$10,413,688	\$11,874,118
4						
5	CIP Execution					
6	CIP Execution Factor	70%	70%	70%	70%	70%
7	Executed CIP	\$24,062,430	\$7,195,580	\$9,576,214	\$7,289,582	\$8,311,883
8	Non-Executed CIP	\$10,312,470	\$3,083,820	\$4,104,092	\$3,124,106	\$3,562,235
9						
10	Executed CIP by Funding Source					
11	Pay-as-you-go	\$24,062,430	\$7,195,580	\$9,576,214	\$7,289,582	\$8,311,883
12	Grant Funded	\$0	\$0	\$0	\$0	\$0
13	Debt Funded	\$0	\$0	\$0	\$0	\$0
14	Total Executed CIP	\$24,062,430	\$7,195,580	\$9,576,214	\$7,289,582	\$8,311,883

Figure 3-1: Capital Improvement Plan Summary



3.5. Debt Service

The City's Wastewater Enterprise retired its outstanding debt in FY 2022-23, which was associated with a Clean Water State Revolving Fund Loan. No new debt is anticipated to be issued over the study period to finance CIP projects. Therefore, no debt service payments are included in Raftelis' financial plan projections (see Table 3-9).

Table 3-9: Debt Service

	A	B	C	D	E	F
Line	Debt Service	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
1	Existing Debt Service	\$0	\$0	\$0	\$0	\$0
2	Proposed Debt Service	\$0	\$0	\$0	\$0	\$0
3	Total	\$0	\$0	\$0	\$0	\$0

3.6. Reserve Policy

A reserve policy is a written document that provides a basis for a wastewater utility to cope with unanticipated reductions in revenues, fluctuations in costs of providing services, asset failures, and natural disasters. It provides guidelines for sound financial management with an overall long-range perspective to maintain financial solvency and mitigate financial risks. A sound policy also sets funds aside for routine repair and replacement of capital assets as they age and for new capital projects. Adopting and adhering to a sustainable reserve policy enhances financial management transparency and may help to achieve or maintain a specific credit rating for future debt issues.

The appropriate amount of reserves and reserve types are determined by various factors, such as the size of the operating budget, the amount of debt, the type of rate structure, the frequency of customer billing, and the risk of natural disasters. Thus, most reserves tend to fall into the following categories: operating, rate stabilization, capital, and emergency reserves. The City currently maintains three reserves for the Wastewater Enterprise. Raftelis recommends that the City maintain these three existing reserve policies described below.

Operating Reserve Target (Fund 621)

The purpose of an operating reserve is to provide working capital to support the utility's operation, maintenance, and administration. From a risk management perspective, the operating reserve supports the Wastewater Enterprise's cash flow needs during normal operations and ensures that operations can continue should there be significant events that impact cash flows. Raftelis recommends that the City maintain its existing Wastewater Enterprise operating reserve target of 90 days cash (i.e., approximately 25% of annual O&M expenses) to ensure adequate working capital for operating expenses.

Capital Reserve Target (Fund 624)

Capital reserves are used to fund future obligations necessary for maintaining reliable infrastructure. Because wastewater utilities are highly capital-intensive, it is important to accurately estimate long-term CIP costs and develop a reserve to fund the repair and eventual replacement of the system assets and new capital projects. Raftelis recommends that the City maintain its existing Wastewater Enterprise capital reserve target, equal to two years of annual average five-year CIP. This reserve target is intended to ensure that the City has cash reserves on hand to award construction contracts flexibly and efficiently and to reduce the potential need for debt financing of CIP projects.

Emergency Reserve Target (Fund 624)

The purpose of an emergency reserve is to allow the utility to provide uninterrupted service after a fiscal emergency, natural disaster, or facility failure. An emergency reserve decreases risk by recognizing the high capital costs of facilities and setting aside adequate funds to restore service after an unanticipated event or replace an essential facility. Raftelis recommends that the City maintain its existing Wastewater Enterprise emergency reserve target, equal to the replacement cost of the wastewater system's most critical assets (the chlorine contact chamber and filter influent pumps). Raftelis recommends that this reserve target be reevaluated periodically as the wastewater system ages.

Wastewater Enterprise Reserve Targets

Table 3-10 summarizes the recommended reserve policies and associated FY 2023-24 reserve target levels for the Wastewater Enterprise's operating, capital, and emergency reserves. Table 3-11 shows annual reserve target levels for each year of the study period.

