



Frequently Asked Questions MNWD's Budget-Based Rates & Drought Water Supply Management

Moulton Niguel Water District (MNWD) is actively working to address new and pressing water supply challenges during California's severe drought. In order to balance the needs of our customers with the need for increased conservation during the drought, the District has implemented a number of innovative initiatives. The following list of frequently asked questions is meant to help customers better understand the District's plans to address drought and water supply challenges, and ways that customers may be affected.

Our Local Water Supply

Where Does Our Water Come From?

MNWD, like most South Orange County water providers, does not have the benefit of significant local water supplies. Therefore, the District imports 75 percent of its supplies from the Colorado River and the Sierra Nevada Mountains. The District purchases these imports through the Municipal Water District of Orange County (MWDOC), a regional water supplier that purchases its supplies from the Metropolitan Water District of Southern California (MWD).

MNWD has worked to supplement these supplies and diversify its sources by treating and delivering recycled water, which accounts for 25 percent of the District's supply and can be used by customers for irrigation.

What is MNWD Doing to Expand and Diversify Our Water Supply?

The District has invested in infrastructure to increase both the amount of recycled water produced and emergency supply storages. As MNWD relies on outside sources for the majority of its water supply, the increased use of recycled water and the strategic augmentation of emergency storages has provided the District with a critical safety net while also helping to conserve potable water use during the drought. These efforts have led to a substantial increase in the amount of recycled water produced by MNWD, allowing the District to capture and treat water that would otherwise go unused. In total, these efforts have allowed MNWD to save 2.7 billion gallons of water each year – enough to supply 16,000 families.

MNWD has also taken steps to augment its emergency water reserves to provide a 31-day supply, ensuring the District can continue to provide customers with water during planned and unplanned service interruptions. MNWD recently completed a Long Range Water Reliability Plan that provides an adaptive management strategy for addressing alternative water supplies, such as desalination or groundwater recharge.

Limited Water Supply

What is the Current State of California's Water Supply?

California is in a state of extreme to exceptional drought, a condition which has lasted for a number of years and is expected to continue through 2015. The historic drought conditions have also caused a decrease in the amount of supplies available to water districts across California, including MNWD. In

response to the severe drought conditions, California Governor Jerry Brown has called for a mandatory, statewide 25 percent reduction in water use.

How is the Drought Affecting MNWD?

MNWD relies solely on outside providers for its potable water supply, which means that when providers like MWDOC and MWD receive reduced water supplies as the drought persists, the amount of water MNWD receives is also reduced. When the District receives less water than normal, it must turn to enhanced conservation measures and work with customers to encourage water-wise practices to ensure that the supplies received are enough to meet MNWD's needs.

Managing Water Supply Through the Drought

What Has MNWD Done to Manage Water Supply Demand during the Drought?

In order to reliably meet water demand of the service area, MNWD has implemented a budget-based rate structure and Water Shortage Contingency Plan. The District has proactively addressed water challenges by managing supply and demand, preparing for potential water shortages, and fostering increased water conservation.

The District has made changes to the way water budgets are calculated to reflect the current drought conditions and encourage increased levels of conservation as water supplies continue to decline. In response to additional State regulations and the Governor's call for a statewide reduction in water use, the District has reached out to businesses, such as restaurants and hotels, to assist them in complying with the issued mandates. MNWD has also worked during the drought to increase its budget for rebate programs, resulting in the removal of more than 2 million square feet of turf.

How Does MNWD's Rate Structure Help to Manage Supply and Demand?

The District's innovative rate structure is different, and more effective, than mandatory water restrictions in that it incentivizes and encourages conservation by providing commercial and residential customers with personalized water budgets. MNWD utilizes the number of persons in each residence, the total irrigated landscape area, and the daily weather patterns to calculate a water budget based on each customer's specific needs.

MNWD's rate structure is designed to ensure customer needs are being met while creating parameters for efficient water use. By providing customers with a tailored water budget, the District leaves water use entirely up to customers, with the understanding that inefficient use of water will impact the rate the customer will pay. The new rates ensure that those who place the greatest demands on the water system pay their fair share of the costs. The rate structure and supporting documentation have been reviewed thoroughly by legal personnel to ensure the District's program is in full compliance with State law.

This rate structure has helped MNWD achieve a 26 percent reduction in overall water-use – the lowest water use since 1991 – despite population growth and a rebounding economy. However, further reductions are needed as the drought conditions persist.

In response to the current severity of the drought, the District modified its rate structure – effective April 1, 2015 – with lowered water budget allocations to further encourage efficient indoor and outdoor water use. MNWD has also incorporated the ability to further modify its rate structure to respond to worsening conditions by implementing stages of the District's Water Shortage Contingency Plan.

How Have Customer Water Budgets Changed?

To encourage additional conservation in the face of limited water supplies and the persisting drought, MNWD has altered the way customers' water budgets are calculated.

