

**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 Thursday, June 11, 2026, at 6:00 p.m. in the Boardroom of the District’s 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 remits 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 2023, SCWD conducted a water, recycled water, and wastewater rate study to ensure that rates cover service costs. SCWD updated the study and held public workshops between January and April 2026, which can be viewed at:

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

SCWD has advised the District that, effective July 1, 2026, 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, 2026, to June 30, 2029. 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”). These costs 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, which are passed through to District customers. 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.

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.

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.

SINGLE FAMILY				
Variable Service Charge – annual, per dwelling unit				
WQA	Current	Proposed	Proposed	Proposed
	7/1/25	7/1/2026	7/1/2027	7/1/2028
Block 1 0-5 ccf	\$1,137.82	\$1,200.81	\$1,236.83	\$1,273.93
Block 2 6-10 ccf	\$1,240.86	\$1,340.72	\$1,380.94	\$1,422.37
Block 3 11+ ccf	\$1,450.71	\$1,577.29	\$1,624.61	\$1,673.35

MULTI-FAMILY				
	Current	Proposed	Proposed	Proposed
	7/1/25	7/1/2026	7/1/2027	7/1/2028
Fixed Charge: annual, per dwelling unit				
	\$623.67	\$541.75	\$558.00	\$574.74
Variable Charge: monthly, per ccf				
	\$2.05	\$2.29	\$2.36	\$2.43

COMMERCIAL				
Variable Service Charge – annual, per CCF				
	Current	Proposed	Proposed	Proposed
	7/1/25	7/1/2026	7/1/2027	7/1/2028
Low Strength (e.g., office)				
	\$11.73	\$12.70	\$13.08	\$13.47
Medium Strength (e.g., mixed use)				
	\$15.28	\$16.55	\$17.05	\$17.56
High Strength (e.g., restaurant)				
	\$20.39	\$22.50	\$23.18	\$23.88

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 approve the rate increases.

Submit a Written Legal Objection to Preserve Your Ability to Judicially Challenge the Proposed Rates:

Pursuant to California Government Code Sections 53759.1 and 53759.2, a person or entity will be prohibited from bringing a judicial action or proceeding alleging that the proposed sewer service fees do not comply with Proposition 218 unless that person or entity has submitted a valid written legal objection to the proposed rates. This is known as an Exhaustion of Administrative Remedies requirement and is separate from the Proposition 218 majority protest process described above.

Any person or entity that wishes to bring a legal challenge to the proposed sewer service fee adjustments must first file a written legal objection that specifies the grounds for alleging the District's noncompliance with the law as described below. Written legal objections must be received by the District no later than 5:00 PM on June 11, 2026.

Information related to the written basis for the proposed sewer service fees can be found on the District's website at www.mnwd.com/laguna-sur-prop-218-notice/

Legal objections will only be considered valid if they meet the following procedural and substantive requirements:

- Legal objections must be in writing;
- Legal objections must be received by the Board Secretary by 5:00 p.m. on June 11, 2026,
- Legal objections must be mailed or hand delivered to the District's offices at 26161 Gordon Road, Laguna Hills, CA 92653, to the attention of the Board Secretary;
- Legal objections must include the following information:
 - Your name, parcel number and/or service address, including a return mailing or email address for District responses to your written objection;
 - A statement that your communication constitutes a legal objection;
 - A description of the nature of the legal objection which specifies the grounds for alleging the District's noncompliance with the law, with sufficient specificity to allow the District to determine whether any changes to the proposed sewer service fees are required. ***A statement that the proposed sewer service fees are too high, or that the proposed sewer service fees violate Proposition 218, without an explanation as to the basis of your claim, will be insufficient to constitute a legal objection.***

A written protest will not constitute a valid legal objection unless it meets the requirements set forth above. Failure to submit a valid written legal objection prior to 5:00 P.M. on June 11, 2026, will bar any right to challenge the proposed sewer service fee through a legal proceeding.

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.