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LVMWD Board of Directors Adopts \$76.2 Million Budget for FY 2014-15

CALABASAS, CA June 12, 2014 – The Las Virgenes Municipal Water District (LVMWD) Board of Directors has approved a \$76.2 million budget for Fiscal Year (FY) 2014-15 that will become effective July 1. The balanced budget provides funding for LVMWD's three core services, potable water, sanitation (wastewater treatment) and recycled water distribution.

The adopted budget includes operating expenses of \$50.4 million, non-operating expenses of \$0.1 million, debt service payments of \$2.7 million and capital project expenses of \$23 million. The largest single expense in the budget continues to be for purchasing potable water, projected at \$25.5 million for the coming year.

Capital improvement projects are a significant component of the budget. Work continues on the potable water "Backbone Improvement Program" which includes the five-million gallon tank currently under construction at Las Virgenes Reservoir in Westlake Village, a refurbishment of the Calabasas tank and further implementation of automated metering infrastructure throughout the District. In the recycled water and wastewater treatment enterprises, priority projects targeted for action in FY 2014-15 include extension of recycled water mains, rehabilitation work at the Tapia Water Reclamation and Rancho Las Virgenes Composting Facilities and the lining of a recycled water reservoir.

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LVMWD General Manager David W. Pedersen said the budget reflects the District's commitment to providing high-quality water and sanitation services to its customers. He also pointed out the gap in net operating revenue for water service has shrunk to \$137,107 but indicated the District will commence a cost of service and rate study in the coming year.

The three-year rate schedule adopted in 2012 is entering its final year of scheduled increases. Sanitation (sewer service) rates will increase slightly on July 1, 2014, rising from a current maximum of \$108.56 bimonthly for a single family residence to \$110.74. Single-family residential customers can qualify for lower sewer service rates based on their water usage from December 1 through March 31; details are available on the LVMWD website. Rates for multi-family dwellings will increase from \$68.59 to \$69.97 bimonthly.

Potable water rates are scheduled to increase on January 1, 2015, with an additional eight cents per billing unit added to the scheduled rates, reflecting "pass-through" cost increases from LVMWD's wholesale supplier, Metropolitan Water District of Southern California, that were unknown at the time the rate structure was adopted in 2012. Under LVMWD's tiered usage plan, the projected Tier 1 cost per billing unit would increase from \$2.19 to \$2.31; Tier 2 from \$2.60 to \$2.80; Tier 3 from \$3.56 to \$3.81 and Tier 4 from \$5.02 to \$5.34. One billing unit equals 100 cubic feet or 748 gallons.

Mr. Pedersen said, "As we look ahead to 2015, there are several challenges we must address. Future wastewater treatment costs may reflect the cost to comply with new water quality standards adopted for Malibu Creek by the U.S. Environmental Protection

Agency and the Los Angeles Regional Water Quality Control Board, if they are applied to the new operating permit for the Tapia Water Reclamation Facility, which expires next year.” The new standards for Malibu Creek are currently being challenged in federal court.

“We are also concerned about the effects of the current drought, especially if we experience another winter of below-average precipitation in the state’s water-supply regions. In our region, we are currently using water being drawn from stored supplies, which is not sustainable over the long term,” Mr. Pedersen said.

The adopted budget also includes funding for conservation programs including customer and school education programs, conservation incentives and outreach to homeowner groups and business interests.

There are no projected increases in staffing levels, although three positions were reclassified in response to changing business needs in the District.

In a related action, the LVMWD Board authorized a “prepayment” of \$1,701,878, which is the annually required contribution to the CalPERS retirement system. Early payment results in a savings of \$62,667.

Las Virgenes Municipal Water District is a public agency that provides potable water, wastewater treatment services, recycled water and biosolids composting for residents and businesses in the cities of Agoura Hills, Calabasas, Hidden Hills, Westlake Village and surrounding unincorporated portions of western Los Angeles County.