

NOTICE OF PUBLIC HEARING
PROPOSED RATE CHANGES TO POTABLE WATER, RECYCLED WATER AND SANITATION SERVICE RATES

September 2, 2015

Dear Customer,

In compliance with Proposition 218, the Board of Directors of Las Virgenes Municipal Water District (LVMWD or District) will hold a public hearing at District Headquarters, 4232 Las Virgenes Road, Calabasas, CA on **Monday, October 26, 2015, at 6 p.m.** to consider proposed potable water, recycled water and sanitation rate changes for the next five years.

The District is entirely dependent upon imported potable water supplied by the Metropolitan Water District of Southern California (MWD); there are no local potable water sources. MWD adopted increases in water rates to its member agencies that will be effective in January 2016. There are also undetermined increases expected in 2017 through 2020 that LVMWD intends to “pass through” in conformance with Government Code Section 53756. These increases cover the escalating costs of water, water treatment, and the repair and replacement of aging MWD infrastructure. Sixty percent of LVMWD’s annual operating budget is for the purchase of water.

In addition, the District is proposing to increase its rates to meet the ongoing costs of providing safe, reliable water and sanitation services to the community. The increases are needed to:

1. Meet current and projected costs of operating and maintaining the potable water, recycled water and sanitation systems.
2. Construct, repair, replace and upgrade the existing potable water, recycled water and sanitation systems.
3. Comply with existing and new regulatory requirements.

The most important aspect of this five-year rate change is the implementation of a budget-based rate structure. The weakness of the current rate structure is that it does not distinguish between efficient and inefficient customers. Water budgets are an industry “best practice” to conserve water, promote an efficiency ethic and provide long-term financial stability for the District. Based on the experiences of other agencies, the state has recognized water budgets as a proven method to promote efficient water use. Water budgets will support the District in meeting state and regional mandates for water conservation and efficiency and help to reduce the effects of future droughts.

You received this notice because you are a property owner or tenant directly responsible for the payment of services provided by the District. You may submit a written protest to the proposed rate increases; however, only one protest will be counted per identified parcel. Two community meetings will be held prior to the public hearing (see details on back).

If you have any questions or comments regarding LVMWD’s proposed rate adjustments, you may contact me at generalmanager@lvmwd.com; or by telephone at (818) 251-2200; or by mail to General Manager, LVMWD, 4232 Las Virgenes Road, Calabasas, CA 91302.

Sincerely,



David W. Pedersen
General Manager

PUBLIC HEARING
MONDAY, OCTOBER 26, 2015, 6 P.M.
DISTRICT HEADQUARTERS,
4232 LAS VIRGENES ROAD, CALABASAS

PROPOSED POTABLE AND RECYCLED WATER RATE STRUCTURE CHANGES

There are six classes of potable and recycled water customers: single-family residential, multi-family residential, potable water irrigation, recycled water irrigation, commercial and temporary water service.

The proposed rate structure has three components:

1. "Readiness to serve charge," which is a fixed monthly service charge — depending on the size of the meter — to cover a significant portion of the District's fixed costs such as meter maintenance and replacement, meter reading, billing and customer service.
2. "Commodity charge," which is a volumetric charge per unit of water used.
3. "Elevation charge," which applies in certain areas of the District to cover the cost of pumping water to higher elevations.

Every month, each customer is billed on a "water budget" reflecting a reasonable amount of water based on their individual needs and current weather data.

Single- and multi-family residential: Residential water budgets consist of indoor and outdoor components and, if necessary, special needs.

Indoor water budgets are calculated using three factors:

- 55 gallons per person per day per California Water Code Section 10608.20
- Number of people in the household
- Number of days in the billing cycle

The indoor water budget for multi-family customers is calculated by multiplying the average occupancy by the number of dwelling units served by one meter.

