

Financial Analysis & Revenue Requirements 2021-2025

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Las Virgenes Municipal Water District
www.LVMWD.com

Elements of Rate study

- Financial Plan
- Cost of Service Analysis
- Develop Rates
- Public Workshops
- Public Hearing
- Annual Confirmation of Rates



Financial Analysis & Revenue Requirements Importance

- Supports key District Business Values:
 - Sound Financial Management
 - Sound Planning and Appropriate Investment
- Supports debt issuance for Las Virgenes – Triunfo Pure Water Project.
- Provides cost certainty for customers.



Financial Analysis & Revenue Requirements Goals

1. Maintain a rate structure that is fair and equitable across customer classes.
 - a) Re-examine commercial water budgets to promote efficient use in a manner that supports business and economic development.
2. Maximize revenue stability to navigate variable economic and hydrologic conditions.
3. Provide a strong price signal to drive an efficiency ethic and minimize rate impacts to efficient customers.
4. Ensure that rates are compliant with California Law.



Financial Analysis & Revenue Requirements Adjustments

- Deferred 20% of CIP projects in years 1 & 2 and 10% in year 3.
- Focus on core services/expenditure reductions.
- Maintaining focus on current revenue and additional potential cost savings strategies.



Financial Analysis & Revenue Requirements Options

- Option 1 – Even revenue adjustments over the five-year period.
- Option 2 – Defer all revenue adjustments in 2021, except for MWD pass through of wholesale water cost.
- Option 3 – A hybrid approach of a lower revenue adjustment in 2021, followed by even revenue adjustments for 2022 through 2025.



Financial Analysis & Revenue Requirements Future Drivers

- Rates approved through this process are maximums.
 - We propose to continue to have the Board confirm the rate adjustments each year.
- Effects of COVID-19 on the District's finances will need to be monitored.
- Non-rate revenue can offset future revenue requirements.
- Effect of cost savings measures on future rates.
- Future low-income programs.

