

FINAL REPORT

MUNICIPAL SERVICE REVIEW

Water Service – Las Virgenes Region

Prepared for:

Local Agency Formation Commission

for

Los Angeles County

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**Los Angeles LAFCO
Municipal Service Review Report
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1.0 EXECUTIVE SUMMARY

The Las Virgenes service review region is generally divided by the Santa Monica Mountains. Waterworks District #29 serves territory in the western, coastal area of the service review region and the Las Virgenes MWD serves territory located north of Waterworks #29 on the inland side of the mountains. The primary service area of the West Basin MWD is located south of the Las Virgenes service review region although it provides water to Waterworks District #29. The West Basin MWD boundaries are not contiguous in this service review region. The service review region includes 5 incorporated cities as well as unincorporated areas in the westerly portion of Los Angeles County. Unincorporated areas include two Community Plan Areas under the Los Angeles County General Plan---Santa Monica Mountains and Santa Monica Mountains Coastal.

MSR Determinations

In approving a Municipal Service Review (MSR), LAFCO must adopt written determinations for the following nine factors specified in LAFCO's governing statute. Determinations for each agency are located at the end of this report. The following is a summary, by determination, of the entire report for the Las Virgenes service review region:

1. Infrastructure Needs and Deficiencies

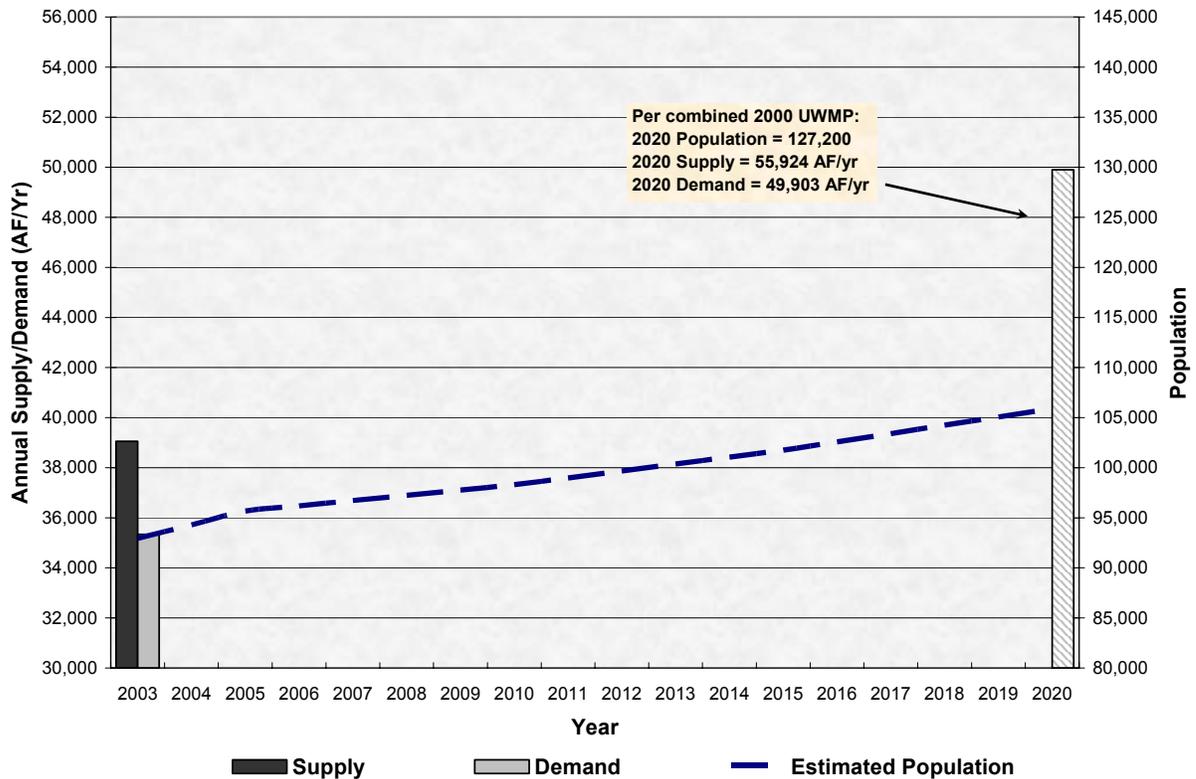
Waterworks District #29 serves an area with rugged topography and the agency has an aging system with water pressure and volume in some areas considered to be inadequate. System failures due to the age of the facilities have been required and little progress has been made on capital improvements needed to ensure that adequate infrastructure is provided concurrent with need. This is a significant infrastructure deficiency. No infrastructure deficiencies were noted for the Las Virgenes or West Basin MWD that are not being addressed through the agency's master plan, Urban Water Management Plan or Capital Improvement programs.

One concern in California is ensuring that water supplies are adequate for future needs. Metropolitan Water District of Southern California is the provider of imported water through the State Water Project for this MSR area and engages their member agencies in a detailed planning process for determining future demand. According to their report, Report on Metropolitan's Water Supplies – A Blueprint for Water Reliability, date March 25, 2003, Metropolitan has determined that they will have adequate supply for their member agencies

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through 2020. . The following chart shows the estimated supply and demand through the year 2020; no significant issues regarding adequate water supplies in the future were noted.

**Las Virgenes Region Supply / Demand Forecast
Based on Population Projections**



Note: Data includes areas within LVMWD's service boundaries but outside the MSR study area.

2. Growth and Population

Growth in the Las Virgenes service review region is expected to be approximately 1 to 2% per year. The methodology for determining growth and population projections includes the aggregation of census data based on the SCAG Regional Transportation Plan 2001. Water agencies throughout California also use adopted land use plans, zoning and approved densities for parcels, which is the methodology Las Virgenes MWD has used for developing their population forecast. Comparison of projections for Waterworks District #29 is similar to projections used in this report. However, since the Las Virgenes MWD used a more precise

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analysis process and their service area includes areas outside the MSR study area, the projections supplied by the Las Virgenes MWD are substantially different.

3. *Financing Constraints and Opportunities*

Both West Basin and Las Virgenes MWDs do not face revenue or operating constraints that might affect the level of service or condition of the infrastructure. However, the Los Angeles County Department of Public Works (LACDPW) reviewed system deficiencies of Waterworks District #29 in 1998 and recommended \$108.5 million in improvements, particularly for storage and fire flow issues. Revenue generated since 1998 has generally been used to repair the existing system and Waterworks District #29 faces revenue constraints.

4. *Cost-Avoidance Opportunities*

All of the agencies address cost avoidance opportunities through internal processes and no significant issues were noted except as described for Waterworks District #29.

5. *Opportunities for Rate Restructuring*

All three agencies review rates annually and rates for the Las Virgenes and West Basin MWDs are considered adequate for current needs. However, a significant rate restructuring for Waterworks District #29 is expected.

6. *Opportunities for Shared Facilities*

Shared facilities among the agencies are currently used where sharing increases the efficiency of service provision.

7. *Government Structure Options*

- There have been ongoing discussions regarding West Basin MWD's interest in purchasing Waterworks District #29. If the purchase is negotiated and approved, there are several potential governmental structure options which could require that a reorganization of Waterworks District #29 and concurrent sphere of influence proposal be submitted to Los Angeles LAFCO.
- Las Virgenes MWD and Waterworks District #29 should supply a list of out-of-agency service agreements to LAFCO to ensure consistency with Government Code Section §56133. In addition sphere of influences should be examined to determine if comprehensive updates are needed to reflect areas where agencies provide out-of-boundary services.
- No other government structure options were noted.

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8. *Management Efficiencies*

Opportunities for management efficiencies are pursued by the agencies through master plans, CIP programs and other internal processes.