Outdoor water budgets are calculated using three factors:

- Amount of irrigated area
- Actual daily plant water loss or "evapotranspiration" (ET_o)
- ET_o adjustment factor (0.80 for existing landscapes and 0.55 for new landscapes per the CA Model Water Efficient Landscape Ordinance)

Special Needs: An additional monthly allocation may be designated for:

- Medical needs
- Licensed day care facilities
- Large farm animals (horses, llamas, alpacas)

Potable and recycled water irrigation: Individualized water budgets are calculated using three factors:

- Amount of irrigated area
- Actual daily plant water loss or "evapotranspiration" (ET_o)
- ET_o adjustment factor (0.80 for existing landscapes, 0.55 for new landscapes and 1.0 for high traffic public areas)

Commercial: Water budgets are calculated using a three-year rolling average of each customer's monthly water use.

WATER BUDGET TIERS

Tier descriptions for the various customer classes are shown in the tables below. Tier sizes under water budgets vary depending upon customer-specific needs.

SINGLE / MULTI-FAMILY RESIDENTIAL		
TIER	TIER NAME	DESCRIPTION
Tier 1	Efficient Indoor	Indoor Water Budget
Tier 2	Efficient Outdoor	Outdoor Water Budget
Tier 3	Inefficient	101% to 150% of Total Water Budget ¹
Tier 4	Excessive	Over 150% of Total Water Budget
¹ Total Water Budget = Efficient Indoor + Efficient Outdoor		

COMMERCIAL	
TIER	DESCRIPTION
Tier 1	33% of Water Budget ¹
Tier 2	67% of Water Budget
Tier 3	101% to 150% of Water Budget
Tier 4	Over 150% of Water Budget
¹ Water Budget = 90% of three-year rolling average	

POTABLE / RECYCLED WATER IRRIGATION		
TIER	TIER NAME	DESCRIPTION
Tier 1	Efficient Outdoor	Water Budget
Tier 2	Inefficient	101% to 150% of Water Budget
Tier 3	Excessive	Over 150% of Water Budget

RATE TABLES

The following tables compare the current and the proposed monthly rates for all classes of customers. All numbers shown are half of the previous bimonthly rates because the District has transitioned to monthly billing.

Potable Water: Currently, the District recovers only 21% of its fixed costs with fixed revenues, resulting in revenue volatility when water demands are low.

To minimize the impact of revenue volatility to customers, the fixed cost recovery is proposed to increase to 50% over a five-year period.

POTABLE WATER - READINESS TO SERVE CHARGE (MONTHLY)						
Meter Size	Current	Proposed				
		2016	2017	2018	2019	2020
3/4"	\$15.87	\$18.30	\$21.73	\$25.43	\$29.42	\$33.72
3/4" x 1"	\$15.87	\$18.30	\$21.73	\$25.43	\$29.42	\$33.72
1"	\$23.36	\$29.47	\$35.14	\$41.25	\$47.87	\$54.97
1-1/2"	\$42.09	\$57.39	\$68.65	\$80.80	\$93.95	\$108.07
2"	\$64.83	\$90.89	\$108.86	\$128.26	\$149.25	\$171.80
3"	\$124.45	\$196.97	\$236.20	\$278.55	\$324.37	\$373.61
4"	\$192.17	\$353.30	\$423.85	\$500.02	\$582.43	\$671.00
6"	\$379.13	\$894.89	\$1,073.94	\$1,267.29	\$1,476.47	\$1,701.28
8"	\$604.29	\$1,564.89	\$1,878.17	\$2,216.48	\$2,582.49	\$2,975.84
10"	\$866.49	\$2,346.55	\$2,816.44	\$3,323.86	\$3,872.84	\$4,462.83

Readiness to serve charge for a temporary meter is 1.5 times the charge above.

All charges are \$/hcf; hcf is hundred cubic feet = 748 gallons = one billing unit.

SINGLE- / MULTI-FAMILY RESIDENTIAL - COMMODITY CHARGE							
Current		Proposed					
Tier	Charge	Tier	2016	2017	2018	2019	2020
Tier 1	\$2.31	Efficient Indoor	\$2.36	\$2.43	\$2.51	\$2.58	\$2.66
Tier 2	\$2.80	Efficient Outdoor	\$3.18	\$3.21	\$3.24	\$3.28	\$3.31
Tier 3	\$3.81	Inefficient	\$3.96	\$3.97	\$3.98	\$4.00	\$4.01
Tier 4	\$5.34	Excessive	\$4.98	\$4.99	\$5.00	\$5.01	\$5.03

Commodity charge for a temporary meter is 1.5 times the Excessive tier rate.

