



Ventura County Coalition of  
Labor, Agriculture and Business  
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September 17, 2013

Honorable Mayor and Members of the Ventura City Council  
City of Ventura  
501 Poli St.  
Ventura, CA 93002-0099  
Transmitted via email to:

Comments on the Proposed Ventura Water In-Lieu Development Fee Ordinance

Dear City Council Members,

Thank you for the opportunity for Colab, Ventura County, to comment on the above ordinance. In summary, we believe that the proposed water in-lieu development fee will be a deterrent to new and expanding business in the City and is counter to the newly adopted Economic Development Strategy of March 11, 2013.

Introductory remarks state that the Economic Strategy is a “reflection” of the philosophy that the chicken comes before the egg and that it is the City’s responsibility to “establish the economic foundations” by “investing in the physical infrastructure” and supplying “a positive business and regulatory climate... to allow the business community to hatch”. We agree, it takes chickens to produce eggs and are concerned that this ordinance will chase the chickens away.

The ordinance is written to generate fees from developers at the building permit stage in order to fund the production of additional water supplies to support future development. However, there is no project planned to accomplish this goal and no accountability by Ventura Water to achieve a specific amount of additional supply. Therefore, expanding or newly located businesses as described in the Strategy would be required to pay fees per the ordinance, being asked to invest in the City without an executable plan to insure against shortages and/or water rationing in the future.

We believe the passing of such an ordinance must be accompanied by a specific project delineated by Ventura Water such as importing State Water, additional well drilling, recycled water or desalination. The project should be clearly defined including a commitment and a detailed analysis of the costs and a solid economic funding plan which would realistically require bond and/or grant funding to be implemented for the addition of significant additional supply.

Economic Development Strategy vs the Proposed Ordinance

Key goals of the Strategy include: to create opportunities for expansion and attract complimentary businesses to the city. Two of the targeted industries are agriculture and manufacturing. Small and

medium sized manufacturers are touted as being “the majority of Ventura’s largest revenue generators”. For these types of businesses to consider Ventura as a location to expand or relocate, there will need to be a commitment by the City of Ventura to provide a consistent, reliable and cost competitive water supply.

In fact, one of the threats identified in the Economic Strategy is: “other Ventura County cities are developing new, more modern industrial buildings that may reduce demand for industrial space in Ventura.” The addition of this in-lieu fee will further inhibit the ability of the City of Ventura to compete for business. This is counter to the philosophy of the Strategy as described above. Further, it is unrealistic to expect new businesses and housing developers to bear the entire burden of developing future water sources through such fees.

When businesses are encouraged to come to town, they pay recurring property taxes and water bills to support future expansions and maintenance of the water systems. With no new businesses, the only option is to continuously increase the rates of current customers to cover replacement wells, facilities and maintenance.

Housing for new businesses is also a serious issue for economic development in the City of Ventura. In the Strategy, “the lack of executive housing” was identified as a weakness, presenting a challenge for new businesses to relocate here. The proposed in-lieu water fee would discourage new housing, particularly with respect to executive and low-income projects in the city. This proposed ordinance requiring these additional fees conflicts with the vision and goals of the Economic Development Strategy.

#### Problems with the Language of the Proposed Ordinance

In reviewing the ordinance specifics, it contains questionable supply calculations; the language does not treat businesses fairly, has excess undefined fees, and has a general lack of accountability by Ventura Water for use of the funds.

- 1) Based on the VCW Report, adding reasonable numbers for actual supply without unnecessary discounting, current water supply can be conservatively estimated at approximately 24,000 AFY. This does not even account for provisions for emergency supplies. When compared to the 17,601 AFY demand plus the 1,042 AFY for under construction and approved units the projection is 18,643 AFY to complete all projects in the pipeline (see Table 3-7). This leaves a comfortable margin with no critical reason to pass this ordinance.
- 2) The data spread with respect to the average water use demand factor (gal/day) for commercial/industrial/retail/businesses is too wide to support the proposed average. In the Ventura Comprehensive Water Resources Report of 2013 (VCWR Report - Table 3-4, P. 42), actual usage varies from 15 to 5,000 gal/day for different uses in this category. Charging a warehouse or school with limited water demand the same fee per square foot as a high demand industrial use would be counterproductive. This would likely eliminate new low water usage businesses in the city as they would refuse to pay a fee to develop water they would never use.
- 3) The 20% contingency for “planning purposes” added to the fee is exorbitant and is not justified in the VCWR Report or any other study. In addition, the 6.5% “loss factor” is not supported by actual data and the existence of such a loss would point to a lack of responsible water

management and maintenance. Such unsupported and arbitrary extra costs cause lack of credibility, further discouraging business and residential housing projects in the city.

- 4) Language in the draft ordinance Section 22.180.040 – A: allows proceeds to be used “to fund demand side management activities” This language allows Ventura Water to use funds for indefinite purposes other than direct projects to increase water supply. As written, there is no accountability that the proceeds will be spent on additional water supplies to insure against future shortages and water rationing which will impact both new and existing customers.
- 5) Additional accountability language needs to be added, if the ordinance is considered, requiring annual reporting by Ventura Water to the City Council enumerating fees collected, expenses paid and additional water supplies developed. There should also be a requirement for 5 year and 10 year water supply goals along with estimated revenues from projected fees.

While there is always a temptation to further burden businesses and developers with new fees, economic development requires that a city be competitive. While this proposal may have a short term benefit in collecting fees from current owners/developers in the pipeline, the long term impact will discourage new players and lead to a no-growth scenario that will continue the City toward economic decline and the inability to provide critical services to the community.

The ability for the City of Ventura to provide sufficient water for their residents and businesses under a realistic plan will be the determining factor for its success going forward. We believe the City Council members should vote against this proposal, direct Ventura Water to prioritize feasible water supply projects and utilize the bond funding mechanism and/or grant funding for construction to insure the future viability of the city.

Sincerely,

A handwritten signature in black ink, appearing to read "Lynn Gray Jensen". The signature is fluid and cursive, with the first name "Lynn" being the most prominent.

Lynn Gray Jensen  
Executive Director

Cc: Mark Watkins, City Manager  
Ed Summers, Ventura Chamber of Commerce