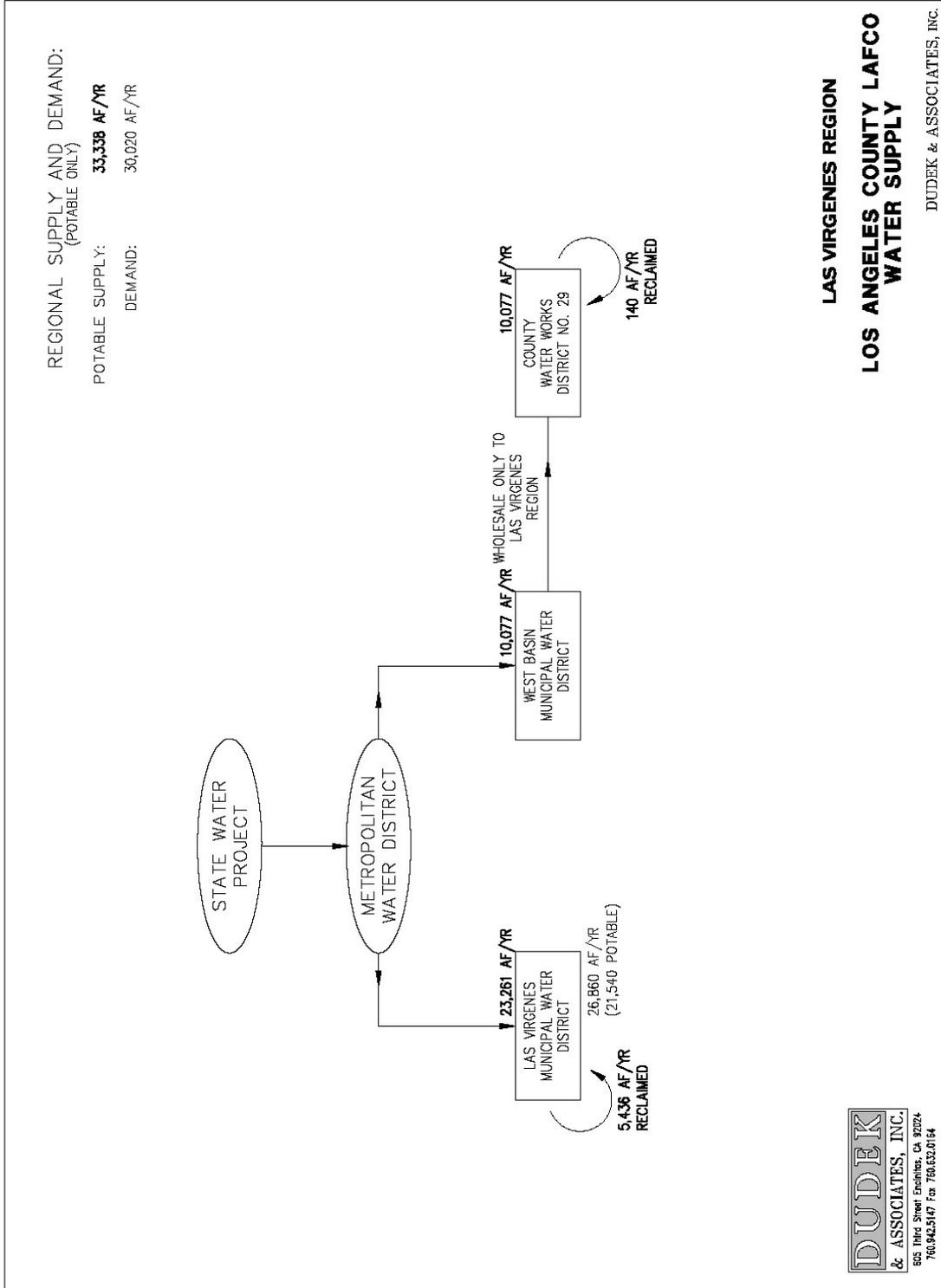
9. *Local Accountability and Governance*

No issues regarding local accountability and governance were noted.

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INSERT LAS VIRGENES MSR AREA WATER MAP

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NOTE

In the preceding Executive Summary and the following service review report, the abbreviations NP (Not Provided) and NA (Not Applicable) have been used in some charts and figures.

During the service review process all agencies were contacted and all agencies were sent a Request for Information (RFI). In instances where complete data was not supplied in response to the RFI, agencies were called and were faxed or emailed a copy of the profile to complete. The lack of data in these instances does not detract from the cumulative conclusions of the report.

In instances where NA has been used, the specific information was not applicable to the agency due to size, service area or services provided.

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2.0 AGENCY PROFILES

The Las Virgenes Region is located west of the City of Los Angeles and includes urban and rural areas. The three water districts providing water service in the region are shown in *Table 2.1 – Las Virgenes Water Districts* and are summarized below:

Table 2.1 – Las Virgenes Water Districts

Los Angeles LAFCO Water District Service Review Agencies	Retail Domestic Potable Water	Wholesale Water	Water Treatment	Recycled Water	Groundwater Management
LAS VIRGENES REGION					
County Waterworks District #29 - Malibu	●				
Las Virgenes MWD	●			●	
West Basin MWD		●		●	

Los Angeles County Waterworks District # 29 – Malibu

Los Angeles County Waterworks District #29 provides retail water service to over 29,400 acres in the coastal area bounded by the Santa Monica Mountains to the north. Waterworks District #29 serves approximately 7,300 connections. It is a dependent district of the Board of Supervisors and is operated by the Los Angeles County Department of Public Works (LACDPW). Wholesale water is supplied from West Basin MWD, which has submitted a proposal to the County to purchase Waterworks District # 29. Recycled water used for irrigation is provided by LACDPW's Malibu Mesa Plant, which treated 55.72 million gallons in 1999. The transmission line to Waterworks District #29 also provides potable water to 300 connections in the Marina Del Rey System.

Las Virgenes Municipal Water District

The Las Virgenes Municipal Water District (LVMWD) service area covers 122 square miles serving approximately 20,000 active meters including areas outside the boundaries of the LVMWD. The data provided by the District is for their entire service area, which includes the

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areas of Twin Lakes, Chatsworth, West Hills, Box Canyon and Woolsey Canyon. These areas are outside the limits of the Las Virgenes MSR study area. The District is a retail supplier, providing potable and recycled water in a high growth area. Wholesale water is supplied by the Metropolitan Water District of Southern California (Metropolitan).

West Basin Municipal Water District

The West Basin Municipal Water District is a wholesale supplier, providing service to 17 South Bay cities and unincorporated areas of Los Angeles County. The majority of its service area, which encompasses 185 square miles, is located outside the Las Virgenes Region. The District serves approximately 650,500 combined households/house units/parcels. Within the Las Virgenes Region, the WBMWD's service boundaries are coterminous with those of Waterworks District #29. Although the District produces recycled water in the South Bay area, it only supplies imported water from Metropolitan to this region.

INSERT SERVICE AREA MAP – LACWWD #29

Los Angeles County Waterworks District #29 - Malibu

Agency Information		Service Area Information	
Address:	1000 South Fremont Avenue Suite A-9E Alhambra, California 91802	Service Area	46.0 sq mil
Contact:	Greg Even	Population Served:	24,350
Phone:	(626) 300-3331	Projected Population:	
Email/Website:	pseely@ladpw.org www.ladpw.org/services/water	2010	26,850
Type:	Retail Water	2015	28,190
		2020	29,600

System Information	
No. of Employees:	NP
No. of Connections per Employee	NP
Average Daily Demand (MGD)	7.55 MGD
Maximum Day Demand (MGD)	NP
No. of filed Complaints in past 12 Months	60 – all LACWW Districts
Miles of Pipe:	203
No. of Pump Stations:	32
No. of Pressure Zones:	30
Storage Capacity	19.1 mg

Financial Information (FY 2002-2003) all LACWW Districts (in thousands)							
Revenues:	\$44,868	Expenses:	\$43,444	Reserves:	\$22,784	CIP:	\$17,614

Typical Monthly Residential Water Bill (3/4" meter, 20 ccf)			
Meter Charge	\$18.42	Water Charge:	\$52.20
			Monthly Bill: \$70.62

Service Connections	Within Boundary	Outside Boundary/Within Sphere	Outside Sphere	Total
Domestic	7,042	NP	NP	7,042
Agriculture	NP	NP	NP	NP
Recycled	NP	NP	NP	NP
Other	NP	NP	NP	NP
Total	7,042	NP	NP	7,042