Table 3-10: Reserve Policies

	A	B	C
Line	Reserve	Reserve Target	FY 2023-24 Reserve Target (\$)
1	Fund 621 - Wastewater Operating		
2	Operating	25% of O&M expenses	\$5,495,856
3	Fund 624 - Wastewater Capital		
4	Capital	Two years of annual average five-year CIP	\$22,574,275
5	Emergency	Replacement Cost of Chlorine Contact Chamber and Filter Influent Pumps (most critical asset)	\$3,518,943
6	Total		\$31,589,074

Table 3-11: Reserve Targets

	A	B	C	D	E	F
Line	Reserves	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
1	Operating Reserve	\$5,495,856	\$5,462,908	\$5,495,691	\$5,653,919	\$5,816,760
2	Capital Reserve	\$22,574,275	\$22,574,275	\$22,574,275	\$22,574,275	\$22,574,275
3	Emergency Reserve	\$3,518,943	\$3,624,511	\$3,733,246	\$3,845,244	\$3,960,601
4	Total	\$31,589,074	\$31,661,694	\$31,803,213	\$32,073,438	\$32,351,636

3.7. Status Quo Financial Plan

To evaluate the need for future rate increases, Raftelis first developed a status quo financial plan. The status quo financial plan assumes that current FY 2023-24 rates remain unchanged over the five-year study period. Table 3-12 combines projected Wastewater Enterprise rate revenues (from Table 3-5), miscellaneous revenues (from Table 3-6), O&M expenses (from Table 3-7), CIP expenses (from Table 3-8), and debt service (from Table 3-9) to project cash flow, cash reserve levels, and debt service coverage ratios. The status quo financial plan shows that without any rate increases over the next five years, the Wastewater Enterprise is projected to fail to meet its total reserve target beginning in FY 2024-25 and to deplete its cash reserves severely by FY 2027-28.

Table 3-12: Status Quo Financial Plan

	A	B	C	D	E	F
Line	Description	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
1	Revenues					
2	Revenue from Existing Rates	\$20,808,971	\$20,879,651	\$20,950,681	\$21,022,064	\$21,093,802
3	Revenue Adjustments	\$0	\$0	\$0	\$0	\$0
4	Miscellaneous Revenue ²	\$2,935,200	\$2,940,200	\$2,784,824	\$2,552,281	\$2,364,103
5	Total Revenues	\$23,744,171	\$23,819,851	\$23,735,504	\$23,574,345	\$23,457,904
6						
7	O&M Expenses					
8	Salaries & Benefits	\$8,552,794	\$8,917,685	\$9,203,051	\$9,497,549	\$9,801,470
9	Other O&M	\$13,430,632	\$12,933,946	\$12,779,714	\$13,118,128	\$13,465,570
10	Total O&M Expenses	\$21,983,426	\$21,851,631	\$21,982,765	\$22,615,677	\$23,267,040
11						
12	Net Revenues³	\$1,760,745	\$1,968,220	\$1,752,739	\$958,668	\$190,864
13						
14	Debt Service					
15	Existing Debt Service	\$0	\$0	\$0	\$0	\$0
16	Proposed Debt Service	\$0	\$0	\$0	\$0	\$0
17	Total Debt Service	\$0	\$0	\$0	\$0	\$0
18						
19	CIP Expenses					
20	Pay-as-you-go	\$24,062,430	\$7,195,580	\$9,576,214	\$7,289,582	\$8,311,883
21	Grant Funded	\$0	\$0	\$0	\$0	\$0
22	Debt Funded	\$0	\$0	\$0	\$0	\$0
23	Total CIP Expenses	\$24,062,430	\$7,195,580	\$9,576,214	\$7,289,582	\$8,311,883
24						
25	Net Cash Flow⁴	(\$22,301,685)	(\$5,227,360)	(\$7,823,475)	(\$6,330,914)	(\$8,121,019)
26						
27	Cash Reserves					
28	Beginning Balance	\$56,281,307	\$33,979,622	\$28,752,262	\$20,928,787	\$14,597,873
29	Net Cash Flow	(\$22,301,685)	(\$5,227,360)	(\$7,823,475)	(\$6,330,914)	(\$8,121,019)
30	Ending Balance	\$33,979,622	\$28,752,262	\$20,928,787	\$14,597,873	\$6,476,854
31	<i>Target Balance</i>	<i>\$31,589,074</i>	<i>\$31,661,694</i>	<i>\$31,803,213</i>	<i>\$32,073,438</i>	<i>\$32,351,636</i>
32	<i>Target Balance Check</i>	<i>Above</i>	<i>Below</i>	<i>Below</i>	<i>Below</i>	<i>Below</i>
33						
34	Debt Coverage					
35	Projected Debt Coverage ⁵	N/A	N/A	N/A	N/A	N/A
36	<i>Target Debt Coverage</i>	<i>1.25</i>	<i>1.25</i>	<i>1.25</i>	<i>1.25</i>	<i>1.25</i>
37	<i>Debt Coverage Check</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

² Miscellaneous revenue is slightly lower than the amount shown in Table 3-6 due to decreased interest income under the status quo financial plan.