COMMERCIAL - COMMODITY CHARGE						
Current		Proposed				
Tier	Charge	2016	2017	2018	2019	2020
Tier 1	\$2.31	\$2.36	\$2.43	\$2.51	\$2.58	\$2.66
Tier 2	\$2.80	\$3.18	\$3.21	\$3.24	\$3.28	\$3.31
Tier 3	\$3.81	\$3.96	\$3.97	\$3.98	\$4.00	\$4.01
Tier 4	\$5.34	\$4.98	\$4.99	\$5.00	\$5.01	\$5.03

IRRIGATION - COMMODITY CHARGE							
Current		Proposed					
Tier	Charge	Tier	2016	2017	2018	2019	2020
Tier 1	\$2.31	Efficient Outdoor	\$3.18	\$3.21	\$3.24	\$3.28	\$3.31
Tier 2	\$2.80	Inefficient	\$3.96	\$3.97	\$3.98	\$4.00	\$4.01
Tier 3	\$3.81	Excessive	\$4.98	\$4.99	\$5.00	\$5.01	\$5.03
Tier 4	\$5.34						

POTABLE WATER - ELEVATION CHARGE						
Zone	Current	Proposed				
		2016	2017	2018	2019	2020
Zone 1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Zone 2	\$0.42	\$0.42	\$0.44	\$0.46	\$0.49	\$0.52
Zone 3	\$0.74	\$0.98	\$1.03	\$1.08	\$1.13	\$1.19
Zone 4	\$1.28	\$1.56	\$1.64	\$1.72	\$1.80	\$1.89

Elevation charge for a temporary meter is 1.5 times the zone charge.

The elevation charge is determined by the highest zone to which the water is pumped prior to reaching the customer.

Zone 5 has been consolidated into Zone 3.

RATE TABLES *(continued)*

Recycled Water: A new “readiness to serve” charge, similar to potable water, is proposed to cover costs associated with meter maintenance and replacement, meter reading, billing and customer service. To minimize the impact, the readiness to serve charge is proposed at 15% of fixed cost recovery in the first year, gradually increasing to 50% of fixed cost recovery at the end of the five-year period.

RECYCLED WATER - READINESS TO SERVE CHARGE (MONTHLY)

Meter Size	Current	Proposed				
		2016	2017	2018	2019	2020
3/4"	\$0.00	\$9.15	\$13.04	\$19.08	\$25.01	\$33.72
3/4" x 1"	\$0.00	\$9.15	\$13.04	\$19.08	\$25.01	\$33.72
1"	\$0.00	\$14.74	\$21.09	\$30.94	\$40.69	\$54.97
1-1/2"	\$0.00	\$28.70	\$41.19	\$60.60	\$79.86	\$108.07
2"	\$0.00	\$45.45	\$65.32	\$96.20	\$126.87	\$171.80
3"	\$0.00	\$98.49	\$141.72	\$208.92	\$275.72	\$373.61
4"	\$0.00	\$176.65	\$254.31	\$375.02	\$495.07	\$671.00
6"	\$0.00	\$447.45	\$644.37	\$950.47	\$1,255.00	\$1,701.28
8"	\$0.00	\$782.45	\$1,126.91	\$1,662.36	\$2,195.12	\$2,975.84
10"	\$0.00	\$1,173.28	\$1,689.87	\$2,492.90	\$3,291.92	\$4,462.83

All charges are \$/hcf; hcf is hundred cubic feet = 748 gallons.

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RECYCLED WATER - COMMODITY CHARGE

Current		Proposed					
Tier	Charge	Tier	2016	2017	2018	2019	2020
Tier 1	\$1.09	Efficient Outdoor	\$1.18	\$1.19	\$1.19	\$1.18	\$1.16
Tier 2	\$1.42	Inefficient	\$2.91	\$2.83	\$2.67	\$2.52	\$2.27
Tier 3	\$2.26	Excessive	\$3.73	\$3.67	\$3.52	\$3.37	\$3.13
Tier 4	\$3.51						

Commodity charge for a temporary meter is 1.5 times Excessive tier rate.

