



Meeting Date: 1/26/2010

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s) _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s) _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Anthony Emmert, Water Resources Manager

Agenda Item No. I-7

Reviewed By: City Manager

City Attorney

Finance

Other (Specify)

DATE: January 15, 2010

TO: City Council

FROM: Mark S. Norris, Assistant Public Works Director
Public Works Department, Utilities Services Branch

SUBJECT: **Special Budget Appropriations for 2009 and First Half of 2010 Calleguas
Municipal Water District Pass-Through Water Rate Adjustments**

RECOMMENDATION

That City Council:

1. Approve the appropriation of \$1,581,300 to the Water Operating Fund in FY 2009-10 due to the Calleguas Municipal Water District (CMWD) Pass-Through Water Rate Adjustments for calendar year 2009.
2. Approve revenue and appropriations in the amount of \$1,036,700 to the Water Operating Fund in FY 2009-10 due to the Calleguas Municipal Water District (CMWD) Pass-Through Water Rate Adjustments for the first half of calendar year 2010.
3. Approve revenue and appropriations in the amount of \$1,036,700 to the Water Operating Fund in FY 2010-11 due to the CMWD Pass-Through Water Rate Adjustments for the second half of calendar year 2010.

DISCUSSION

CMWD is a member agency of Metropolitan Water District of Southern California (MWD), the primary importer of water for Southern California. CMWD customarily raises its rates every January 1st, in coordination with annual MWD rate increases. Over the past several years, MWD and CMWD rate increases have been substantial, due to the high cost to MWD to obtain alternate sources of water. City Code Section 33-42, "Water Rates," allows the City to administratively pass-through these water purchase costs to its water customers. For the last two years, the City has adjusted the rates for its water customers in an amount sufficient to cover the increased expenditures. However, it made adjustments to the water revenue budget and water appropriation that covered only a portion of the increased costs for the City to purchase water.

Special Budget Appropriations for 2009 and First Half of 2010 Calleguas Municipal Water District
Pass-Through Water Rate Adjustments

January 15, 2010

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The FY 2009-10 budget recognized revenue increases due to prior year pass through adjustments, but did not include the full cost of water purchases.

- The January 1, 2009 CMWD's Tier I Rates increased by approximately 17.05%. After staff analyzed the CMWD increase using the City's utility rate model, the City initiated a pass-through rate increase to its water utility customers of approximately 5.40%. Additional water costs of \$1,581,300 were not included in the current year appropriation.
- The January 1, 2010 CMWD's Tier I Rates increased by approximately 22%. After staff analyzed the CMWD increase using the City's utility rate model, the City initiated a pass-through rate increase to its water utility customers of approximately 9%. This additional water cost amounts to \$2,073,400. Since these rates are effective in the middle of the City's fiscal year, staff is requesting that only half of this total water cost, \$1,036,700 be appropriated to FY 2009-10, with an additional \$1,036,700 appropriated to FY 2010-11, representing the second half of the increase.

FINANCIAL IMPACT

The following two special budget appropriations in Fund 601 Water Operating budget will bring budgeted revenues and appropriations in line with CMWD rate increases:

- Recommended appropriation of \$1,581,300 for the net additional cost of water purchases from the CMWD, as per the approved pass-through water rate adjustment for calendar year 2009.
- Recommended revenue and appropriation of \$1,036,700 for the additional cost of water purchases from the CMWD, as per the approved pass-through water rate adjustment for the first half of calendar year 2010.
- FY 2010-11 will recognize revenue and appropriations of \$1,036,700 for the additional cost of water purchases from the CMWD, as per the approved pass-through water rate adjustment for the second half of calendar year 2010.

There are sufficient funds in Water Operating Fund fund balance to cover the special budget appropriations.

If approved, the appropriation of the second \$1,036,700 for the second half of calendar year 2010 will be included in the update to the FY 2010-11 budget.

AAE:MLJ:joh

Attachment #1 – Special Budget Appropriation

Attachment #2 – Special Budget Appropriation

CITY OF OXNARD
REQUEST FOR SPECIAL BUDGET APPROPRIATION

To the City Manager:

January 26, 2010

Request is hereby made for an appropriation of total \$ -0-

Reason for appropriation: To account for increased appropriations resulting from the 2009 Calleguas Municipal District pass-through water rate adjustments

<u>FUND</u>	<u>DESCRIPTION/ACCOUNT</u>	<u>AMOUNT</u>
	Water Acquisition - MWD 601-6010-843-8142	1,581,300
	Transfers to Capital Reserve	(1,581,300)
	Net Estimated Change to Water Operating Fund Balance	-0-



 Manager

REQUIRES CITY COUNCIL APPROVAL

CHIEF FINANCIAL OFFICER



Disposition _____

Approved _____

Rejected _____

Transfer by Journal Voucher _____

 City Manager

CITY OF OXNARD
REQUEST FOR SPECIAL BUDGET APPROPRIATION

To the City Manager:

January 26, 2010

Request is hereby made for an appropriation of total \$ -0-

Reason for appropriation: To account for increased revenues and appropriations resulting from the first half of 2010 Calleguas Municipal District pass-through water rate adjustments

<u>FUND</u>	<u>DESCRIPTION/ACCOUNT</u>	<u>AMOUNT</u>
Water (601)	Single Family Residential 601-6010-611-7601	(688,850)
	Multi-Family Residential 601-6010-611-7602	(201,200)
	Commercial/Institutional 601-6010-611-7603	(228,650)
	Industrial 601-6010-611-7617	(91,750)
	Irrigation 601-6010-611-7618	(127,700)
	Agricultural (Ocean View) 601-6010-611-7619	(10,300)
	Fireline Service 601-6010-611-7604	311,750
	Water Acquisition - MWD 601-6010-843-8142	1,036,700
	Net Estimated Change to Water Operating Fund Balance	-0-



 Manager

REQUIRES CITY COUNCIL APPROVAL

CHIEF FINANCIAL OFFICER



Disposition

Approved _____

Rejected _____

Transfer by Journal Voucher _____

 City Manager