³ = [Line 5] – [Line 10]

⁴ = [Line 12] – [Line 17] – [Line 20]

⁵ = [Line 12] ÷ [Line 17]

3.8. Proposed Financial Plan

Recommendations and Proposed Revenue Adjustments

The status quo financial plan demonstrates that current wastewater rates are insufficient to support the Wastewater Enterprise's financial needs over the next five years. To ensure that the Wastewater Enterprise generates sufficient revenues to adequately recover its operating and capital expenses while maintaining cash reserves at or above the target reserve level by the end of the five-year period, Raftelis recommends 11% annual rate increases (i.e., revenue adjustments) beginning in FY 2024-25. The revenue adjustments are assumed to be implemented on July 1 of each fiscal year, as shown in Table 3-13. Raftelis evaluated various financial plan scenarios with City staff to develop the recommended revenue adjustments below. Key factors influencing the need for significant rate increases include:

- » **Operating cost increases:** O&M expenses continue to increase yearly due to inflationary pressures, which have been significantly higher over the past few years across the global economy. Notably, budgeted chemical costs more than doubled between FY 2022-23 and FY 2023-24.
- » **Substantial capital needs:** Total five-year CIP expenses amount to \$56.4M, which represents an 11% increase in CIP relative to the prior financial plan update in 2021. All CIP expenses are assumed to be funded by rates and reserves, resulting in the need for the Wastewater Enterprise to generate increased revenue from rates.
- » **Low existing rates:** The City's existing wastewater rates are substantially lower than other public wastewater utilities in Ventura County and the surrounding area (see Appendix B for residential bill comparisons to neighboring utilities). This suggests that current rates may be lower than what is necessary to support typical wastewater system needs in the Ventura County region.

Table 3-13: Proposed Revenue Adjustments

	A	B	C
Line	Fiscal Year	Effective Month	Revenue Adjustment
1	FY 2023-24	July 2023	3.0% ⁶
2	FY 2024-25	July 2024	11.0%
3	FY 2025-26	July 2025	11.0%
4	FY 2026-27	July 2026	11.0%
5	FY 2027-28	July 2027	11.0%

Proposed Financial Plan

The proposed financial plan is shown in Table 3-14. Revenue from existing rates (Line 2) represents projected rate revenues in the absence of any rate increases. Revenue adjustments (Line 3) represent the cumulative increase in rate revenues resulting from the proposed 11% revenue adjustments. Under the proposed financial plan, ending cash reserves are projected to fall slightly below the reserve target in FY 2024-25 through FY 2026-27 before building back up to above the reserve target level in FY 2027-28. This is primarily due to a significant drawdown in cash reserves in the first year to fund substantial CIP projects. Raftelis and City staff determined that the magnitude of revenue adjustments needed to maintain cash reserve levels above the target level in all years would result in unacceptably high bill impacts to the City's wastewater customers.

⁶ 3% wastewater rate increases in FY 2023-24 were proposed during the 2022 Wastewater Financial Plan Update and have already been adopted and implemented.

Table 3-14: Proposed Financial Plan

	A	B	C	D	E	F
Line	Description	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
1	Revenues					
2	Revenue from Existing Rates	\$20,808,971	\$20,879,651	\$20,950,681	\$21,022,064	\$21,093,802
3	Revenue Adjustments	\$0	\$2,296,762	\$4,862,653	\$7,728,362	\$10,928,074
4	Miscellaneous Revenue	\$2,935,200	\$2,940,200	\$2,853,092	\$2,767,114	\$2,815,037
5	Total Revenues	\$23,744,171	\$26,116,612	\$28,666,426	\$31,517,540	\$34,836,913
6						
7	O&M Expenses					
8	Salaries & Benefits	\$8,552,794	\$8,917,685	\$9,203,051	\$9,497,549	\$9,801,470
9	Other O&M	\$13,430,632	\$12,933,946	\$12,779,714	\$13,118,128	\$13,465,570
10	Total O&M Expenses	\$21,983,426	\$21,851,631	\$21,982,765	\$22,615,677	\$23,267,040
11						
12	Net Revenues⁷	\$1,760,745	\$4,264,981	\$6,683,660	\$8,901,864	\$11,569,873
13						
14	Debt Service					
15	Existing Debt Service	\$0	\$0	\$0	\$0	\$0
16	Proposed Debt Service	\$0	\$0	\$0	\$0	\$0
17	Total Debt Service	\$0	\$0	\$0	\$0	\$0
18						
19	CIP Expenses					
20	Pay-as-you-go	\$24,062,430	\$7,195,580	\$9,576,214	\$7,289,582	\$8,311,883
21	Grant Funded	\$0	\$0	\$0	\$0	\$0
22	Debt Funded	\$0	\$0	\$0	\$0	\$0
23	Total CIP Expenses	\$24,062,430	\$7,195,580	\$9,576,214	\$7,289,582	\$8,311,883
24						
25	Net Cash Flow⁸	(\$22,301,685)	(\$2,930,599)	(\$2,892,553)	\$1,612,282	\$3,257,991
26						
27	Cash Reserves					
28	Beginning Balance	\$56,281,307	\$33,979,622	\$31,049,023	\$28,156,470	\$29,768,751
29	Net Cash Flow	(\$22,301,685)	(\$2,930,599)	(\$2,892,553)	\$1,612,282	\$3,257,991
30	Ending Balance	\$33,979,622	\$31,049,023	\$28,156,470	\$29,768,751	\$33,026,742
31	<i>Target Balance</i>	<i>\$31,589,074</i>	<i>\$31,661,694</i>	<i>\$31,803,213</i>	<i>\$32,073,438</i>	<i>\$32,351,636</i>
32	<i>Target Balance Check</i>	<i>Above</i>	<i>Below</i>	<i>Below</i>	<i>Below</i>	<i>Above</i>
33						
34	Debt Coverage					
35	Projected Debt Coverage ⁹	N/A	N/A	N/A	N/A	N/A
36	<i>Target Debt Coverage</i>	<i>1.25</i>	<i>1.25</i>	<i>1.25</i>	<i>1.25</i>	<i>1.25</i>
37	<i>Debt Coverage Check</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

