

Cost of Service & Proposed Rates
2021-2025

Set Public Hearing

December 15, 2020



Las Virgenes Municipal Water District
www.LVMWD.com

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**
- 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



Previous Board Actions

- Review of Financial Plan – November 10, 2020
 - Reviewed Cost of Services Analysis
 - Reviewed Rate Options
 1. Directed staff to proceed with developing even rate adjustments.



Potable Water Scenarios

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Scenario 1	5.0%	5.0%	5.0%	5.0%	5.0%
Scenario 2	2.5%	6.0%	6.0%	6.0%	6.0%



Sanitation Scenarios

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Scenario 1	3.75%	3.75%	3.75%	3.75%	3.75%
Scenario 2	2.5%	4.5%	4.5%	4.5%	4.5%



Recycled Water Scenarios

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Scenario 1	8.0%	8.0%	8.0%	8.0%	8.0%



Residential Monthly Water Bill Scenarios with MWD Pass-through

Efficient  Average  Excessive

% of Bills	20%	26% (+ 6%)	40% (+14%)	61% (+21%)	74% (+13%)	84% (+10%)
	8 hcf	10 hcf	15 hcf	25 hcf	35 hcf	50 hcf
Current Bill	\$57.42	\$64.42	\$81.92	\$121.27	\$163.27	\$229.37
MWD Pass Thru	\$1.19	\$1.48	\$2.22	\$3.71	\$5.19	\$7.41
Financial Scenario 2.5	\$60.59	\$68.23	\$87.32	\$129.54	\$174.22	\$244.71
Bill Impacts	+\$3.17	+\$3.81	+\$5.40	+\$8.27	+\$10.96	+\$15.34
Financial Scenario 5.0	\$62.03	\$69.85	\$89.39	\$132.63	\$178.42	\$250.62
Bill Impacts	+\$4.61	+\$5.43	+\$7.47	+\$11.37	+\$15.15	+\$21.25

84% of customers use 50 hcf or less of water per month; 16% of customers exceed 50 hcf of monthly water use.



Residential Monthly Service Charge

Household Size	% of Accounts	Current	Proposed	\$ Change
1	8.6%	\$22.73	\$23.59	\$0.86
2	18.7%	\$38.04	\$39.47	\$1.43
3	43.5%	\$53.35	\$55.36	\$2.01
4	16.5%	\$68.66	\$71.24	\$2.58
5	6.6%	\$83.97	\$87.12	\$3.15
6+	6.1%	\$99.28	\$103.01	\$3.73



Recommendation

- Receive and file Rate Study Report prepared by Raftelis
- Set Public Hearing for February 2, 2020 at 9:00 a.m.