RECYCLED WATER - ELEVATION CHARGE

Zone	Current	Proposed				
		2016	2017	2018	2019	2020
Las Virgenes Valley	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
East/West	\$0.24	\$0.33	\$0.34	\$0.35	\$0.36	\$0.37

Elevation charge for a temporary meter is 1.5 times the zone charge.

PROPOSED SANITATION RATE STRUCTURE CHANGES

Single- and Multi-Family Residential: The proposed change in sanitation service charges recognizes differences in household sizes. Instead of using winter water use as a proxy for wastewater or sewer flow, usage will be based on the number of people in the household. The same criteria is proposed for single- and multi-family customers.

SANITATION CHARGE (MONTHLY)

Current Rates			Proposed Rates						
Single-Family	Winter Water Use (hcf)	Monthly Charge	Household Size	Flow (hcf)	Monthly Charge				
					2016	2017	2018	2019	2020
	5 or less	\$37.90	1	2.2	\$21.37	\$21.82	\$22.27	\$22.73	\$23.19
	5.5	\$40.82							
	6	\$43.73							
	6.5	\$46.64							
	7	\$49.55							
	7.5	\$52.46							
8 or more	\$55.37								
Multi-Family	Per Dwelling Unit	Monthly Charge	5	11.0	\$78.90	\$80.58	\$82.27	\$83.97	\$85.66
	Flat rate	\$34.99	6 or more	13.2	\$93.28	\$95.27	\$97.27	\$99.28	\$101.28

Commercial: The method of billing stays the same for commercial customers with the proposed rates shown below.