Supply Information (AF/Yr)**					
	Existing	2005	2010	2015	2020
Imported	10,077*	10,300	10,800	11,300	11,800
Groundwater	NA	NA	NA	NA	NA
Surface	NA	NA	NA	NA	NA
Recycled	140	140	140	140	140
Total	10,217	10,440	10,940	11,440	11,940

*Per LACWWD for 2002

Average Annual Demand Information (AF/Yr)**					
	Existing	2005	2010	2015	2020
Residential	8,480*	7,187	7,535	7,884	8,237
Comm/Ind.	NP	453	475	497	519
Landscape/Irr	NP	352	363	373	380
Other**	NP	2,448	2,567	2,686	2,804
Total	8,480	10,440	10,940	11,440	11,940

* Per LACWWD for 2003, annualized

** Includes 6.3% system water loss

NP – data not provided by agency; NA – not applicable

INSERT SERVICE AREA MAP – LAS VIRGENES MWD

Las Virgenes Municipal Water District

Agency Information		Service Area Information	
Address:	4232 Las Virgenes Road Calabasas, California 91302-1994	Service Area	122 sq mil
Contact:	Gene Talmadge, Planning Admin.	Population Served:	66,600
Phone:	(818) 251-2181	Projected Population:	
Email/Website:	gtalmadge@lvmwd.com www.lvmwd.com	2010	80,590
Type:	Retail Water	2015	88,650
		2020	97,600

System Information	
No. of Employees:	123
No. of Connections per Employee	162.2
Average Daily Demand (MGD)	19.23 MGD (potable)
Maximum Day Demand (MGD)	40.38 MGD (potable)
No. of filed Complaints in past 12 Months	52
Miles of Pipe:	397
No. of Pump Stations:	23
No. of Pressure Zones:	18
Storage Capacity	3,128 MG

Financial Information (FY 2002-2003) (in thousands)							
Revenues:	\$30,452	Expenses:	\$25,814	Reserves:	\$10,700	CIP:	\$11,523

Typical Monthly Residential Water Bill (3/4" meter, 20 ccf)			
Meter Charge	\$7.025	Water Charge:	\$24.64
		Monthly Bill:	\$31.67

Service Connections	Within Boundary	Outside Boundary/Within Sphere	Outside Sphere	Total
Domestic	19,368*	NP*	NP	19,368*
Agriculture	25	NP	NP	25
Recycled	561	NP	NP	561
Other	0	NP	NP	0
Total	19,954	NP	NP	19,954

*Some properties served in District #29 service area

Supply Information (AF/Yr)					
	Existing	2005	2010	2015	2020
Imported	23,261	NP	NP	NP	30,828
Groundwater	NA	NP	NP	NP	NA
Other	160	NP	NP	NP	NP
Recycled	5,436	NP	NP	NP	13,156
Total	28,857	NP	NP	NP	43,984

Average Annual Demand Information (AF/Yr)					
	Existing	2005	2010	2015	2020
Residential	21,540	NP	NP	NP	30,780
Comm/Ind.	NP	NP	NP	NP	NP
Landscape/Irr	5,320	NP	NP	NP	7,183
Other	NP	NP	NP	NP	NP
Total	26,860	NP	NP	NP	37,963

NP – data not provided by agency

INSERT SERVICE AREA MAP – WEST BASIN MWD

West Basin Municipal Water District

Agency Information		Service Area Information	
Address:	17140 South Avalon Boulevard Carson, California 90746	Service Area	47.5 sq mil
Contact:	Art Aguilar	Population Served:	24,350
Phone:	(310) 660-6205	Projected Population:	
Email/Website:	arta@wcbwater.org www.westbasin.com	2010	26,850
Type:	Wholesale Water	2015	28,190
		2020	31,080

System Information	
No. of Employees:	NP
No. of Connections per Employee	NP
Average Daily Demand (MGD)	NP
Maximum Day Demand (MGD)	NP
No. of filed Complaints in past 12 Months	None
Miles of Pipe:	Infrastructure limited to water transmission to eastern boundary of District #29
No. of Pump Stations:	
No. of Pressure Zones:	
Storage Capacity	

Financial Information (FY 2002-2003) (in thousands)							
Revenues:	\$113,466	Expenses:	\$106,585	Reserves:	NP	CIP:	NP

Wholesale Rates			
Treated	\$520/F	Monthly Service Chg	\$20/CFS
		Capacity Reservation Chg	\$4,900/CFS

Service Connections	Within Boundary	Outside Boundary/Within Sphere	Outside Sphere	Total
Domestic	NA	NA	NA	NA
Agriculture	NA	NA	NA	NA
Recycled	NA	NA	NA	NA
Other	NA	NA	NA	NA
Total	NA	NA	NA	NA

Supply Information (AF/Yr)					
	Existing	2005	2010	2015	2020
Imported	10,077	10,300	10,800	11,300	11,800
Groundwater	NA	NA	NA	NA	NA
Other	NA	NA	NA	NA	NA
Recycled	NA	NA	NA	NA	NA
Total	10,217	10,440	10,940	11,440	11,940

Average Annual Demand Information (AF/Yr)					
	Existing	2005	2010	2015	2020
Residential	8,480	7,187	7,535	7,884	8,237
Comm/Ind.	NP	453	475	497	519
Landscape/Irr	NP	352	363	373	380
Other	NP	2,448	2,567	2,686	2,804
Total	8,480	10,440	10,940	11,440	11,940

NP – data not provided by agency; NA – not applicable

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3.0 ANALYSIS

3.1 Growth and Population

Los Angeles County experienced a 12% population increase from 1990 to 2000, with SCAG projecting a 19% increase through 2020. This trend is indicative of the growth expected by the agencies for the Las Virgenes Region. The growth projections shown below are derived from two sources: data submitted by the districts and data generated by SCAG. The SCAG figures are based on SCAG Regional Transportation Plan 2001 growth forecasts. To establish district-level projections, the population in 2000 was estimated based on geographic analysis conducted by the County of Los Angeles Urban Research Division (URD) and represents the sum of population in each Census block within the district's boundaries. The projected population is based on SCAG's growth forecasts for each Census tract and represents the SCAG projection of growth in the Census tracts within the District's boundaries. Appropriate adjustment was made for Census tracts that are partially within the district's boundaries.

Per the data submitted by the districts, they currently serve an estimated population of 90,950 with a projected, combined population of 127,200 in 2020 which represents an increase of 40%. SCAG is projecting a population of 105,921 in 2020. If the projected population for Las Virgenes MWD's northern service areas outside the MSR study area is extracted¹, the region's projected population for 2020 is 111,170. Because the water supply and demand data is not differentiated between subareas within the service area, the 97,600 figure provided by the District will be used for analysis.

¹ LVMWD and Triunfo Sanitation District, Integrated Master Plan for Potable Water System for LVMWD and Recycled Water System for the Joint Venture of LVMWD and TSD, May 2000, Table 4-1

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Table 3-1: Growth and Population Projections

Agency	Data Source	2000 Population Estimates*	2005 Population Estimates*	2010 Population Estimates*	2015 Population Estimates*	2020 Population Estimates*	Annual Growth Rate
District # 29	Agency	24,350	25,570	26,845	28,190	29,600	1.0%
	SCAG	22,262	24,630	25,266	26,325	27,616	1.2%
Las Virgenes MWD	Agency – entire district	66,600	73,595	80,590	88,650	97,600	2.3%
	Northern Service Areas	(8,260)	(9,395)	(10,530)	(12,900)	(16,030)	4.7%
	MSR Study Area	58,340	64,200	70,060	75,750	81,570	2.0%
	SGAG	66,707	71,039	73,043	75,432	78,305	0.8%
West Basin MWD	Agency	**see District #29**					
	SCAG						

(*) Data sources include data reported in the LAFCO Request for Information, Parts I, II and III. Additional information was obtained from Urban Water Management Plans and/or Water Master Plans provided for County Waterworks District No. 29 and Las Virgenes MWD.

