

Water Rates and Trends – Where Are We Going?

CSMFO Annual Conference

*Kevin Mascaro, Director of Finance
Western Municipal Water District*

January 30, 2020

Case Study



Who is Western?



Providing water & wastewater to nearly 1 million people



Serving 25,000+ direct connections (100,000+ people)



Partnerships with 14 agencies

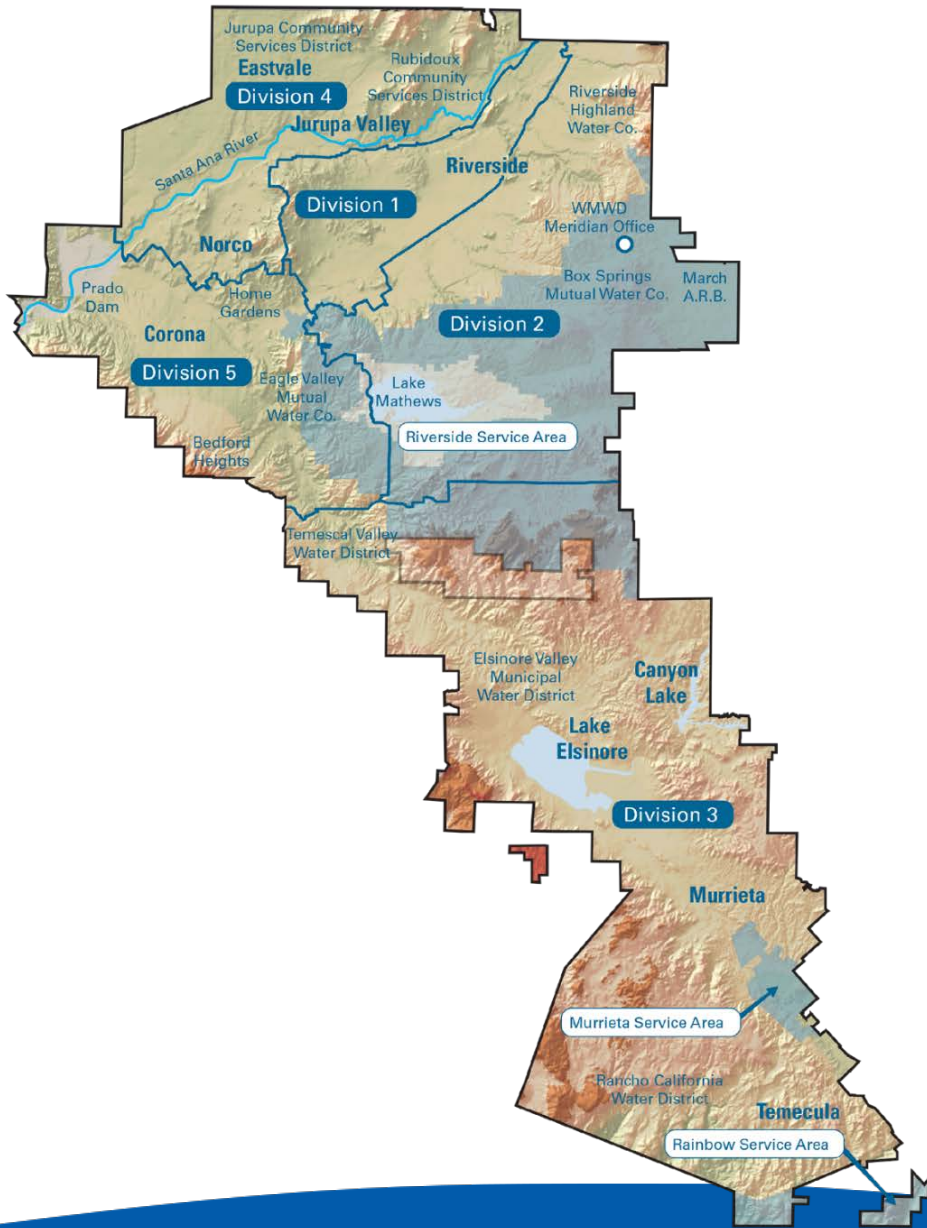


Member agency of the Metropolitan Water District of Southern California



Western's Service Area

- One of the largest public agencies in Riverside County
- 527 square miles
- Major cities within boundaries are Jurupa Valley, Corona, Norco, Riverside, Perris, Lake Elsinore, Murrieta, and Temecula