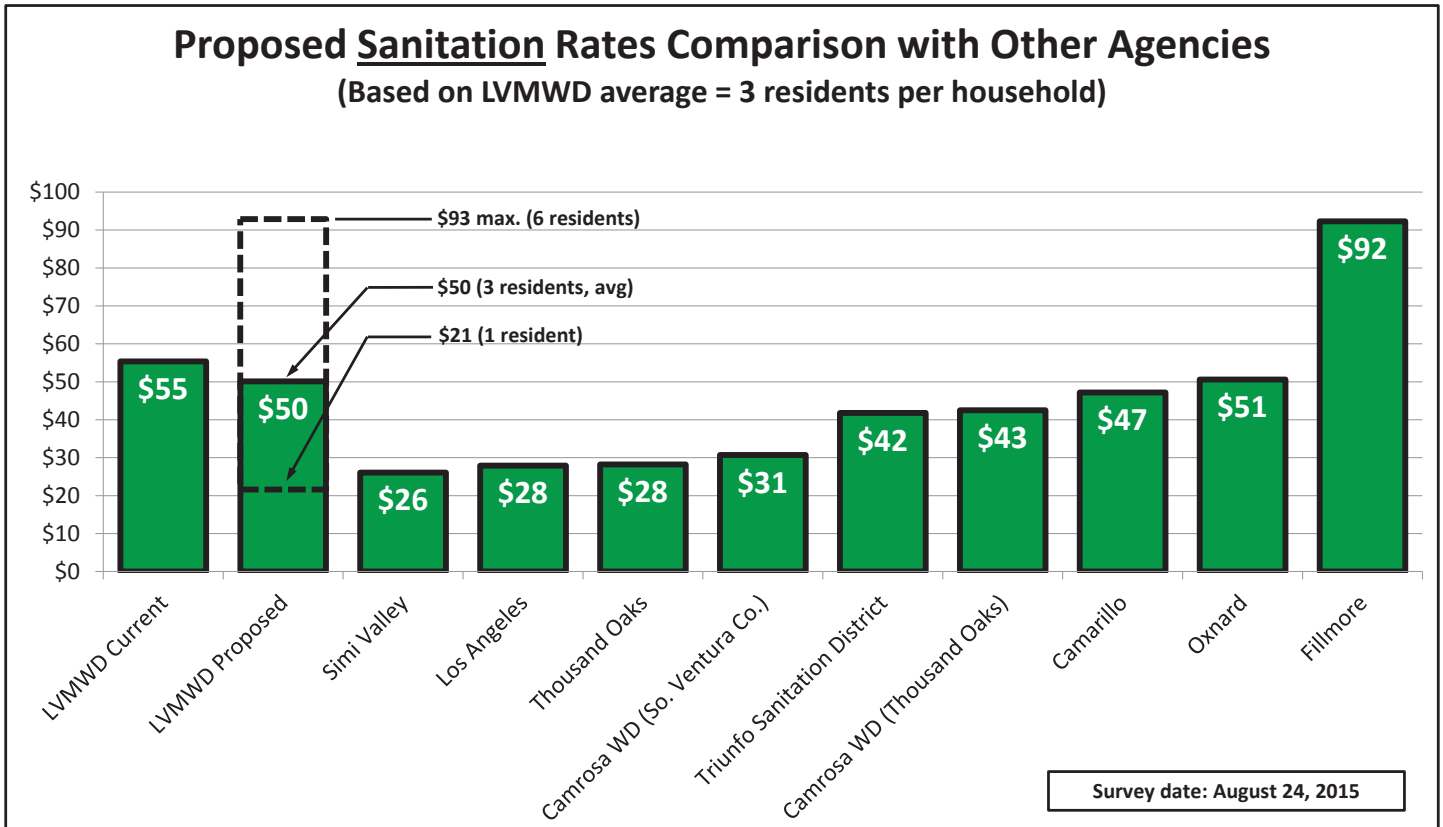
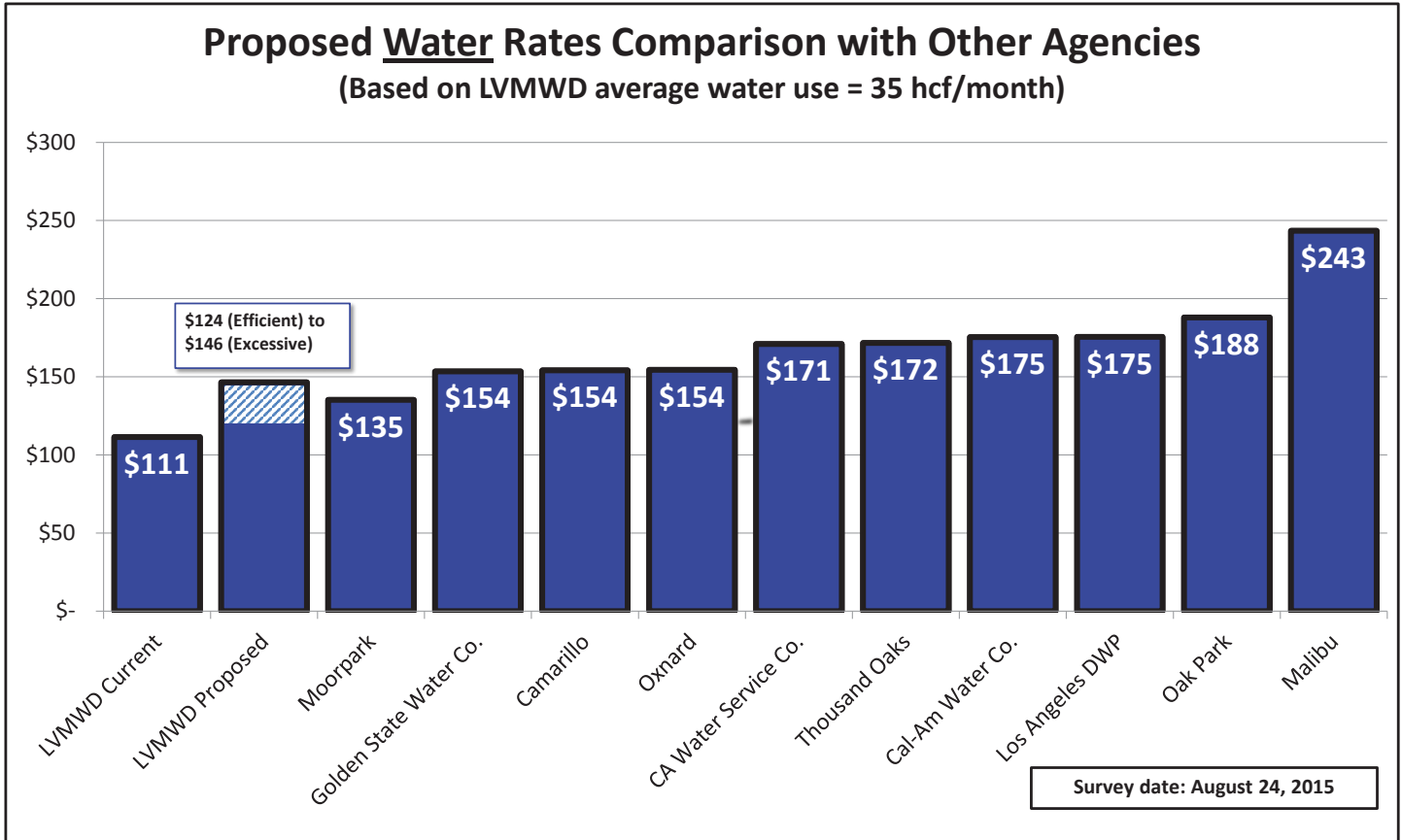
Commercial	Current Rates		Proposed Rates		2016	2017	2018	2019	2020	
	Account Service Charge		Account Service Charge							
	Class 1 ¹	\$8.78	Class 1	\$6.98	\$7.12	\$7.27	\$7.42	\$7.57		
	Class 2	\$8.78	Class 2	\$6.98	\$7.12	\$7.27	\$7.42	\$7.57		
	Class 3	\$8.78	Class 3	\$6.98	\$7.12	\$7.27	\$7.42	\$7.57		
	Class 4	\$8.78	Class 4	\$6.98	\$7.12	\$7.27	\$7.42	\$7.57		
	ERU Charges ²		Inclusive of hcf/ERU	Inclusive of hcf/ERU	ERU Charges					
	Class 1	\$46.59	15	6.6	Class 1	\$41.94	\$42.78	\$43.64	\$44.52	\$45.42
	Class 2	\$46.59	9	6.6	Class 2	\$57.82	\$58.98	\$60.16	\$61.37	\$62.60
	Class 3	\$46.59	6	6.6	Class 3	\$76.56	\$78.10	\$79.67	\$81.27	\$82.90
Class 4	\$46.59	6	6.6	Class 4	\$96.36	\$98.29	\$100.26	\$102.27	\$104.32	
Excess ERU		Excess hcf/ERU	Excess hcf/ERU	Excess ERU (\$/hcf)						
Class 1	\$3.16	15	6.6	Class 1	\$6.35	\$6.48	\$6.61	\$6.75	\$6.89	
Class 2	\$5.39	9	6.6	Class 2	\$8.75	\$8.93	\$9.11	\$9.30	\$9.49	
Class 3	\$8.18	6	6.6	Class 3	\$11.58	\$11.82	\$12.06	\$12.31	\$12.56	
Class 4	\$8.18	6	6.6	Class 4	\$14.58	\$14.88	\$15.18	\$15.49	\$15.80	