County Waterworks District #29 - Malibu

The population within Waterworks District #29's boundaries was estimated at 24,350 per the 2000 Census with an annual water demand of 9,940 AF (including the Marina Del Rey Water System). Growth has continued at a steady rate. The SCAG growth rate projection is slightly greater than those of the District,, however the difference is not significant and does not materially affect projected service demand.

Las Virgenes Municipal Water District

Las Virgenes Municipal Water District serves a population of 66,600 per the 2000 Census; annual water demand is 22,958 AF. Distinct from the other two districts, LVMWD serves a population with residential land use characterized by estate-size properties with large, lush landscaped areas irrigated with potable water (75-80% of potable water delivered by the LVMWD is used for irrigation). In its 1999 Master Plan, the District projected a population of 113,000 in 2020². It has since re-calculated a "build-out population" of 97,600 in 2020 based on adopted land use planning maps from the various jurisdictions in the District's service area. Populations were derived from allowable densities in the adopted land use plans for properties that have not yet been developed. This projection translates to an expected annual growth rate of 2.3% district-wide, and 2.0% within the MSR study area. This is higher than SCAG projections, however it is an appropriate methodology for determining population growth and offers a more accurate basis in which to predict future water demand. Therefore, the District's projections have been used as the basis for analysis in this report.

² Population Growth, Residential Development and Employment Activity Report, LVMWD Report No. 2041, Bauer Environmental Services, March 1996

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West Basin Municipal Water District

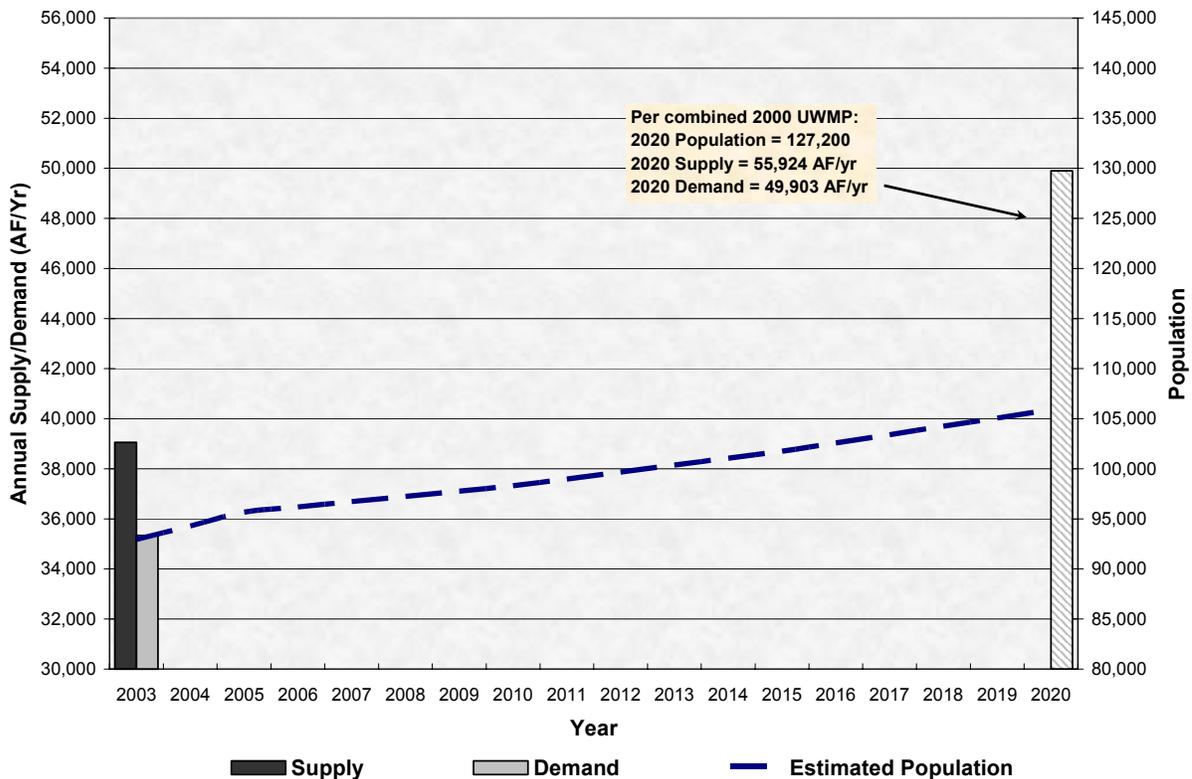
West Basin Municipal Water District is the wholesale water supplier for an area that includes Waterworks District #29. The population within West Basin's boundaries was estimated at 851,000 in the 2000 Census with an annual water demand of 196,000 AF and an additional 26,000 AF for groundwater replenishment. Per the WBMWD's 2000 UWMP the rate of population growth is expected to be 2.5–3 % every 5 years, which is lower than overall regional projections. At 2025, population is expected to be 945,000. For the purposes of this report, the population data for Waterworks District #29 has been used.

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3.2 Infrastructure Needs and Deficiencies

The following figure, *Figure 3.1 Supply/Demand Forecast Based on Population Projections*, shows the estimated supply and demand based on data reported by the water agencies in the Las Virgenes service review region as well as SCAG population projections. The questionnaire submitted to the agencies by LA LAFCO did not request projections for supply and demand, therefore the data has been obtained from UWMPs, master plans and follow up communications with agency staff. It is recommended that LA LAFCO request annual updates to the agency profiles in Section 2.0 from the agencies in order to maintain accurate projections on future supply and demand.

**Figure 3.1 – Las Virgenes Region
Supply/Demand Forecast Based on Population Projections**



Note: Data includes population and demand outside the MSR study area.

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3.2.1 Water Infrastructure

The water system infrastructure within the Las Virgenes Region includes both potable and recycled water. Landforms and topography require numerous pressure zones and complex systems to ensure adequate pressure and supply.

Waterworks District #29 has an aging system with diminishing reliability and limited capacity for delivery or storage. Capital projects have been limited, as funding is needed for immediate repairs rather than improvements. The UWMP noted a 6.3% unidentified water loss, which is likely due to system deficiencies.

The Las Virgenes MWD system was built in 1963 and the District has a comprehensive, 20-year master plan that identifies potential improvements for both potable and recycled systems. Because future development significantly impacts district planning, the master plan includes triggers for infrastructure improvements. This allows the District to ensure that services are provided and resources expended concurrent with need.

Both Waterworks District #29 and Las Virgenes MWD receive their primary water supply at their eastern boundaries and then deliver it through transmission lines to the western portions of their service area. Recycled water is provided within the region and used for landscapes, parks, golf courses, commercial and institutional campuses.

The West Basin MWD's infrastructure is limited to transmission lines and pump stations necessary to deliver water to Waterworks District #29's boundary.

Infrastructure for each of the three water districts in the Las Virgenes Region is summarized in *Table 3.2 – Infrastructure Summary* below:

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Table 3.2 - Infrastructure Summary

Water System Infrastructure Summary	Waterworks District #29	Las Virgenes MWD (district wide - potable and recycled)	West Basin MWD
Number of Service Connections	7,042	19,954	NA
Length of Pipe (miles)	203	397	NA
Pump Stations	31	23	NA
Tanks*	52	24	NA
Reservoirs**	0	4	NA
Total Available Storage	19.6 MG	3,128 MG	NA
Treatment Plant Capacity	0	15 MGD	NA
MET Connections	0	3	NA
Interties with Neighboring Districts	4	3	NA

* Tanks are defined as above ground storage facilities

** Reservoirs are defined as in-ground water storage facilities

County Waterworks District #29 - Malibu

Waterworks District #29 receives water supply through a 30-inch transmission main at its eastern boundary. The supply is delivered 20 miles through the transmission main in Pacific Coast Highway. Canyon areas are served through local storage tanks. The District has 203 miles of water main with approximately 10.2 miles above ground. The infrastructure is comprised of an amalgamation of old, small systems joined to create the Malibu system. District-installed facilities were built primarily in the 1960's; other facilities were constructed by small mutual water companies and homeowners in the 1930's and 1940's. The combination of old facilities and difficult terrain causes maintenance and operation costs to be higher than other water districts.