For indoor water-use, customers were previously allotted 65 gallons of potable water per-individual-per-day. This allotment has been decreased to 60 gallons per-individual-per-day. The change is in line with state recommendations and encourages customers to increase individual conservation measures during the statewide emergency drought situation.

The District has also changed how outdoor water budgets are calculated. MNWD previously used a plant factor (amount of water needed by plants) of 0.8 to calculate irrigation budgets for each customer's property but, due to the need for increased conservation, this factor has been reduced to 0.7, which is also in line with state recommendations. The new calculation no longer supports irrigation for a full lawn, but instead supports native plants, which utilize less water. This change will require customers with full lawns to convert some portion of outdoor landscape to drought-tolerant plants in order to stay within the new outdoor water budget. To support this change, MNWD is continuing to offer customers rebates for turf removal and other water conservation programs. The District's turf removal program has resulted in the removal of more than 2 million square feet of turf to date, and MNWD is encouraging more customers to take advantage of the program in order to conserve and facilitate compliance with changes made to the outdoor water budget.

What Changes Will Customers See with the New Rates?

Along with the changes in water budgets, MNWD has also updated its rate structure to further incentivize conservation and allow the District to invest in capital improvement projects, including increased emergency water storage and additional recycled water supplies.

The new rates will affect all customers and, while specific dollar amounts vary between residential, commercial, irrigation and recycled water customers, general changes apply across all water users. For commercial, irrigation, and recycled water customers, the number of tiers has been reduced from five to four. Customers in this category who stay within their overall water budget will remain in Tier 1, those who exceed it, will be bumped up to Tiers 2 – 4, depending on the amount by which the budget is exceeded. Residential customers will continue to have a five-tier rate structure that includes Tier 1 for indoor use, Tier 2 for outdoor use, and Tiers 3 – 5 signaling customers' inefficient water use

Customers seeking additional information on specific rate changes can call the District at (949) 448-4050.

What is the Water Shortage Contingency Plan and how will it Affect Customers?

As required by state law, MNWD has adopted a Water Shortage Contingency Plan (WSCP) to manage supply and demand during the drought and address the need for more water conservation. The contingency plan uses a five-stage, phased approach to ease customers into increased levels of water use efficiency based on the availability of water supplies. Each stage requires heightened levels of water conservation. MNWD's elected Board of Directors is responsible for evaluating the severity of supply shortages and, in the event of worsened conditions, may vote to increase water use reductions to preserve water supplies for the health and safety of our community.

During the first stage of the WSCP, customers will be asked to voluntarily reduce water use, and the District will encourage everyone to remain within their allocated water budget. If water shortages and

usage levels require MNWD to implement Stage 2 of the WSCP, customers will be required to stay within their calculated water budget or pay penalties for water used in excess of the budget. If increased stages must be implemented, the District will incrementally decrease the amount of water customers are allowed to use: in Stage 3, outdoor water budgets will be reduced by 40 percent; in Stage 4, outdoor water budgets will be reduced by 70 percent; and, if Stage 5 becomes necessary in the event demand becomes inconsistent with drought conditions or water supply challenges, residential and commercial customers will not be permitted to utilize any potable water outdoors. In Stage 2 and beyond, customers will face substantially increased rates resulting in a charge of \$9.04 per centum cubic foot (ccf), or billing unit (BU) if allocated budgets are exceeded.

The District encourages customers to remain within their water budgets at all times to help MNWD avoid increasing the WSCP stage and assist in water supply management during the state's extreme drought.

What can Customers to do Help Save Water during the Drought?

To curb demand and help MNWD meet the Governor's goal of a 25 percent reduction in water use, the District encourages customers to follow these best water management practices:

- Eliminate turf and plant drought-tolerant landscaping
- Limit watering hours and duration
- Do not water during the rain
- Ensure outdoor watering does not produce excessive water flow or runoff
- Do not wash down hard or paved surfaces
- Check for and fix leaks, breaks or malfunctions
- Re-circulate water in fountains and decorative water features
- Reduce car washing
- Cover swimming pools and spas to prevent evaporation

The District is committed to conservation and continues to offer voluntary water saving programs, including turf removal rebates, home water surveys, sprinkler adjustments, and more. These programs have proven effective in reducing water-use and helping achieve MNWD's conservation goals. For more information on voluntary conservation programs and practices, please visit <http://www.mnwd.com/rebates/>.

Moulton Niguel Water District

Moulton Niguel Water District (MNWD) provides drinking water, recycled water, and sewer service to more than 170,000 customers in Laguna Niguel, Aliso Viejo, Laguna Hills, Mission Viejo, and portions of the City of Dana Point. Approximately 25 percent of MNWD's water is provided through local water recycling programs. Approximately 75 percent of MNWD's water is imported from the Metropolitan Water District of Southern California – a regional water wholesaler that delivers water from Northern California and the Colorado River.