¹ Sewage "Class" depends on the type of business, please call LVMWD for details.

² ERU is Equivalent Residential Unit or the water use pattern of a typical single-family residence.

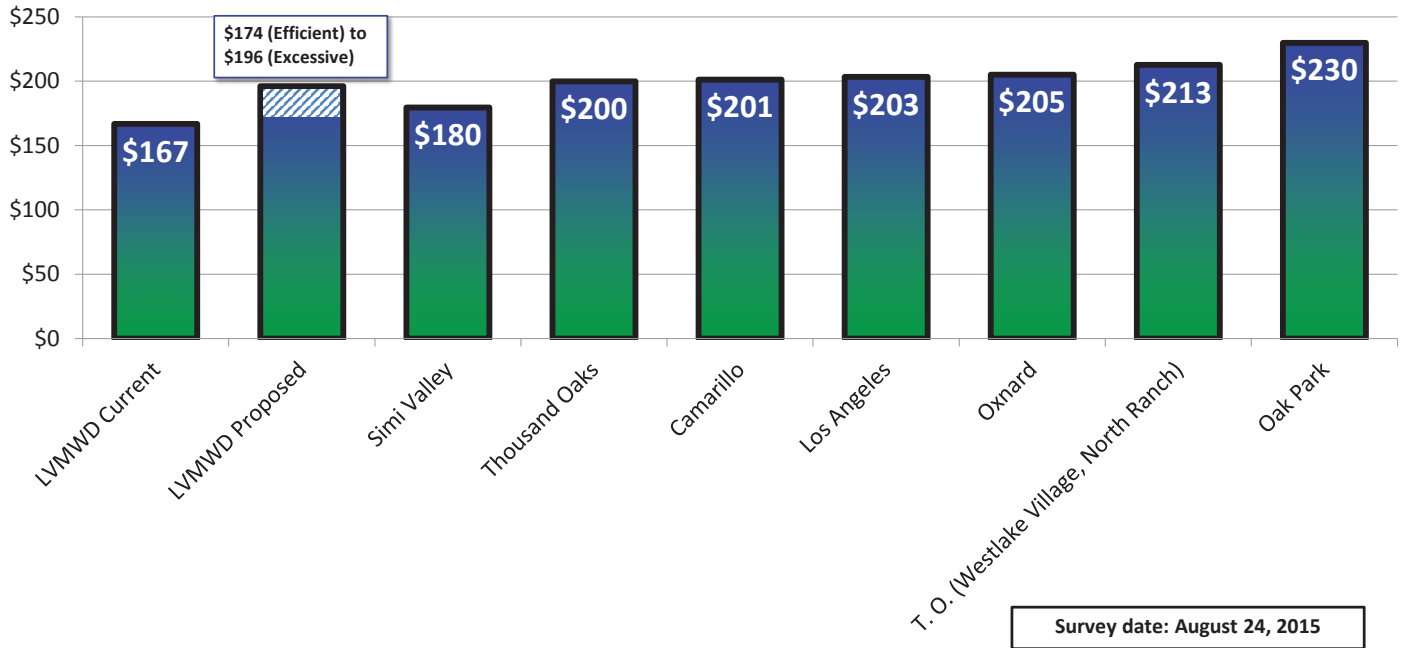
RATE COMPARISONS

Many factors affect the cost of providing services. Costs vary among providers because many conditions differ from one area to another. Providers may be private entities operating for profit and regulated by the California Public Utilities Commission or public agencies required to establish rates based on cost of service. The following tables provide comparisons based on the cost of service to the customer and do not reflect any special conditions.



Combined Water and Sanitation Rates Comparison with Other Communities

(Based on LVMWD average water use = 35 hcf/month and 3 residents per household)



The proposed rates were developed based on the following guiding principles:

1. Design a rate structure that is fair and equitable.
2. Improve revenue stability for the District.
3. Provide a strong price signal to drive an efficiency ethic.
4. Minimize the impact to efficient customers.
5. Ensure the rates are Proposition 218 compliant.

The proposed rates were reviewed by the LVMWD Board of Directors at public workshops on June 3 and August 13, 2015. Videos of the workshops are available at www.LVMWD.com/BoardMeetingVideos.

Budget-based rates affect each customer differently depending on their individualized water budgets and whether or not they use water efficiently.

To see how the proposed rates will affect you, please visit www.LVMWD.com/WaterBudgetRates.



Las Virgenes MWD
4232 Las Virgenes Road
Calabasas, CA 91302

Indicia

**Notice of Public Hearing
on potable water,
recycled water and
sanitation service rates**

Community Meeting Dates

You are invited to attend either of the following informational events intended to answer any questions you may have regarding the proposed rate structure:

- *WEDNESDAY, SEPTEMBER 30, 2015, 6:30 TO 8 P.M. – CITY OF AGOURA HILLS EVENT CENTER, 29900 LADYFACE COURT, AGOURA HILLS, CA 91301*
- *WEDNESDAY, OCTOBER 7, 2015, 6:30 TO 8 P.M. – AGOURA HILLS-CALABASAS COMMUNITY CENTER, 27040 MALIBU HILLS ROAD, CALABASAS, CA 91301*