Applicants requesting new service are required to accept water service at the level the District is able to furnish from its existing system including inadequate pressure if the property is at an elevation that cannot be readily served. In addition, the applicant must provide additional facilities (at their cost) as required by the District or local Plumbing Code to meet the service needs. Although the boundary between Waterworks District #29 and Las Virgenes MWD is straight, due to canyon topography some properties are better served by the other district. A written agreement is in place between the two districts to cover shared service. These properties were not identified in by the agencies.

According to the UWMP, Waterworks District #29 had 1½ days of storage capacity in 2000. LACDPW reviewed system deficiencies in 1998 and recommended \$108.5 million in

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improvements, particularly for storage and fire flow issues. However, system failures in the aging system require funds be used for immediate repairs with little progress on capital improvements.

Waterworks District #29 does not receive recycled water from West Basin due to distance. However, recycled water is available from LACDPW's Malibu Mesa Plant. The plant, which serves Pepperdine University and Malibu Country Estates, treated 55.72 MG of wastewater in 1999 with 84% used for irrigation. Recycled water infrastructure is not expected to increase due to minimal growth and limits on plant capacity.

Las Virgenes Municipal Water District

The Las Virgenes MWD system has 18 main pressure zones with the system complexity due to rugged topography and the size of the service area. The Las Virgenes Reservoir was built in 1972 and provides 9,600 AF of storage. When the Met supply is interrupted for maintenance or emergencies, this reservoir is the only source of water for 90% of the district.

The system has historically received its supply from Metropolitan on the eastern boundary through West Valley Feeder Number 2, but with expected growth and demand in the western portions, the District's transmission system was determined to need improvements. To avoid costs for some east/west water transmission, the District's 2000 Integrated Master Plan analyzed a possible connection to the Calleguas MWD in Ventura County. The Calleguas Westside Conveyance is currently in the planning phase with construction budgeted for 2005-07. This provides a reliable source on the western boundary as well as additional supply for the Las Virgenes Reservoir, which is critical in light of the role the reservoir has when Met supply is interrupted. The pumping facility at the reservoir is also slated for improvements.

The recycled water system is a joint venture of the LVMWD and the Triunfo Sanitation District. The water is supplied through the Tapia Water Reclamation Facility in Calabasas and delivered to three pressure zones – Las Virgenes Valley System, Eastern System, and Western System. The system includes 3 pump stations, 3 reservoirs, 2 tanks and 62 miles of distribution pipe. Storage capacity is 76 AF.

Although no new potable storage facilities are planned, there are multiple projects underway to improve or augment collection and distribution facilities. A comprehensive master planning effort was completed in May 2000 that provided an integrated master plan for the potable water system and the recycled water system. Per the 2003-04 Five Year CIP, the following has been

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proposed through FY 2007-08 to improve delivery reliability, capacity/supply, facilities improvements, safety and regulatory compliance.

Potable Construction Fund - \$5.9 million
Potable Replacement Fund - \$13.4 million
Recycled Conservation Fund - \$11.7 million
Recycled Replacement Fund - \$0.2 million

Growth and development is an issue for Las Virgenes MWD but the District has planned facilities to meet future demands.

West Basin Municipal Water District

The West Basin MWD is the wholesale water supplier for Waterworks District #29. As such, West Basin's infrastructure as it relates to the Las Virgenes region is associated only with water transmission to Waterworks District #29's eastern boundary. No specific issues or improvements were identified for the West Basin MWD; however, there are significant issues with Waterworks District #29. The West Basin MWD is considering purchasing Waterworks District #29.

3.2.2 Water Supply/Demand

Water supply for the Las Virgenes service review region includes imported and recycled water; none of the agencies use groundwater. Imported water is supplied by Metropolitan. Both Las Virgenes MWD and West Basin MWD are member agencies of Metropolitan, and as such do not have direct delivery entitlements for SWP water. Both agencies are included in Metropolitan's future demand planning but contract annually for supplies. Recycled water is considered a direct offset for potable water demand for irrigation. Overall, water supply sources are reliable for the service review region and able to accommodate future growth.

However, supply must also be evaluated within the context of the districts' ability to deliver, or the adequacy of public facilities. Supply factors such as location, regulatory and environmental constraints must be considered in relation to facilities, capacity and infrastructure condition. There are canyon areas within the two retail districts' service boundaries that must be served by the adjoining district due to geographic constraints. This has been historically addressed through written agreements between the two districts and the respective property owner.

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Supply limitations within Waterworks District #29 are due to the age and condition of the infrastructure in a service area with challenging terrain. None of the districts have excess capacity that could be used to serve another agency's customers.

Regulatory agencies with which the districts must comply include:

- Los Angeles Regional Quality Control Board – permit to operate wastewater treatment and disposal facilities and to discharge effluent when necessary
- South Coast Air Quality Management Board for permits to operate and discharge exhaust emissions from stationary emergency generators, diesel engines used to operate pumps, and emissions resulting from biosolid disposal facilities
- California Dept. of Health Services for permits to operate and maintain potable water storage, treatment, and distribution facilities
- Los Angeles County Dept. of Health Services for permits to operate and deliver recycled water to customers for use as irrigation water, and backflow prevention

Compliance with these regulatory agencies does not limit capacity of the supply system.

There is no indication of issues related to environmental constraints, such as wetlands, protected habitat or hazardous waste sites that would limit public facilities within the region.

Similar to evaluating supply, demand must be considered within the context of expected future growth and customer base. It is important to note that a significant quantity of potable water (75-80%) is used for landscape irrigation within the Las Virgenes MWD service area. However, 23% of potable demand for outdoor use is met by recycled water. Each of the districts has an active conservation program which is a critical component of demand side management.

Water supply and demand for each of the three water districts in the Las Virgenes Region is summarized below in *Table 3.3 – Supply and Demand Summary*:

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Table 3.3 - Supply and Demand Summary
(Acre Feet/Year unless otherwise noted)

Water System Supply/Demand Summary	District #29*	Las Virgenes MWD**	West Basin MWD
Population Data Growth Rate	22%	47%	
Current	24,350	66,600	Same as Waterworks District #29
Projected – 2005	25,570	73,260	
2010	26,850	80,590	
2015	28,190	88,650	
2020	29,600	97,600	
Supply Data % Increase	17%	52%	
Current Annual Total	10,217 AF	28,857 AF	
Imported	10,077	23,261	
Recycled	140	5,436	
Other		160	
Projected - 2020	11,940 AF	43,984 AF	
Demand Data % Increase	41%	41%	
Current			
Average Annual	8,480 AF	26,860 AF	
Maximum Day	NP	40.38 MGD	
Projected – 2020			
Average Annual	11,940 AF	37,963 AF	
Maximum Day	NP	72.26 MGD	
Increase in Maximum Day	NP	31.88 MGD	

* Source: 2000 Urban Water Management Plan Update for Los Angeles County Waterworks District 29 and Marina Del Rey Water System December 2000

**Sources: LVMWD and Triunfo Sanitation District, Integrated Master Plan for Potable Water System for LVMWD and Recycled Water System for the Joint Venture of LVMWD and TSD, May 2000; 2000 Urban Water Management Plan for Las Virgenes Municipal Water District