⁷ = [Line 5] – [Line 10]

⁸ = [Line 12] – [Line 17] – [Line 20]

⁹ = [Line 12] ÷ [Line 17]

The proposed financial plan is summarized below in graphical format. Figure 3-2 compares current and proposed revenues versus various funding needs (note that negative reserve funding represents a drawdown of cash reserves). Figure 3-3 compares projected ending cash reserves versus the total reserve target each year.

Figure 3-2: Proposed Financial Plan

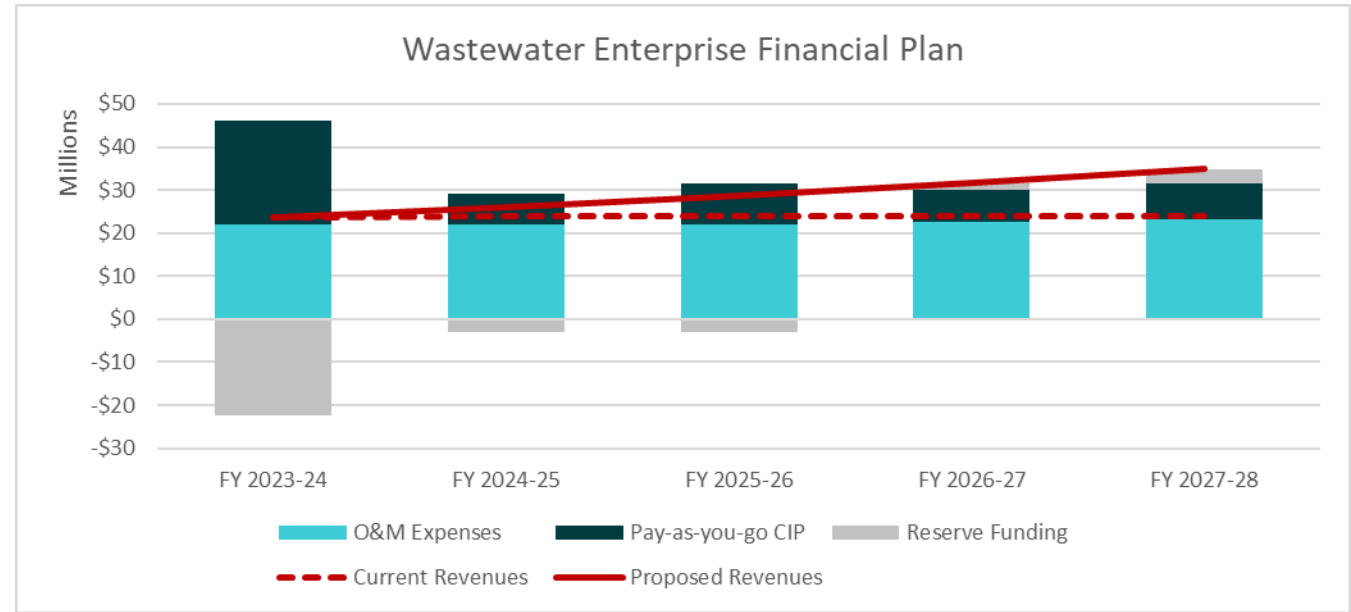
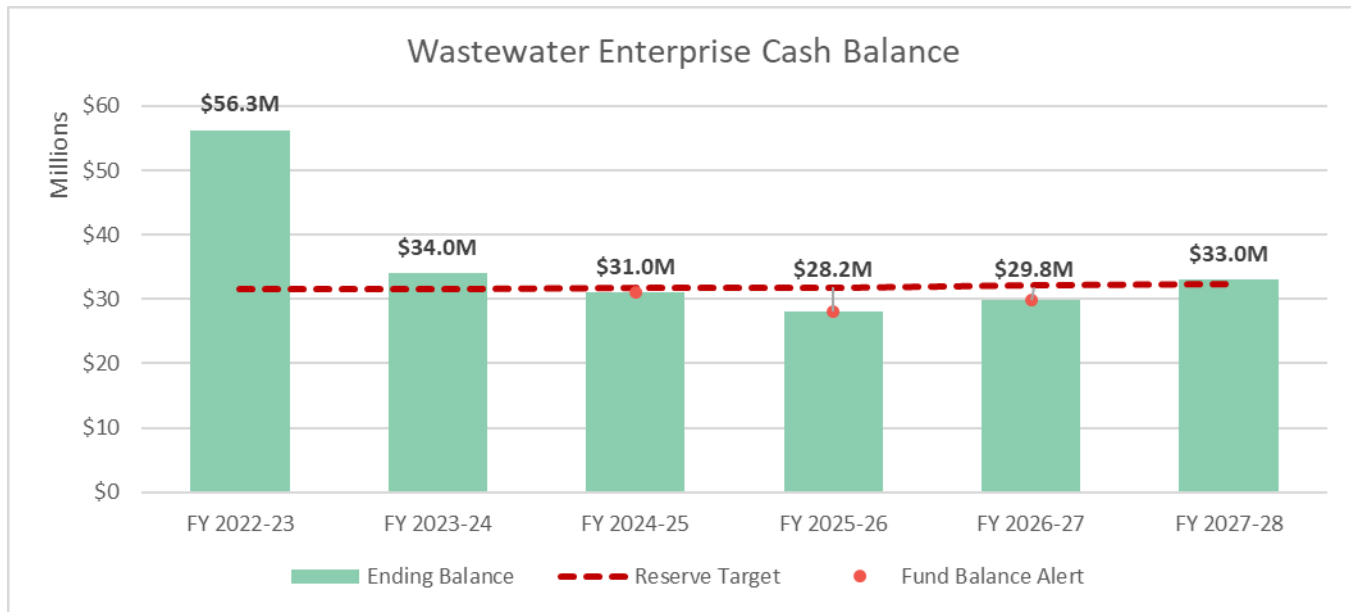