Where Our Water Comes From



Western's Riverside Potable Water Supply

60% *State Water Project from Metropolitan Water District*

40% *Regional Water Supplies from Neighboring Agencies*

\$773/AF

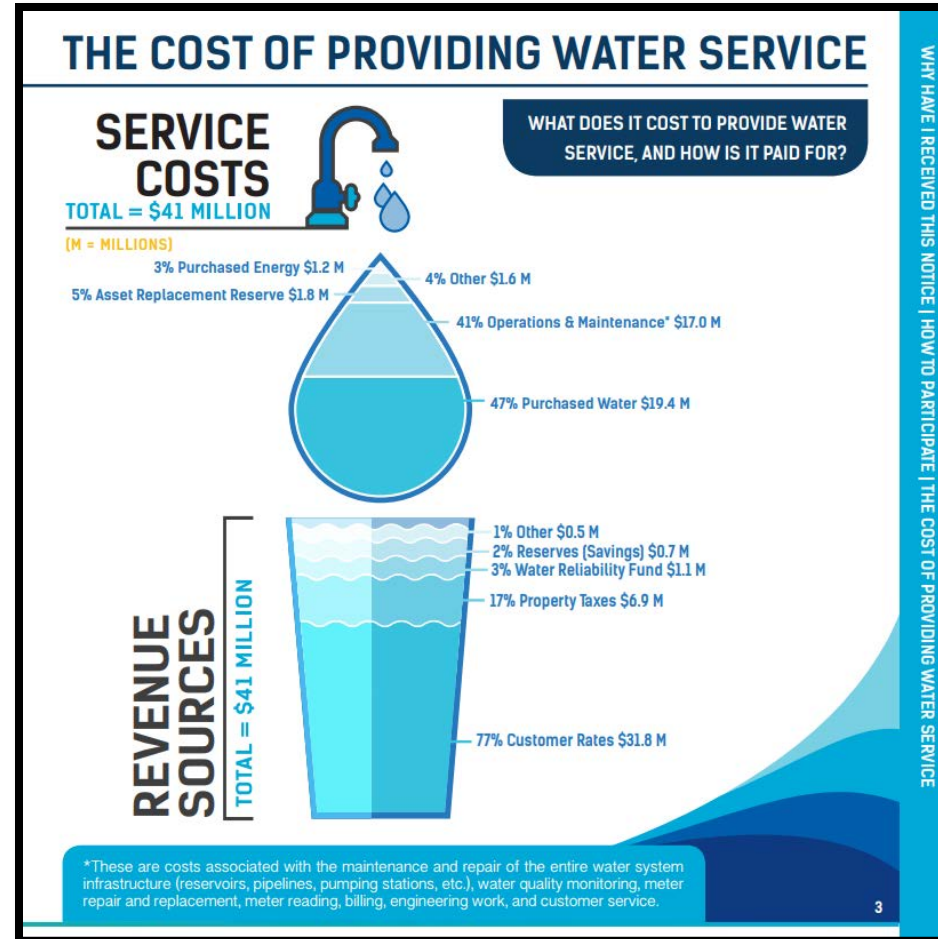
\$1,078/AF

**Groundwater: \$200/AF
→ Zero available**



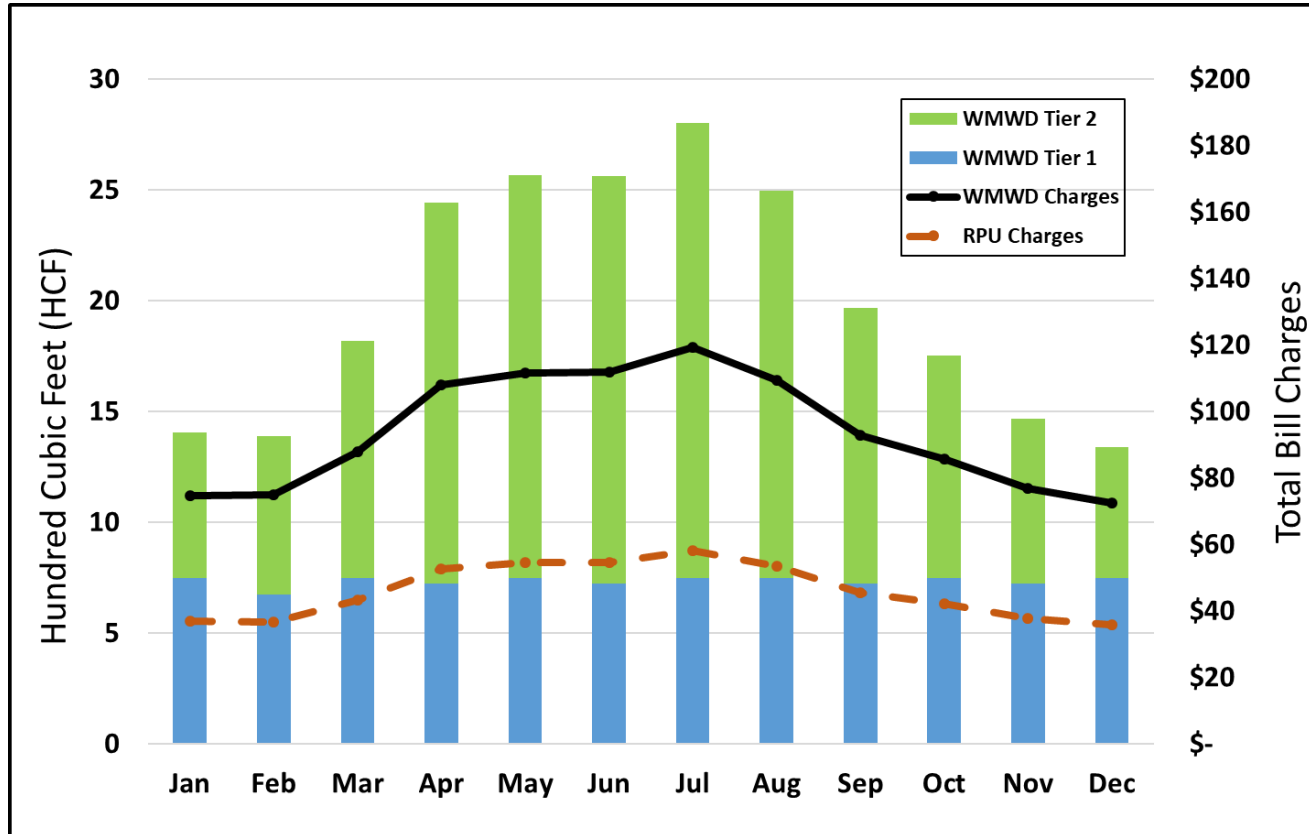
Western's Service Costs & Revenue Sources

- Almost half of our cost to provide service is purchased water
- About 17% of our revenue comes from 1% ad valorem property taxes *used to offset fixed costs*



In-Budget Residential Customer

The median residential customer in our Riverside Service Area has 3 people in the home, about 3,800 square feet of irrigated area, and uses an average of 20 HCF per month (“HCF” is hundred cubic feet or 748 gallons)








Total **Western** annual bill charges:
\$1,125 (commodity, pumping, fixed system, etc.)

Total annual bill charges based on
Riverside Public Utilities (RPU) rates
for same water volume: **\$552**










Public Perception . . .





 Find tacos, cheap dinner, Max's | Near [Current Location](#)

 Restaurants  Home Services  Auto Services  More

Western Municipal Water District Unclaimed

     8 reviews  Details

Public Services & Government  Edit

 Write a Review  Add Photo  Share  Save

     8/7/2014

Like anything where the utility service is the only game in town, it's manned and maintained by thugs.

     6/4/2018

I would give this utility company ZERO star!!!
I wrote a complaint to California PUC focusing on 3 complaints:
1/ WMWD increasing the water rates and service charges few times per year.
