

Making the Most of Challenging Times

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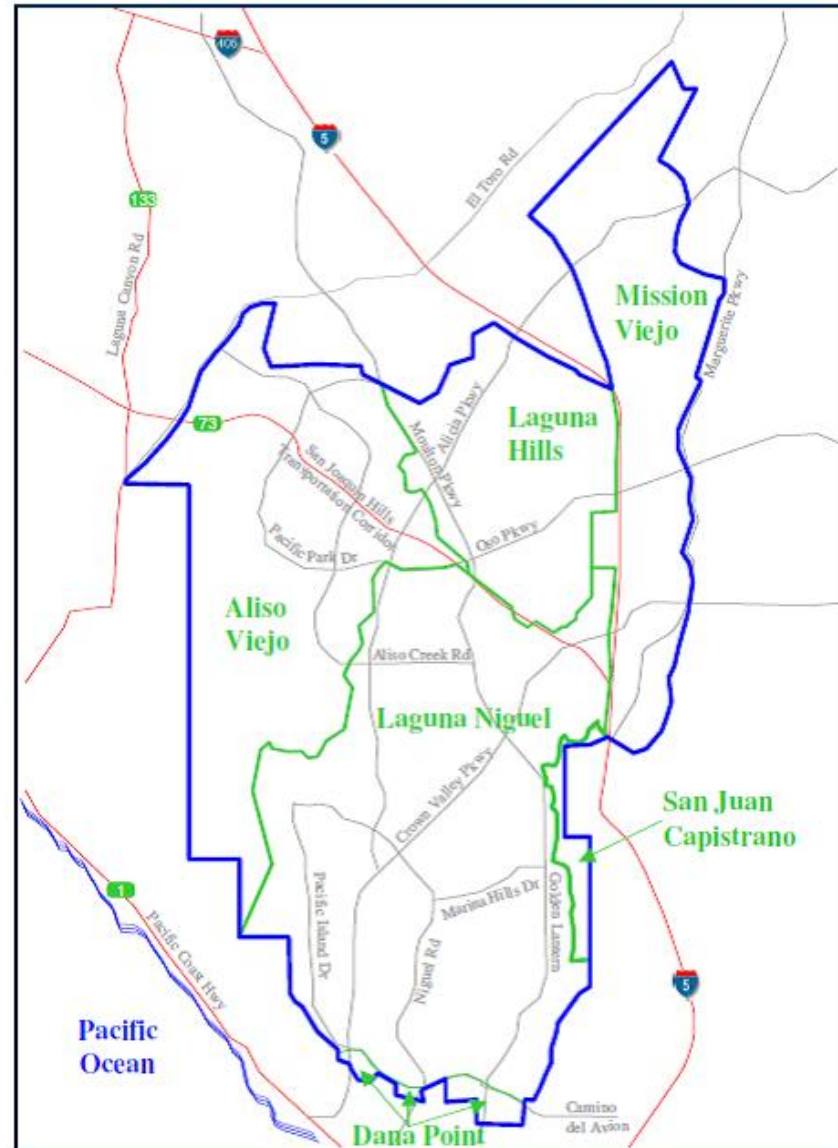
Moulton Niguel Water District

