

Cost of Service & Proposed Rates 2021-2025

November 10, 2020



Las Virgenes Municipal Water District
www.LVMWD.com

Elements of Rate study

- **Financial Plan – Completed**
- **Cost of Service Analysis - Completed**
- **Develop Rates – Board Review November 10**
- Set Public Hearing/Receive Cost of Service Report – December 15, 2020
- Public Workshops – January 2021
- Public Hearing – February 2, 2021
- Rates Effective – March 1, 2021, then each January
- Annual Confirmation of Rates – 2022 through 2025



Previous Board Actions

- Approval of Guiding Principals – July 21, 2020
 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.



Previous Board Actions

- Change in Commercial Budgets – July 21, 2020
 - Change from 90% of 3-year rolling average to 100% of 2-year rolling average.
 - Reduce from 4 to 3 tiers:
 - Efficient
 - Inefficient
 - Excessive
 - Conduct additional outreach and develop commercial specific programs to promote efficiency.

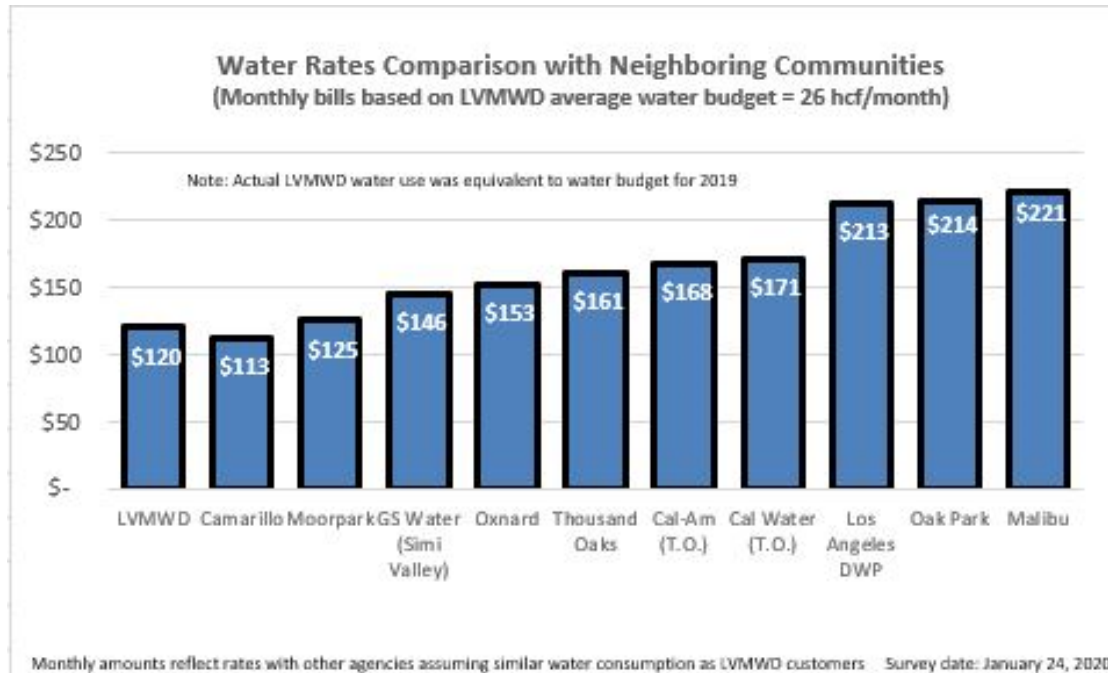


Previous Board Actions

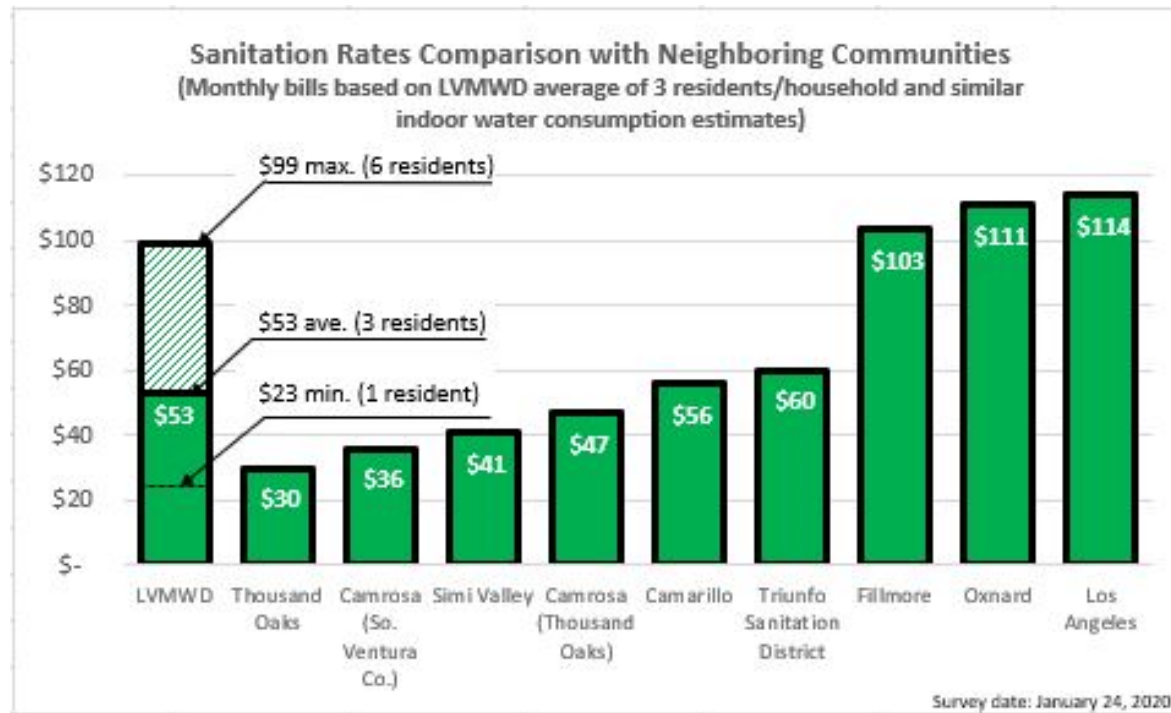
- Review of Financial Plan – August 18, 2020
 - Reviewed Results of the Financial Plan and 3 Rate Scenarios:
 1. Even adjustments over 5 years.
 2. Defer 2021 adjustments, then even over 4 years.