Figure 3-3: Projected Ending Cash Balance



4. Proposed Rates

4.1. Proposed Wastewater Rates

Although the financial plan spans a five-year period, the City only adopts wastewater rates for two years at a time. Therefore, proposed wastewater rates are presented below for FY 2024-25 and FY 2025-26 only. All proposed rates are assumed to be implemented in July of each fiscal year. Proposed revenue adjustments beyond FY 2025-26 are for planning purposes only and will be reevaluated during the next two-year wastewater rate update.

The current FY 2023-24 monthly charges per Service Unit are proposed to be increased by 11% per year (per Table 3-13) and rounded up to the nearest cent to determine the proposed monthly charges shown below in Table 4-1. Each single family residential customer is charged based on one Service Unit. Therefore, single family residential customers within city limits will experience a \$3.50 increase in monthly wastewater charges in FY 2024-25 and an additional \$3.89 monthly increase in FY 2025-26. Note that since FY 2021-22, wastewater service charges for single family residential customers are now collected by the City in two installments per year via the Ventura County Property Tax Roll.

Table 4-1: Proposed Wastewater Rates

	A	B	C	D
Line	Description	Current FY 2023-24 (July 2023)	Proposed FY 2024-25 (July 2024)	Proposed FY 2025-26 (July 2025)
1	<u>Service Charge (All Customers)</u>			
2	Monthly Charge per Service Unit	\$31.78	\$35.28	\$39.17
3	<i>Difference (\$)</i>		\$3.50	\$3.89
4				
5	<u>Outside City Surcharge (Outside City Customers Only)</u>			
6	Monthly Charge per Service Unit	\$0.44	\$0.49	\$0.55
7	<i>Difference (\$)</i>		\$0.05	\$0.06