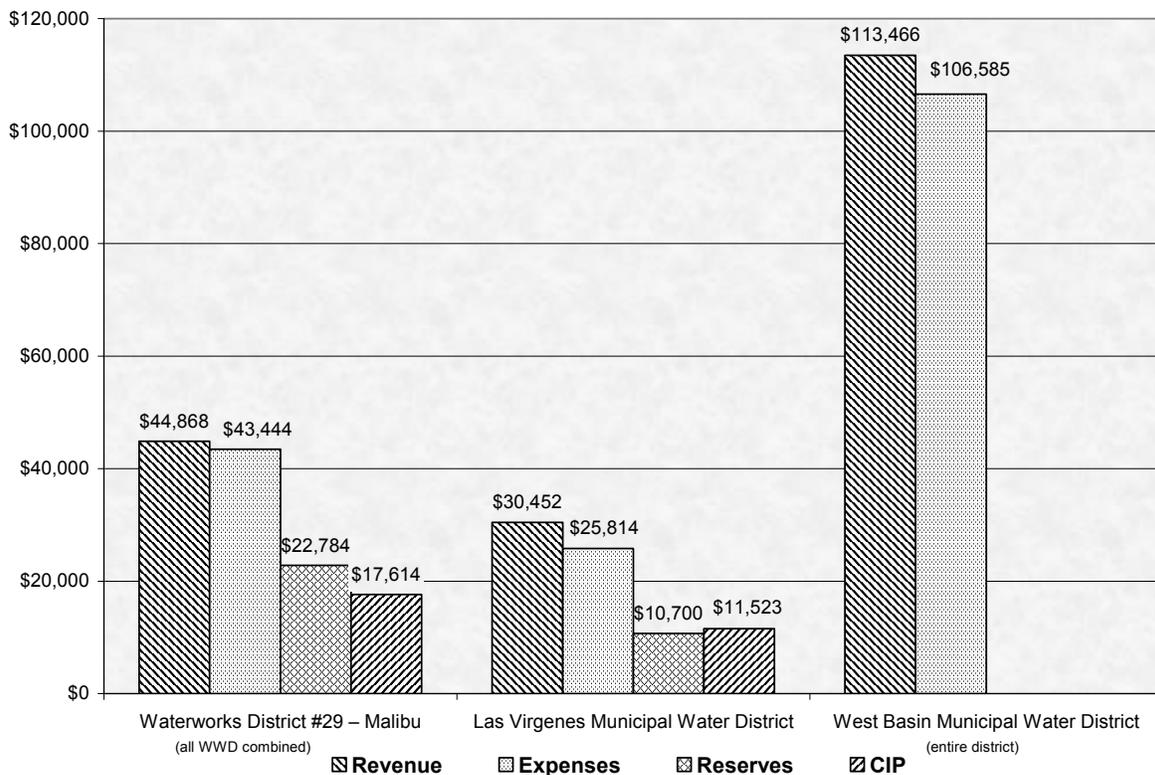
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3.3 Financing Constraints and Opportunities

3.3.1 Revenues and Expenses Comparison

The following, *Figure 3.2 – Las Virgenes Region 2002-2003 Financial Information*, compares the revenues, expenses, reserves and capital improvement program costs of each agency in the Las Virgenes service review region for water agencies. The data received for County Waterworks Districts #29 includes all of the waterworks districts for Los Angeles County; the financial data provided by the County did not provide detail for each of the waterworks districts.

**Figure 3.2 – Las Virgenes Region
2002-2003 Financial Information (in thousands)**



None of the agencies indicated a need for new facilities or facility upgrades (aside from infrastructure) that have not been planned due to financing or other constraints. However, there are significant system deficiencies within Waterworks District #29. No information was provided regarding specific financing objectives to alleviate this condition.

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LVMWD and Calleguas MWD (the adjoining district in Ventura County and Metropolitan member agency) have formed a joint powers authority for the purpose of funding water capital projects of mutual interest to the two agencies. Revenues are adequate for planned capital facilities.

Similarly, West Basin MWD entered into a joint financing authority with Central Basin MWD in 1993 as a mechanism to secure financing for capital projects, purchase, operate and maintain administrative headquarters, and provide a forum to develop and administer policy issues

3.4 Cost Avoidance Opportunities

County Waterworks District #29 – Malibu

Waterworks District #29 is managed by LACDPW which allows overhead cost savings and shared management. The District receives services from the LA County Agricultural Commission for water testing and weed abatement. The District does have an UWMP that identifies cost avoidance practices and opportunities through demand management.

There are areas within the District's service boundaries that are served by Las Virgenes MWD due to topography, and Waterworks District #29 provides reciprocal service to properties for LVMWD. This is a cost-effective means of providing service for the districts. There are areas of potential growth within the district that cannot be served by the existing system due to elevation. Some areas could be served by adjoining districts or construction of extensive facilities; some areas could not be served in any case. Waterworks District #29 indicated that West Basin MWD has submitted a proposal to purchase the district. The sale had not been completed as of the date of this report and the terms of the agreement were not provided. However, it is suggested that Los Angeles LAFCO complete a sphere of influence (SOI) update for both the West Basin MWD and Waterworks District # 29 if the sale is finalized.

Las Virgenes Municipal Water District

Las Virgenes MWD has an UWMP as well as an integrated master plan which identifies opportunities for cost savings, integration of potable and recycled water resources, and improved demand management.

As mentioned previously, the District provides service to areas adjacent to their eastern and southern boundaries in Topanga Canyon and the City of Malibu because of service limitations in

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Waterworks District #29. This is considered temporary service and charged at temporary service rates. These connections are also only provided water when surplus water is available. The planning tools are in place to allow the District to forecast capital expenditures based on growth and existing system maintenance. This ensures that implementation and construction are carried out in a cost-effective manner.

West Basin Municipal Water District

The West Basin MWD provides wholesale water to Waterworks District #29. No specific information has been provided regarding cost avoidance opportunities for the West Basin MWD since a majority of its service area is located in other service review regions.

3.5 Management Efficiencies

County Waterworks District #29 – Malibu

Waterworks District #29 is operated under the LACDPW which allows shared management and administrative efficiencies. Customer complaints are directed to one person; customers may also visit headquarters in Alhambra or the field office in Malibu. Performance is evaluated by the State Auditor-Controller for financial operations and the State Department of Health for water quality. Productivity is monitored through a Maintenance Management System (MMS) and a Financial Accounting System (FAS). In addition, the County is in the process of developing a performance monitoring system. Through these evaluation tools, LACWWD was able to modify the scope of work for its contract for emergency contracting services. No opportunities for improvement were identified by the District.

Las Virgenes Municipal Water District

As part of their management framework, Las Virgenes MWD prepares an annual mission statement and action plan that addresses financial, service and customer relations issues.

The District has received multiple awards in the past five years, including the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (5 years running) and the Outstanding Financial Report Award from the California Municipal Finance Officers Association (4 years).

The District is committed to an overall program of continuous improvement. Work volume and indices of service (potable water purchases, maintenance and operations costs, etc.) are reviewed on a regular basis to ensure that a quality product is delivered to the customer for a

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reasonable cost. Operations are routinely evaluated and customer satisfaction surveys conducted on a regular basis. Results are compiled monthly and analyzed yearly to identify areas where the District can improve services or provide more information to its customers.

Similarly, the District also actively monitors productivity. Currently there are 122.8 positions (FTE). Ten positions have been eliminated based on a review of workload, organization efficiency, and restructuring of jobs to increase performance. The District is in the process of formalizing information in various reports to review efficiency and workload measures for various work groups. Indices of productivity are monitored and reported to the Board of Directors on a regular basis.

The District does have written agreements with the water agencies surrounding the service area to provide emergency interties for water service between agencies in the event of natural disaster or planned outages. No opportunities to improve management efficiency were identified by the District.

West Basin Municipal Water District

West Basin MWD has a formal mission statement regarding its service as a wholesale provider of imported and recycled water. The District has received 11 awards since 2000, primarily for their work in water recycling and education.

District operations are evaluated on an ongoing basis, including a review of operational costs as compared to historical costs and projected revenues. The District also gauges performance by monitoring water quality to ensure it meets permit and contractual requirements.

Productivity monitoring is achieved through annual employee evaluations, goal setting and regular meetings to review progress on goals and make necessary adjustments. Because West Basin is a wholesale provider, there is no formal process for customer complaints. Any complaints would come through the retail agencies; there were no complaints filed within the most recent calendar or fiscal year.

West Basin MWD and Central Basin MWD share offices, staff and the General Manager, which has allowed coordination and efficiencies within both districts. No opportunities to improve management efficiency were noted.

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3.6 Shared Facilities

County Waterworks District #29 – Malibu

Waterworks District #29 does not participate in any joint powers authorities or joint decision-making efforts to provide services. They do not currently share facilities with any other districts, other than office space with LACDPW. There is an agreement to provide reciprocal service with Las Virgenes MWD for those areas that cannot be served by the originating agency. They do have a potable water intertie with Las Virgenes MWD for emergency service or normal service interruptions. No opportunities to share facilities were identified by the District.