 3. Lower adjustments in 2021, followed by 4 years of even adjustments
 - Directed staff to bring back:
 - Scenarios 1&3 for Potable Water and Sanitation
 - Scenario 1 for Recycled Water



2020 Base Line Comparison



2020 Base Line Comparison



Approved 2021 Adjustments

<u>Agency</u>	<u>Water</u>	<u>Sewer</u>
TWSD*	6.00%	15.00%
Simi Valley*	3.50%	7.85%
Camarillo	0.00%	2.00%
Santa Barbara	0.00%	5.00%
Thousand Oaks*	1.00%	1.00%
Ventura	8.00%	8.00%
Santa Monica	18.00%	10.00%
Glendale	1.50%	3.50%
Camrosa	4.00%	7.00%
Average	4.67%	6.59%
<i>LVMWD Proposed 2021*</i>	<i>2.5% or 5.0%</i>	<i>2.5% or 3.75%</i>

* = plus pass through



Today's Meeting

- Review Cost of Service Results
- Provide direction on rate scenario for Potable Water and Sanitation
 1. Even adjustments over 5 years.
 2. Lower 1st year adjustment, then even over 4 years.



Elements of Rate study

- Financial Plan – Completed
- Cost of Service Analysis - Completed
- Develop Rates – Completed
- **Set Public Hearing/Receive Cost of Service Report – December 15, 2020 – NEXT STEP**
- Public Workshops – January 2021
- Public Hearing – February 2, 2021
- Rates Effective – March 1, 2021, then each January
- Annual Confirmation of Rates – 2022 through 2025