March 4, 2015



About the District

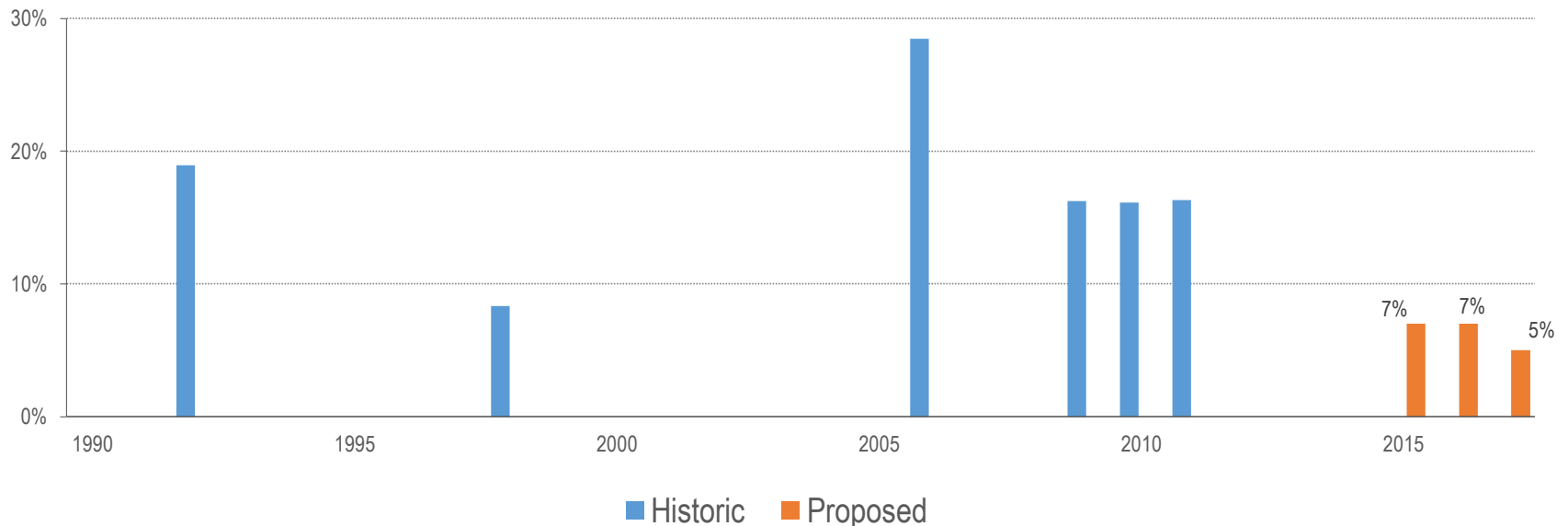
- Water, recycled water & sewer service
 - 170,000 people
 - 5 Cities in South Orange County
- 100% dependent on imports
 - MWD (\approx 29,000 AFY)
- RW \approx 25% Total Water Demand
- Annual budget: \$126 M
- Key revenues:
 - Rates
 - Property tax



Rate History

- 7 annual rate increases in the past 30 years
- Water Budget Based Rates implemented in 2011
 - 2009 Drought enforcement experience
 - Need for demand management tool – it's working!
- Adopted new rates Feb. 11, 2015

Residential Rate Increases



Learning From Experience

- Planning
- Implementation
- Communication
- Education
- Timing
- Financial implications
- Legal considerations
- Messaging
- Ongoing resource needs

Learning From Others

- Legal precedents
- No more “typical Prop 218 process”
- Insight when faced with legal challenges
- Administrative record – Cost of Service
- Customer impact analysis & considerations
- Prop 218 notice
- Ongoing outreach
- In-house expertise

Applying Lessons Learned

- The right team
- Identified lesson points & potential vulnerabilities
- Timing
- Legal guidance
- Staff expertise & involvement
- Extensive planning going in
 - Updated Reserve Policy, LRFP, LRWRP
- Getting mileage out of Cost of Service
- Expanded Prop. 218 notice & access
- Numerous public board meetings
- Extensive outreach
- Plan, plan, plan for the public hearing

“The Cost of Service Report was long but actually very educational.”

- Board member

Moving Forward

- Demand Management as core function
- Effective & defensible rate structure
 - Equity
 - Built-in drought response tool - Doesn't require future Prop 218
 - Wholesale Pass through
 - Fixed cost component
 - Ordinance enforcing penalties
 - Cost effective
- Integrated organizational water use efficiency ethic
- Broaden discussion about rates
- Regional collaboration & support
- Additional planning (i.e. asset management planning)

Turning Crisis Into an Opportunity

- Drought
 - Response to the drought
 - SWRCB emergency regulations
 - Financial stability
 - Regional messaging
 - Raised public awareness
- Legal challenges
 - Applied lessons learned
 - Regional coordination & collaboration
- Infrastructure
 - Public support for Capital Improvement Projects
 - Board support for resources



Summary

- Every area & agency are unique
 - Know your customers
- “New normal” = new challenges = new opportunities
- Thinking beyond history and conventions
- Value of relationships