

MOULTON NIGUEL WATER DISTRICT
NOTICE OF PUBLIC HEARING ON PROPOSED INCREASES
TO RATES FOR SEWER SERVICE FEES

To Property Owner/Customer:

NOTICE IS HEREBY GIVEN THAT the Board of Directors of the Moulton Niguel Water District (the “District”) will conduct a public hearing on Monday, June 26, 2023, at 6:00 p.m. in the Boardroom of the District Headquarters at 26161 Gordon Road, Laguna Hills, CA 92653, to consider adopting increases in the rates for its sewer service fees.

WHY ARE THE RATE CHANGES BEING PROPOSED?

In 1997, property owners within the Laguna Sur/Monarch Point community elected to withdraw from the South Coast Water District (“SCWD”) and have Moulton Niguel Water District provide water services. However, due to geographic and operational reasons, SCWD continues to provide sewer collection and treatment services to properties in the Laguna Sur/Monarch Point and Seaview Summit communities. Moulton Niguel collects SCWD’s sewer service charges on property owners’ property tax bills and then remitted to SCWD. When SCWD increases the rates for its sewer service, Moulton Niguel must pass on those rate increases to property owners to ensure sufficient revenues to cover the costs of providing those services. In June 2021, SCWD conducted a water, recycled water, and wastewater rate study to ensure that rates cover service costs. SCWD updated the study and held three public workshops between March and April 2023. These workshops can be viewed at:

www.scwd.org/about/board_of_directors/agendas___minutes.php

SCWD has advised the District that, effective July 1, 2023, it will increase the rates it charges for its sewer services. The rate increases will be implemented over three years.

PROPOSED SEWER RATES AND ANALYSIS

The rate structure for SCWD’s sewer service fees within the Laguna Sur/Monarch Point/Seaview Summit service area comprises three customer classes—Single Family Residential, Multi-Family Residential (duplexes, triplexes, and fourplexes), and Commercial. SCWD is keeping its current rate structure for each customer class and increasing its rates for sewer services for three years, effective July 1, 2023, to June 30, 2026. The District must pass on the proposed rate increases to ensure that it recovers all the costs of providing sewer services within the Laguna Sur/Monarch Point service area that are imposed on it by SCWD. This document describes the maximum rates applicable to each customer class during the three-year rate plan.

PASS-THROUGH ADJUSTMENTS

SCWD’s cost of service analysis included assumptions of annual cost increases for wastewater treatment from its regional wholesale provider, the South Orange County Wastewater Authority (“SOCWA”); however, such cost increases are beyond SCWD’s control and may increase beyond the levels assumed in the cost-of-service analysis. SCWD proposes to pass through the amount of such rate increases that are greater than those projected and used to develop the proposed rates.

These pass-through rates would affect the SCWD variable charges only. If approved by the Board of Directors, and at least 30 days before the effective date of the variable rate adjustment, the District will notify its customers of the amount of adjustment. However, the following conditions will apply: (1) any adjustment to the variable charge shall not exceed 15% per year, and (2) in no event shall the variable charge adjustment be more than the cost of providing service.

SINGLE FAMILY RESIDENTIAL CUSTOMERS

The annual variable sewer service charge for single family residential customers is based on a Winter Quarter Average (“WQA”) of metered water usage.

The WQA is used as a proxy for the volume of wastewater discharged by a customer to the sewer system. It is defined as the average of the prior fiscal year of water usage during the winter months (December, January, February) when outdoor water usage is minimal.

The WQA is measured in units of centum cubic feet (“CCF”). One CCF equates to 748 gallons. The current and the proposed annual variable charges for Single Family Residential customers are set forth in the table to the right.

SINGLE FAMILY Variable Service Charge – annual, per dwelling unit				
WQA	Current	Proposed	Proposed	Proposed
	7/1/22	7/1/2023	7/1/2024	7/1/2025
Block 1 0-5 ccf	\$824.60	\$923.55	\$1,034.38	\$1,137.82
Block 2 6-10 ccf	\$899.28	\$1,007.19	\$1,128.05	\$1,240.86
Block 3 11+ ccf	\$1,051.37	\$1,177.53	\$1,318.83	\$1,450.71

MULTI-FAMILY RESIDENTIAL CUSTOMERS

All multi-family residences, regardless of type, will be subject to a uniform per dwelling unit Fixed Charge and a per CCF Variable Charge.

The current and proposed annual per dwelling unit rates for the Fixed Charge and per CCF rates for the Variable Charge applicable to Multi-Family Residential customers are identified in the table to the right.

MULTI-FAMILY				
	Current	Proposed	Proposed	Proposed
	7/1/22	7/1/2023	7/1/2024	7/1/2025
Fixed Charge: annual, per dwelling unit				
	\$451.98	\$506.22	\$566.97	\$623.67
Variable Charge: monthly, per ccf				
	\$1.48	\$1.66	\$1.86	\$2.05

COMMERCIAL CUSTOMERS

The rates for Commercial customers are based on assumptions pertaining to the strength (Low, Medium, and High) of the wastewater discharged (i.e., chemical oxygen demand and total suspended solids) into the system and the volume of wastewater discharged based on the metered water usage in CCF. There is a minimum monthly charge calculated using Block 2, 6-10 CCF. The proposed rates for Commercial customers are shown in the table to the right.

COMMERCIAL Variable Service Charge – annual, per CCF				
	Current	Proposed	Proposed	Proposed
	7/1/22	7/1/2023	7/1/2024	7/1/2025
Low Strength (e.g., office)				
	\$8.50	\$9.52	\$10.66	\$11.73
Medium Strength (e.g., mixed use)				
	\$11.07	\$12.40	\$13.89	\$15.28
High Strength (e.g., restaurant)				
	\$14.78	\$16.55	\$18.54	\$20.39

PUBLIC HEARING

Any record owner of a parcel upon which the fees are proposed for imposition, may submit a written protest to the proposed rate increases to the District's sewer service fees; provided, however, only one protest will be counted per identified parcel. Each protest must:

- (1) be in writing;
- (2) state the protest is submitted in opposition to the proposed rates;
- (3) provide the location of the identified parcel (by service address or assessor's parcel number); and,
- (4) include the name and signature of the person submitting the written protest.

Written protests may be submitted by mail to Moulton Niguel Water District's office at:

26161 Gordon Road
Laguna Hills, CA 92653

Written protests may also be submitted in person at the District's office or at the public hearing (see date, time and location above). All written protests must be received prior to the conclusion of the public input portion of the public hearing. Any protest submitted via e-mail or other electronic means will not be accepted as a formal written protest.

Please identify on the front of the envelope for any protest, whether mailed or submitted in person, that the enclosed letter is for the Public Hearing on Proposed Sewer Rates.

The Board of Directors will consider all written protests timely submitted and hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest. At the conclusion of the public hearing, the Board of Directors will determine whether to adopt the proposed rate increases described in this notice. If, after the close of the public hearing, written protests against the proposed rate increases as outlined above are not presented by a majority of the record owners of the identified parcels upon which they are proposed to be imposed, the Board of Directors will be authorized to impose the rate increases.

Please note that there is a 120 day statute of limitations from the effective date of the resolution or ordinance adopting the new or increased rates for sewer service to bring a challenge to such new or increased rates.

If you have any questions regarding the information provided in this notice, or the rates applicable to your property, please contact Johnathan Cruz, Director of Financial Planning & Innovation at (949) 448-4013 or jcruz@mnwd.com.