APPENDICES

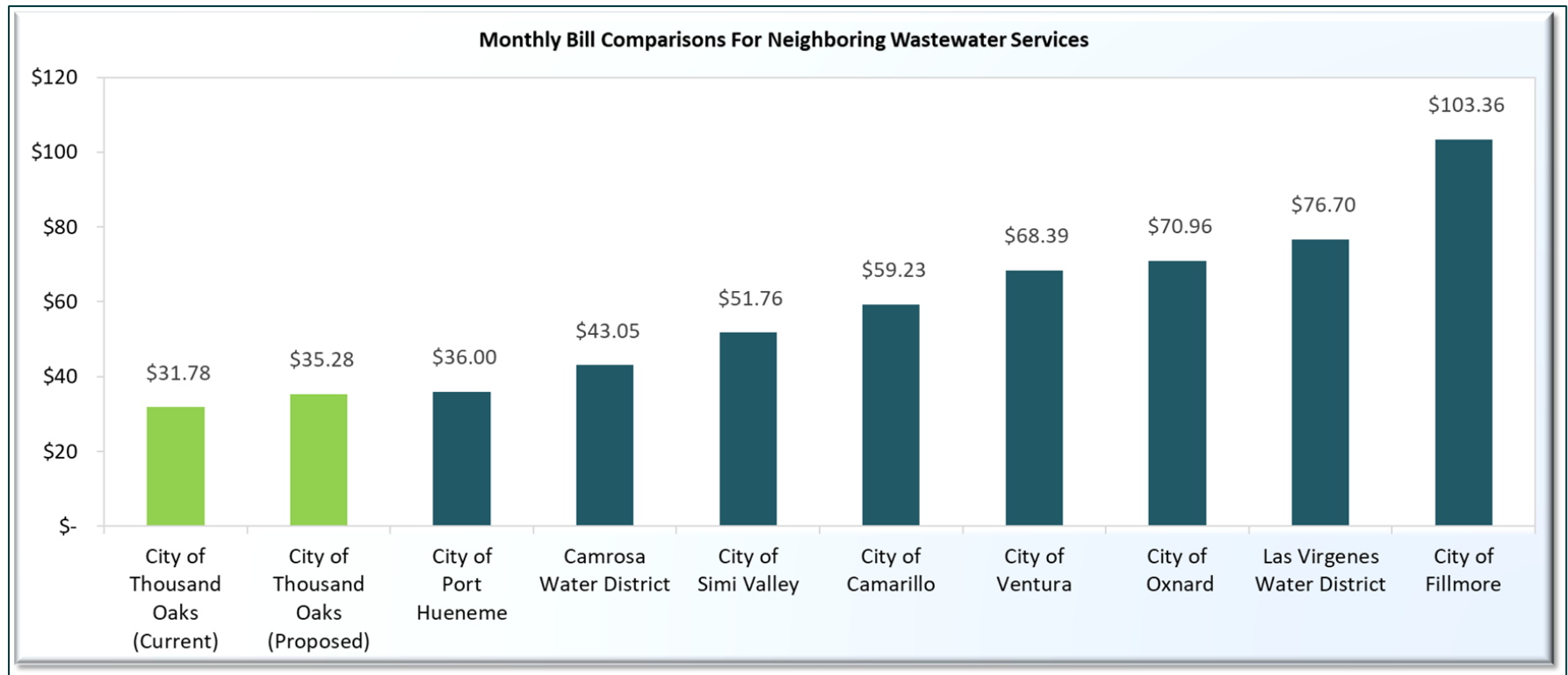
APPENDIX A: DETAILED FIVE-YEAR PLANNED CIP PROJECTS

	A	B	C	D	E	F	G
Line	Capital Improvement Plan	Project No.	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
1	Municipal Service Center Parking Lot Repaving	CI5459	\$0	\$0	\$397,838	\$0	\$0
2	Emergency Communications Network	CI5549	\$25,000	\$0	\$0	\$0	\$0
3	Hill Canyon Wastewater Treatment Plant Fire Alarm & System Upgrade	CI5582	\$500,000	\$0	\$0	\$0	\$0
4	CARRYOVER - Hill Canyon Wastewater Treatment Plant Fire Alarm & System Upgrade	CI5582	\$50,000	\$0	\$0	\$0	\$0
5	Municipal Service Center Fire Alarm & System Upgrade	CI5584	\$75,000	\$0	\$0	\$0	\$0
6	CARRYOVER - Municipal Service Center Fire Alarm & System Upgrade	CI5584	\$12,500	\$0	\$0	\$0	\$0
7	CARRYOVER - Municipal Service Center Microgrid Project	CI5585	\$150,000	\$0	\$0	\$0	\$0
8	CARRYOVER - Hill Canyon Treatment Plant Mechanical System Upgrades	CI5647	\$650,000	\$0	\$0	\$0	\$0
9	Municipal Service Center Storm Water Quality Improvements	CI5661	\$120,000	\$0	\$0	\$0	\$0
10	Municipal Service Center Security Upgrades	CI5696	\$90,000	\$0	\$0	\$0	\$0
11	Municipal Service Center Emergency Power Upgrades	CI5697	\$30,000	\$154,500	\$0	\$0	\$0
12	Electric Vehicle Charging at Hill Canyon Treatment Plant	CI5709	\$191,000	\$0	\$0	\$0	\$0
13	Electric Vehicle Charging at the Municipal Service Center	CI5710	\$111,900	\$0	\$0	\$0	\$0
14	Solar Canopy Expansion at the Municipal Service Center	CI5718	\$0	\$0	\$0	\$546,364	\$0
15	Hill Canyon Treatment Plant and Water Facilities Pavement Preservation	MI2626	\$250,000	\$0	\$0	\$0	\$0
16	Conejo Canyons Bridge at Hill Canyon Treatment Plant	CI5527	\$50,000	\$0	\$0	\$0	\$0
17	Bus and Car Wash	CI5468	\$215,000	\$0	\$0	\$0	\$0
18	CARRYOVER - Bus and Car Wash	CI5468	\$22,500	\$0	\$0	\$0	\$0
19	CARRYOVER - Interceptor Capital Improvement Program Phase V - Unit Y2	CI5328	\$120,000	\$30,900	\$31,827	\$32,782	\$33,765
20	Hill Canyon Treatment Plant Facility Stormwater Diversion	CI5427	\$950,000	\$0	\$0	\$0	\$0
21	CARRYOVER - Hill Canyon Treatment Plant Facility Stormwater Diversion	CI5427	\$1,550,000	\$0	\$0	\$0	\$0
22	Municipal Service Center/Hill Canyon Treatment Plant Access Road	CI5437	\$0	\$257,500	\$2,652,250	\$0	\$0
23	Hill Canyon Treatment Plant Bioreactors Electrical Upgrades	CI5440	\$600,000	\$0	\$0	\$0	\$0
24	CARRYOVER - Hill Canyon Treatment Plant Bioreactors Electrical Upgrades	CI5440	\$940,000	\$0	\$0	\$0	\$0
25	Fats, Oils, and Grease Station	CI5441	\$100,000	\$0	\$0	\$0	\$0
26	CARRYOVER - Fats, Oils, and Grease Station	CI5441	\$4,300,000	\$0	\$0	\$0	\$0
27	Unit W Improvements	CI5445	\$1,700,000	\$0	\$0	\$0	\$0

