

Investment Policy

April 21, 2026



Investment Policy – Recommended Revisions

- Authorize additional investment options:
 - Supranationals – 10% limit
 - Commercial Paper – 5% limit
 - Corporate Bonds (Medium Term Notes) – 5% limit
 - Zero Coupon Securities – No limit
- Increase LAIF and CAMP limit to \$75 million.
- Increase maximum maturity for up to 5% of portfolio.



Recommendation

Review and provide feedback on proposed update to the Investment Policy



Annual Review of Financial and Debt Management Policies

April 21, 2026



Debt Management Policy

- The Debt Management Policy was last formally revised and approved by the Board on June 17, 2025, reflecting expanded funding and financing alternatives to address long-term infrastructure needs.
- The policy emphasizes maintaining the highest possible credit rating through sound debt management practices, including compliance with debt covenants, timely debt service payments, and proactive disclosure requirements.
- The policy establishes specific criteria for issuing debt, including ensuring revenues are sufficient to service debt obligations and that projects align with the District's capital planning process.
- Guidelines for debt structuring include a preference for fixed interest rates and level repayment schedules to provide budget certainty, as well as short-term borrowing options to manage cash flow.
- At this time, staff proposes no revision to the Debt Management Policy.



Financial Policies

- The Board has approved 11 Financial Policies that establish guidance related to the financial management of the District.
- The policies define how the District manages its restricted cash and budget, establishes reserves, and prefers to pay for capital projects and use funds in excess of reserve balances.
- The Financial Policies are designed to be long-lasting and provide clarity to staff, the public, and municipal market investors.
- A comprehensive review of the Financial policies are incorporated into the biennial 2-year budget process.
- Staff proposes the following revisions to the Financial Policies:



Financial Policies – Recommended Revisions

Policy 1 - Restricted Cash:

- Rewritten to remove language specific to bond covenants that no longer exist; replaced with broader direction applicable to any future debt covenant obligations

Policy 3 – Rate Stabilization Fund:

- Revised to remove reference to budgeting based on a "three-year average," which does not always reflect current practice (e.g., the upcoming two-year budget is aligned with the latest Board-adopted rate study projections)

Policy 4 – Financing Alternative:

- Updated to reflect the Board's approved policy principle of maintaining a debt coverage ratio of 1.50 or better in order to achieve a high credit rating, consistent with the District's Strategic Plan Objective No. 5

Policy 6 – Operating Funds Cash Requirement

- Updated to remove prior language referencing a debt service obligation that is no longer required.

Policy 11 – Assignment or Commitment of Reserves in Excess of Target Balances:

- Revised to align language with GASB terminology applicable to enterprise funds.



Recommendation

Staff proposes the Board make no changes to the current Debt Management Policy and approve the updated Financial Management Policies effective April 21, 2026



2026 Miscellaneous Fees Study

Update to LVMWD code

April 21, 2026



Miscellaneous User Fees and Penalties Update

Key Reasons for the Update:

The District charges miscellaneous fees for specific services not covered by standard water and wastewater rates. These fees apply only to customers who request or trigger those services.

Industry Best Practice:

A comprehensive fee study is recommended every five years to reassess the cost of performing services. The last adopted fee study was approved in 2019, with annual Consumer Price Index (CPI) adjustments applied since then.

Rising Costs:

Updated cost information is needed to ensure the District keeps pace with rising operational costs and continues to fully recover the cost of District services.

Legal Compliance:

Fees must comply with California Government Code and must not exceed the estimated full cost of providing the associated service.

Independent Study:

The District retained Water Resources Economics, LLC (WRE) to conduct a comprehensive review of all miscellaneous user fees and penalties.



Penalty Fees Update

Penalty fees are charged when users violate terms of agreement, service, law, or regulation

Fee Description	Current Fee	Proposed Fee	Change
Disconnect Notice (Door Tag)	\$118	\$125	+\$7
Disconnect/Reconnect Water Service	\$118	\$125	+\$7
Water Audit Cancellation Fee	\$50	\$100	+\$50
Returned Check Fee	\$25 (1st occurrence)	\$30 (1st occurrence)	+\$5
Credit Card Chargeback Fee	\$30-\$40	\$35 (1st) / \$45 (subsequent)	Tiered structure
Late Fee	5% of bill balance	5% of bill balance	No change
Broken Meter Seal or Lock	\$200	\$200	No change



User Fees Update

User fees recover the reasonable cost of providing a specific service, based on fully burdened hourly rates, travel, materials, and overhead

Fee Description	Current Fee	Proposed Fee	Change
Backflow Testing (Annual)	\$154	\$290	+\$136
Board Room Rental (Office Hours)	\$58/hour	\$115/hour	+\$57/hour
Board Room Rental (After Hours)	\$159/hour	\$175/hour	+\$16/hour
Fire Flow Certification	\$141	\$150	+\$9
Fire Flow Testing	\$118	\$200	+\$82
Landscape Plan Check	\$45	\$70	+\$25
Service Initiation Fee	\$57	\$170	+\$113
Water Meter Testing	\$118	\$235	+\$117



Recommendation

Pass, approve and adopt proposed Resolution No. 2671, updating miscellaneous fees and penalties, effective on July 1, 2026.



Fiscal Years 2026/27 & 2027/28 Biennial Budget Primary Assumptions

- MWD Rates
- Revenues
- Salaries & Wages
- Budgeted Positions
- One Time Expenses
- Capital Projects



Strategic Planning Workshop Priority Rankings

- 1) Construction of Pure Water Project Las Virgenes-Triunfo, including outreach efforts focused on supporting construction related activity.
- 2) Continue efforts (formation of a JPA, additional analysis and studies, regulatory advocacy, etc.) necessary for the successful implementation of Deep Ocean Desalination: Public-Private Partnership w/OceanWell
- 3) Finalize the Water Supply Reliability and Diversification Study and determine the optimal additional amounts and timing to purchase and store more groundwater.
- 4) Study the feasibility of system integration w/Los Angeles County Waterworks District No. 29, Malibu.
- 5) Develop fiscally responsible budgets - identify and implement projects and programs that provide efficiencies / cost savings / reduce liabilities.
- 6) Promote drinking tap water through installation of fill stations and distribution of reusable bottles.
- 7a) Explore ways to support the installation of heli-hydrants within the District.
- 7b) Study the feasibility of additional solar at Las Virgenes Reservoir and/or District Headquarters.

