

MINUTES
SPECIAL MEETING OF THE
BOARD OF DIRECTORS
LAS VIRGENES MUNICIPAL WATER DISTRICT

November 10, 2011

1 The Board of Directors of Las Virgenes Municipal Water District met in Special Meeting at 4232 Las Virgenes Road, in Calabasas, California, at 9:00 AM on Thursday, November 10, 2011.

President Renger called the meeting to order at 9:08 AM.

The Pledge of Allegiance to the Flag was given by President Renger.

Secretary Caspary called the roll. Those answering present were Directors Bowman, Caspary, Renger and Steinhardt. The Chair declared a quorum present.

Absent: Director Peterson.

2 Financial Planning Workshop: General Manager Mundy provided an overview of what will be discussed in today's workshop to include a presentation by the District's Financial Consultant Sanjay Gaur. Mr. Gaur will be providing the Board information on the revenue requirements for all enterprises over the next three to five years and scheduling of timing when adjustments to revenue requirements are needed. Staff will speak in regards to public outreach approaches to help the community understand the need for revenue adjustments and the factors influencing increasing costs to the District.

Sanjay Gaur, Manager - Raftelis Financial Consultants provided the Board an overview of the financial model and projections for revenue adjustments. Mr. Gaur indicated that the Water Fund is in most need of revenue adjustments as it is expending \$3 million dollars more in operating costs than revenues being received. This deficit spending was approved by the Board in the 2007 Financial Plan in order to reduce reserve levels to meet projections identified in the plan. Mr. Gaur demonstrated various revenue adjustment alternatives, and suggested a 10% water rate increase in 2012 along with 8% in 2013 and 2014, without expenditure and reserve level adjustments, will be needed to mitigate the \$3 million annual operating deficit in order to not fully deplete reserves. These increases will not address the need to fund CIP (Capital Improvement Projects) over this same period. Reserve levels will need to be continually drawn down until revenues and expenses are matched.

The Board asked a numbers of questions throughout the presentation and requested staff to come back with additional information. The Board asked staff to look at various rate change alternatives over the next five years by delaying CIP Projects, extending the implementation of projects over the next 10 years, modifying the reserve policies, budgeting CIP based on actual vs. budgeted expenditures, looking at reducing expenditures, and developing outreach messages to help customers understand the need for revenue changes, which are being driven mostly by external cost factors.

3 No action was taken by the Board. The Chair declared the Special Meeting - Financial Planning Workshop adjourned at 11:40 a.m.



Lee Renger, President
Board of Directors
Las Virgenes Municipal Water District

ATTEST:



Charles Caspary, Secretary
Board of Directors
Las Virgenes Municipal Water District

(SEAL)