	A	B	C	D	E	F	G
Line	Capital Improvement Plan	Project No.	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
28	CARRYOVER - Unit W Improvements	CI5445	\$1,374,000	\$0	\$0	\$0	\$0
29	CARRYOVER - Hill Canyon Treatment Plant Solar System Purchase	CI5523	\$1,500,000	\$0	\$0	\$0	\$0
30	Wastewater Pipe and Maintenance Hole Relining FY 2025-28	CI5532	\$0	\$0	\$1,591,350	\$1,639,091	\$1,688,263
31	Cogeneration Facility Upgrade	CI5613	\$1,200,000	\$0	\$0	\$0	\$0
32	CARRYOVER - Cogeneration Facility Upgrade	CI5613	\$2,430,000	\$0	\$0	\$0	\$0
33	Digester Backup Boiler Upgrade	CI5615	\$300,000	\$0	\$0	\$0	\$0
34	CARRYOVER - Digester Backup Boiler Upgrade	CI5615	\$120,000	\$0	\$0	\$0	\$0
35	Flow Equalization Basin (FEB) Mechanical Mixing	CI5617	\$0	\$618,000	\$0	\$0	\$0
36	Electrical Classification & Compliance Upgrades	CI5622	\$450,000	\$2,626,500	\$0	\$0	\$0
37	Solar Plant Upgrade and Optimization - Phase 1	CI5625	\$0	\$0	\$2,121,800	\$0	\$0
38	Solar Plant Upgrade and Optimization - Phase 2	CI5626	\$0	\$0	\$0	\$0	\$2,251,018
39	CARRYOVER - In-Plant Variable Frequency Drives (VFDs) Replacements	CI5629	\$360,000	\$0	\$0	\$0	\$0
40	In-Plant Motor Control Center (MCC) Upgrades	CI5630	\$500,000	\$0	\$0	\$0	\$0
41	CARRYOVER - In-Plant Motor Control Center (MCC) Upgrades	CI5630	\$337,000	\$0	\$0	\$0	\$0
42	CARRYOVER - In-Plant Electric Operators Assessment and Replacement	CI5633	\$264,000	\$0	\$0	\$0	\$0
43	In-Plant Meter Replacement	CI5634	\$694,000	\$0	\$0	\$0	\$0
44	In-Plant Pump Replacements; South RAS Pumps	CI5636	\$0	\$0	\$106,090	\$764,909	\$0
45	In-Plant Valve Assessment and Repairs	CI5637	\$130,000	\$618,000	\$0	\$0	\$0
46	Permeate Treatment Upgrades	CI5638	\$600,000	\$0	\$0	\$0	\$0
47	CARRYOVER - Permeate Treatment Upgrades	CI5638	\$233,000	\$0	\$0	\$0	\$0
48	Secondary Process Sensors	CI5639	\$0	\$324,450	\$0	\$0	\$0
49	Unit W - Pipe and Maintenance Hole Lining Project Phase II	CI5641	\$0	\$360,500	\$0	\$218,545	\$2,588,670
50	Wastewater Collection System Master Plan Implementation Projects Phase I	CI5680	\$0	\$0	\$265,225	\$1,912,272	\$0
51	Unit W Improvements - Phase II	CI5681	\$0	\$257,500	\$2,652,250	\$0	\$0
52	Biosolids Conveying and Storage Improvements	CI5683	\$900,000	\$0	\$0	\$0	\$0
53	Unit W Box Canyon Maintenance Hole Addition	CI5684	\$275,000	\$0	\$0	\$0	\$0
54	Hill Canyon Treatment Plant Rag-Bin Staging Area and Washout Bed Improvements	CI5685	\$125,000	\$0	\$0	\$0	\$0
55	Thousand Oaks Blvd Wastewater Pipe and Maintenance Hole Lining	CI5686	\$4,650,000	\$0	\$0	\$0	\$0
56	Wastewater Collections System Master Plan Implementation Projects Phase II	CI5687	\$0	\$0	\$0	\$273,182	\$1,969,640
57	HCTP Slope Stabilization Project	CI5736	\$0	\$242,050	\$2,615,119	\$0	\$0