Las Virgenes Municipal Water District

Las Virgenes MWD has entered into a joint venture with Triunfo Sanitation District for sanitation services in areas of Ventura County that are tributary to the Malibu Creek watershed. This joint venture also includes the production of recycled water at the Tapia Water Treatment Facility which is used in the District's service area. The recycled water system is owned by the joint venture.

The District has potable water interties with surrounding districts including Waterworks District #29, City of Los Angeles and Calleguas MWD for emergency service due to natural disasters or planned outages. The District does not have excess capacity and does not share facilities with any other agencies. No opportunities to share facilities were identified by the District.

West Basin Municipal Water District

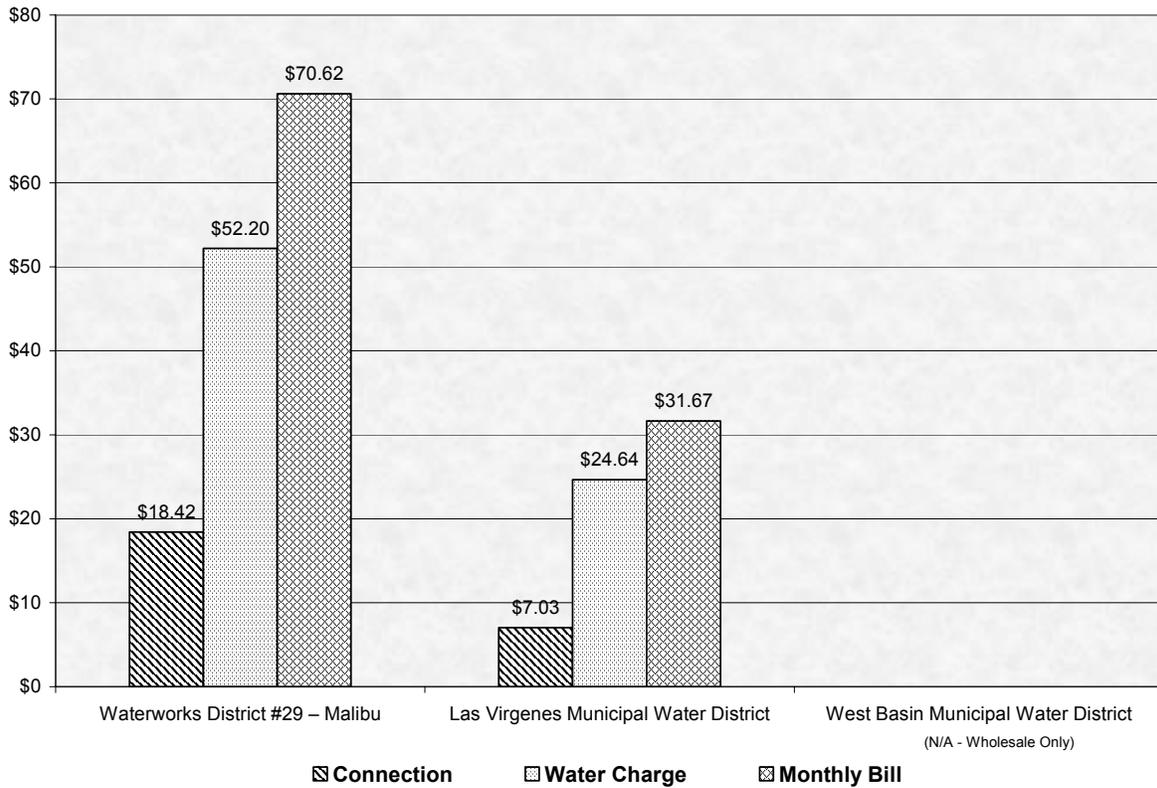
West Basin MWD shares their headquarters and operations facilities with Central Basin MWD. Excess capacity is related to recycled water, which is not available to West Basin's service area in the Las Virgenes Region. The District does not share facilities with other agencies and they do not participate in any reciprocal service agreements. The District did not identify any opportunities to share facilities within the Las Virgenes Region.

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3.7 Rate Restructuring

The following figure, *Figure 3.3 - 2002-2003 Average Residential Water Bill*, compares reported rates from districts in the Las Virgenes service review region.

**Figure 3.3 – Las Virgenes Region
2002-2003 Average Monthly Residential Water Bill**



County Waterworks District #29 – Malibu

Waterworks District #29 does not charge connection fees, but does impose some or all of the following water supply fees:

- Acreage Charges based on property usage and fire-flow protection requirements – computed on gross acreage
- Tank Capacity Unit Charges based on meter demands and fire-flow protection requirements
- Frontage Charges based on benefited front footage, fire-flow protection requirements, and size of water main to supply fire-flow protection

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- Water System Engineering Charges including costs to review developments, establish water system construction requirements, check plans and other documents (easements), inspect construction work, process water service applications, and inspect installation of service connections and meters.

The District does not charge different water rates to particular customer classes or retailers, and rates have not increased over the last 10 years. In 1982, the Rules and Regulations were amended to include a surcharge of \$1.25 per billing unit per month for facilities construction. A quantity surcharge of \$0.25 per each 100 cf of water consumed in excess of the service charge allowance was also added. However, this has not been adequate to address the needs of the system.

According to the District, there are serious system deficiencies within Waterworks District #29. Rate increases will be needed in order to replace deteriorated infrastructure and meet future regulatory standards for water quality and fire protection. The District is not aware of any unmet opportunities to reduce service costs.

Las Virgenes Municipal Water District

Las Virgenes MWD charges capacity fees rather than connection fees. The fees are determined based on the cost of capital project needs for new facilities to meet new demands divided by the number of new connections expected during the planning horizon for build-out (2020). Capacity fees are used for new facilities only; existing customers do not subsidize new facilities. The capacity fees include the following: Potable Water Construction Fee, Water Conservation Fee, meter cost, meter installation cost and administrative facilities.

The District charges a flat meter service charge and then uses a tiered rate structure for both potable and recycled water. The first tier covers the cost of water purchased from Metropolitan; tiers 2-4 cover the fixed and variable costs of operating, maintaining and replacing the potable water system. At current rates, tier one is \$1.18 per billing unit, up to 12 units. With projected water volume and current Met prices, the cost to purchase one billing unit is \$1.20. The Board is considering adjusting the meter service charge and realigning tier rates. In addition, those properties that require additional pumping service due to elevation are charged zone-pumping charges. Some prices were adjusted in 1996, 2000 and April 2001. Prior to implementing any changes in rates for services, the District analyzes current methods, operations, and costs to ensure customers receive the best value. The District did not identify any further opportunities to reduce service costs.

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West Basin Municipal Water District

West Basin MWD does not charge connection fees. A retail agency requesting a new potable water connection from Metropolitan and WBMWD would pay for the actual costs to construct the connection. The non-interruptible rate (potable) is currently \$520/AF, which is only a 3.7% increase since 1995. The rate does not vary by retailers. West Basin charges a surcharge of \$31/AF on Metropolitan deliveries as well as a \$20/cfs monthly water service charge (determined by meter capacity). They also charge a Capacity Reservation Charge of \$4,900/cfs which is the agency's highest peak (per cfs) from the past three summer periods (May-September). This provides incentive for the retail agencies to actively manage peak demand and seek cost effective alternatives and off-season purchasing opportunities. The data provided does not indicate what surcharge West Basin is applying to Waterworks District #29's water purchases, as this is dependent on meter size and historical purchase data.

3.8 Government Structure Options

County Waterworks District #29 - Malibu

There have been ongoing discussions on West Basin MWD's interest in purchasing Waterworks District #29. It is uncertain how the purchase would affect either the existing government structure of the two agencies or the sphere of influence. There are several possible government structure options if the sale of Waterworks District #29 occurs.

Waterworks District #29 could be dissolved and become a division of the West Basin MWD. However, the West Basin MWD is a wholesale water agency which currently does not provide retail water. Waterworks District #29 could be dissolved and a new public agency formed to provide retail water services. Both of these scenarios would require an application to LAFCO for the change in government structure, service area and SOI.

