



LAS VIRGENES MUNICIPAL WATER DISTRICT
4232 Las Virgenes Road, Calabasas CA 91302

MINUTES
SPECIAL MEETING

9:00 AM

June 3, 2015

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance to the Flag was led by Carlos Reyes.

1. CALL TO ORDER AND ROLL CALL

A Call to order and roll call

The meeting was called to order at **9:00 a.m.**, by Board President Peterson in the Board Room at Las Virgenes Municipal Water District headquarters at 4232 Las Virgenes Road in Calabasas. Joanne Bodenhamer, Interim Clerk of the Board, conducted the roll call.

Present: Lewitt, Polan, Renger, Caspary and Board President Peterson.

Absent:

2. APPROVAL OF AGENDA

A Approval of agenda

General Manager David Pedersen indicated that there were no proposed changes to the agenda.

On a motion by Director Caspary, seconded by Director Polan, the Board voted unanimously to approve the agenda as presented.

3. PUBLIC COMMENTS

None

4. RATES WORKSHOP

General Manager Pedersen gave an overview of the item, stating the meeting would involve going over the rate design; he explained that the first part of the rate study was the financial analysis, which was presented at the workshop in January; the scope of work for Raftelis Financial Consultants, Inc. included three components: a financial review, cost of service analysis and rate design; in January, the financial review was discussed with the Board; Mr. Pedersen explained that the meeting would focus on the cost of service and rate design for the Potable Water and Sanitation Enterprises; discussion of the Recycled Water Enterprise was deferred.

Mr. Pedersen explained that staff believed the following items were most important in considering the rate design: (1) to ensure the rates are fair and equitable to the customers; (2) to improve revenue stability for the District; (3) to provide a strong price signal to drive an efficiency ethic with the customers; (4) to minimize the impact of rate adjustments to the efficient customers; and (5) to ensure the rates are legal and compliant with Proposition 218.

Mr. Pedersen introduced Sanjay Gaar with Raftelis Financial Consultants, Inc., who worked on the cost of service analysis and rate design, and Tom Ash, who has been the District's strategic advisor through the entire process and continues to provide advice on overcoming some of the challenges.

Mr. Gaar gave an interactive and detailed PowerPoint presentation, which included the following: an introduction; review of the rate study process; discussion of Proposition 218 requirements; review of the sanitation rates design; discussion of the water budget framework; review of the water rates design; explanation of customer impacts; review of the recycled water rates design; conclusions and staff recommendations; and discussion of penalties.

Mr. Gaar's presentation went into more depth on the following topics:

Rate Study Process:

- Pricing Objectives/Financial Plan
- Cost of Service Rate Design
- Customer Impact Analysis
- Final Rate Adoption

Proposition 218 Requirements:

- Nexus requirement needed between cost of service and rates
- What is the rationale for different tiered rates?
- Why do different customers have different rates?

Sanitation Rates:

- Cost of Service Analysis
- Recommendations
- Proposed Rates

Water Budget Framework:

- Defining Efficient Indoor Water Budget
- Defining Efficient Outdoor Water Budget
- Defining Efficient Commercial Water Budget
- Proposed Water Budget Factors
- Water Budget Tier Definitions
- Potable Water Usage Analysis

Additional discussion took place and questions of the Board were answered by staff, Mr. Garr, and Mr. Ash.

The Board took a brief recess at 10:16 a.m. and reconvened at 10:29 a.m.

Mr. Garr continued his presentation with a discussion of the following items:

Water Rates Design:

- Cost and Revenue Structures
- Cost of Service Allocation Process
- Cost of Service Analysis Results and Revenue Recovery
- Proposed Bi-Monthly Readiness to Serve Charge
- Components of Water Commodity Rates
- Water Commodity Rates
- Water Elevation Charges

Customer Impacts Analysis:

- Water and Sanitation Customer Impacts

Conclusions and Staff Recommendations:

- Proceed with Proposition 218 Notice

Director of Finance and Administration, Don Patterson continued the presentation with the following:

Discussion of Wasteful Water Use Penalties:

- Why Use Penalties?

Tools to Address Drought through Water Budget Rate Structure

Discussion took place and questions of the Board were answered. District Council Keith Lemieux provided clarification in response to questions regarding penalties.

General Manager David Pedersen presented the following:

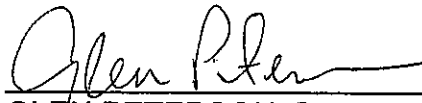
Timeline for Water Budgets Implementation:

- Board Action
- Customer Data
- Billing System
- Meter Reading Services
- Public Outreach

Director of Resource Conservation and Public Outreach, Carlos Reyes commented that staff was working on a customer survey/questionnaire. A copy of the survey would be sent to the customers and would be shared with the Board at the next meeting. General Manager David Pedersen added that the survey would be an important communication to ask the customers about their thoughts on budget-based rates, to verify the number of people in the household, and to confirm the square footage of irrigated area.

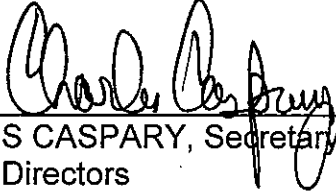
5. ADJOURNMENT

Seeing no further business to come before the Board, the meeting was duly adjourned at **11:56 a.m.**



GLEN PETERSON, President
Board of Directors
Las Virgenes Municipal Water District

ATTEST:



CHARLES CASPARY, Secretary
Board of Directors
Las Virgenes Municipal Water District

(SEAL)