	A	B	C	D	E	F	G
Line	Capital Improvement Plan	Project No.	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
58	Unit E Interceptor	MI2515	\$0	\$0	\$0	\$327,818	\$2,251,018
59	CARRYOVER - Collections Miscellaneous Repairs FY 2021-23	MI2577	\$373,000	\$0	\$0	\$0	\$0
60	CARRYOVER - Hill Canyon Treatment Plant Miscellaneous Repairs FY 2021-23	MI2585	\$350,000	\$0	\$0	\$0	\$0
61	Lateral Inspections and Upgrades Unit W	MI2586	\$120,000	\$0	\$0	\$0	\$0
62	CARRYOVER - Lateral Inspections and Upgrades Unit W	MI2586	\$595,000	\$0	\$0	\$0	\$0
63	Collections Master Plan Update	MI2589	\$750,000	\$0	\$0	\$0	\$0
64	Hill Canyon Treatment Plant Tertiary Filters Rehabilitation	MI2590	\$330,000	\$3,296,000	\$0	\$0	\$0
65	CARRYOVER - Hill Canyon Treatment Plant Tertiary Filters Rehabilitation	MI2590	\$290,000	\$0	\$0	\$0	\$0
66	South Plant Rehabilitation	MI2591	\$0	\$0	\$344,793	\$2,458,636	\$0
67	Collections Misc. Repairs FY 2023-25	MI2611	\$500,000	\$515,000	\$0	\$0	\$0
68	Hill Canyon Treatment Plant Miscellaneous Repairs FY 2023-25	MI2612	\$500,000	\$515,000	\$0	\$0	\$0
69	CARRYOVER - Bioreactor Basin 1 Concrete Rehab	MI2618	\$62,000	\$0	\$0	\$0	\$0
70	CARRYOVER - Hill Canyon Treatment Plant Piping, Equipment Painting, and Coating	MI2619	\$640,000	\$0	\$0	\$0	\$0
71	On-Site Power Generation Upgrades	MI2624	\$0	\$0	\$0	\$0	\$135,061
72	Hill Canyon Treatment Plant Electrical Classification & Compliance Study	MI2625	\$100,000	\$0	\$0	\$0	\$0
73	CARRYOVER - Hill Canyon Treatment Plant Electrical Classification & Compliance Study	MI2625	\$190,000	\$0	\$0	\$0	\$0
74	In-Plant Piping Assessment and Repairs	MI2642	\$0	\$0	\$0	\$601,000	\$0
75	Water Resources Project	MI2643	\$200,000	\$0	\$0	\$0	\$0
76	Collections Misc. Repairs FY 2025-2028	MI2644	\$0	\$0	\$371,315	\$382,454	\$393,928
77	Collections Square Maintenance Hole Upgrades	MI2645	\$30,000	\$206,000	\$0	\$0	\$0
78	Hill Canyon Treatment Plant Miscellaneous Repairs FY 2025-28	MI2646	\$0	\$0	\$424,360	\$437,091	\$450,204
79	Sewer System Management Plan (SSMP) 2024 Audit	MI2647	\$100,000	\$0	\$0	\$0	\$0
80	Sewer System Management Plan (SSMP) 2026 and 2028 Audits	MI2648	\$0	\$0	\$106,090	\$0	\$112,551
81	Sanitary Sewer Management Plan (SSMP) 2025 Update	MI2649	\$0	\$257,500	\$0	\$0	\$0
82	Hill Canyon Treatment Plant Record Drawings Electronic Mapping	MI2650	\$0	\$0	\$0	\$819,545	\$0
83	Total Planned CIP		\$34,374,900	\$10,279,400	\$13,680,306	\$10,413,688	\$11,874,118

APPENDIX B: SINGLE FAMILY RESIDENTIAL BILL COMPARISON TO NEIGHBORING AGENCIES



Notes:

1. All bills shown are monthly.
2. The City of Thousand Oaks current bill is based on FY 2023-24 current rates.
3. The City of Thousand Oaks proposed bill is based on FY 2024-25 proposed rates.
4. All other agency bills based on current rates as of July 2023 and assume 12 HCF/month of billed wastewater flows for any volumetric rate components.