Las Virgenes Municipal Water District

Las Virgenes is not anticipating significant revisions to its SOI, however minor reorganizations are anticipated. The City of Calabasas may be making minor adjustments to their boundaries which will require adjustments to LVMWD boundaries of service. In addition, the District may assume responsibility for minor portions of Waterworks District #29's service area that cannot be served by that district.

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West Basin Municipal Water District

West Basin MWD does not anticipate any SOI changes or reorganizations within their service area. The District did not identify any opportunities to improve the provision of service through a reorganization of service providers.

3.9 Local Accountability and Governance

County Waterworks District #29 – Malibu

Waterworks District #29 is a dependent special district, formed under Division 16 of the California Water Code (County Waterworks District Law). The County Board of Supervisors acts as the governing body, and Supervisors are elected within each district every four years. There is a broad range of means to communicate with constituents including live broadcasts over cable television, minutes posted on the County website, public hearings, and information sent directly to potentially impacted constituents. Board meetings are held every Tuesday in Alhambra. The Board conducts the business of the County, of which the waterworks district is a small component.

Customer complaints are handled by telephone, in the field office in Malibu, or in the headquarters in Alhambra. Management level review is performed if the customer is not satisfied with the resolution. There were 60 management level reviews in the last year for all LACWW Districts combined.

Las Virgenes Municipal Water District

Las Virgenes MWD is an independent special district organized under the Municipal Water District Act of 1911. The agency was established in 1958. The governing body is composed of 5 elected officials representing specific geographic areas (districts) of the District. Terms of office are 4 years. Three members are elected in one bi-annual cycle, and the other 2 are elected on the alternate biannual cycle. The Board holds regularly scheduled meetings at the District headquarters twice a month on the second and fourth Tuesdays at 4 pm.

The District has an active public outreach program for its customers, including newsletters, brochures, web page and “Welcome” packages for new customers. The District also participates in local community events and conducts water forums for local civic leaders. There is a significant outreach to local schools to promote understanding and awareness of water conservation measures and sanitation issues. The District maintains an ongoing relationship with the local media, utilizing news releases, editorial boards, and paid advertising for

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promotional programs. District staff and directors make regular presentations at local service club meetings, city council meetings, and other opportunities to promote the dissemination of information.

Customers have direct access to customer service staff during regular business hours. After hours access is provided through emergency stand-by personnel who are fully trained on customer service policies and procedures. Both office and field staff are fully trained on handling customer complaints and make every effort to resolve the issue over the phone or by visiting the property. If the customer is not satisfied, the Customer Service Supervisor will review the problem. There were 52 customer escalations in 2002, the majority involving overdue bills.

West Basin Municipal Water District

West Basin MWD is an independent special district formed under California Water Code 7100 et. seq. The agency was established in 1947. The governing body is elected by division; the District has five divisions. Board meetings are held monthly on the fourth Monday at 11:00 am. Agendas and supporting documentation are noticed in the District's headquarters lobby as well as on the web site. Customer service is related to the retail agencies that purchase water from West Basin. West Basin MWD has no formal customer service department.

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4.0 DETERMINATIONS

In approving a Municipal Service Review (MSR), LAFCO must adopt written determinations for the following nine factors specified in LAFCO's governing statute. Each agency is addressed separately:

County Waterworks District #29 - Malibu

1) *Infrastructure Needs and Deficiencies*

Waterworks District #29 has significant infrastructure deficiencies due to an aging system and topography. The West Basin MWD is considering purchasing Waterworks District #29 and it is expected that the infrastructure needs would be addressed through the sale agreement or through subsequent management by the West Basin MWD. Water supply is adequate to meet expected future demand.

2) *Growth and Population*

Population growth is expected to be approximately 5% for each five-year increment through 2020 reaching a population of 29,600.

3) *Financing Constraints and Opportunities*

Financing is a concern for Waterworks District #29 in light of the significant infrastructure needs identified.

4) *Cost-Avoidance Opportunities*

The agency has identified cost-avoidance opportunities through its Urban Water Management Plan and through the shared management of the LACDPW for all waterworks districts.

5) *Opportunities for Rate Restructuring*

The rates for customers within Waterworks District #29 are expected to increase significantly to ensure that infrastructure deficiencies are addressed.

6) *Opportunities for Shared Facilities*

Waterworks District #29 shares various facilities, equipment and staff with other entities managed by the LACDPW. It also has a service agreement with the Las Virgenes MWD to ensure more efficient service to customers.

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7) *Government Structure Options*

There are ongoing discussions regarding West Basin MWD's interest in purchasing Waterworks District #29. If the purchase is approved, Los Angeles LAFCO should work with the agencies to determine if a formal proposal for dissolution of the agency should be submitted. The sphere of influence for both agencies could require an update.

8) *Management Efficiencies*

Waterworks District #29 is operated by the LACDPW which increases shared management and administrative efficiencies. However, the lack of long-term maintenance and upgrades of facilities is a significant concern.

9) *Local Accountability and Governance*

No issues were noted. The Los Angeles County Board of Supervisors, as the governing body, has an extensive process for ensuring local accountability and governance.

Las Virgenes Municipal Water District

1) *Infrastructure Needs and Deficiencies*

Las Virgenes MWD has identified expected infrastructure needs through its master planning process and no issues were identified that would limit their ability to provide service over the next ten years. Water supply is adequate to meet expected future demand.

2) *Growth and Population*

Population growth is expected to be approximately 10% for each five-year increment until an estimated population of 97,600 is reached in 2020, the projected build-out date.

3) *Financing Constraints and Opportunities*

Financing is adequate for current and future service provision.

4) *Cost-Avoidance Opportunities*

The agency has identified cost-avoidance opportunities through its Urban Water Management Plan and through annual budget reviews.

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5) *Opportunities for Rate Restructuring*

The rates for customers within Las Virgenes MWD are reviewed annually to ensure that resources are adequate.

6) *Opportunities for Shared Facilities*

The Las Virgenes MWD has entered into joint ventures with the Triunfo Sanitation District and the Calleguas MWD in Ventura County in order to share facilities and improve service to customers.

7) *Government Structure Options*

None were noted except for possible sphere of influence revisions where the Las Virgenes MWD is providing services outside its current boundaries. The provision of services outside the agency's boundaries may require either LAFCO approval pursuant to Government Code Section 56133 or a revision of the sphere and possible annexation.

8) *Management Efficiencies*

Las Virgenes MWD has an internal process which monitors operations and management to improve efficiencies.

9) *Local Accountability and Governance*

No issues were noted. The Las Virgenes MWD Board has an extensive process for ensuring local accountability and governance.

West Basin Municipal Water District

1) *Infrastructure Needs and Deficiencies*

West Basin MWD has identified expected infrastructure needs through its master planning process and no issues were identified that would limit their ability to provide service over the next ten years. Water supply is adequate to meet expected future demand. The West Basin MWD's service area extends beyond the Las Virgenes service review region.

2) *Growth and Population*

Population growth is expected to be approximately 3% for each five-year increment until an estimated population of 945,000 is reached in 2025.

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3) *Financing Constraints and Opportunities*

Financing is adequate for current and future service provision.

4) *Cost-Avoidance Opportunities*

The agency has identified cost-avoidance opportunities through its Urban Water Management Plan and through annual budget reviews.

5) *Opportunities for Rate Restructuring*

The rates for customers within West Basin MWD are reviewed annually to ensure that resources are adequate.

6) *Opportunities for Shared Facilities*

The West Basin MWD shares facilities, staff and operational functions with the Central Basin MWD.

7) *Government Structure Options*

None were noted except for potential applications for government structure options and sphere of influence updates related to the proposed purchase of Waterworks District #29 by the West Basin MWD.

8) *Management Efficiencies*

The West Basin MWD has an internal process which monitors operations and management to improve efficiencies. It has received 11 awards from industry groups since 2000.

9) *Local Accountability and Governance*

No issues were noted. The West Basin MWD Board has an extensive process for ensuring local accountability and governance.