2/ They manage Tier by comparing the water usage of a same month in previous year. When Gov. Jerry Brown was calling for saving water, I cut down water usage, then next year my water usage is on Tier4 because comparing to

     2/11/2019

You're a mean one, WMWD
You really are a heel
You're as cuddly as a cactus, you're as charming as an eel, WMWD
You're a bad banana with a greasy black peel!

You're a monster, WMWD
Your heart's an empty hole
Your brain is full of spiders, you've got garlic
WMWD
I wouldn't touch you with a thirty-nine-and



You're a vile one, WMWD
You have termites in your smile
You have all the tender sweetness of a seasick
WMWD
Given a choice between the two of you I'd take the seasick crocodile!

You're a foul one, WMWD
You're a nasty-wasty skunk
Your heart is full of unwashed socks, your soul is full of gunk, WMWD
The three words that best describe you are as follows, and I quote
"Stink, stank, stunk!"

 Useful

 Funny 3

 Cool



October 2017 Water Rate Hearing

“I’m afraid to open my bill every month.” ~ *Residential customer*

“When I show prospective buyers homes in this area, I hope they don’t ask me about water costs.” ~ *Real estate agent*

Custom-made shirt reflecting Western’s, um, impact on their life.

(Afterwards) ... “I don’t want that to ever happen again.” ~ *Board member*



So what now??

- ✓ Hired a communications consulting firm
- ✓ Conducted a customer survey (yikes!)
- ✓ Hired a Director of Strategic Communications
- ✓ Produced a *Strategic Communications Plan*
- ✓ Engaged on social media

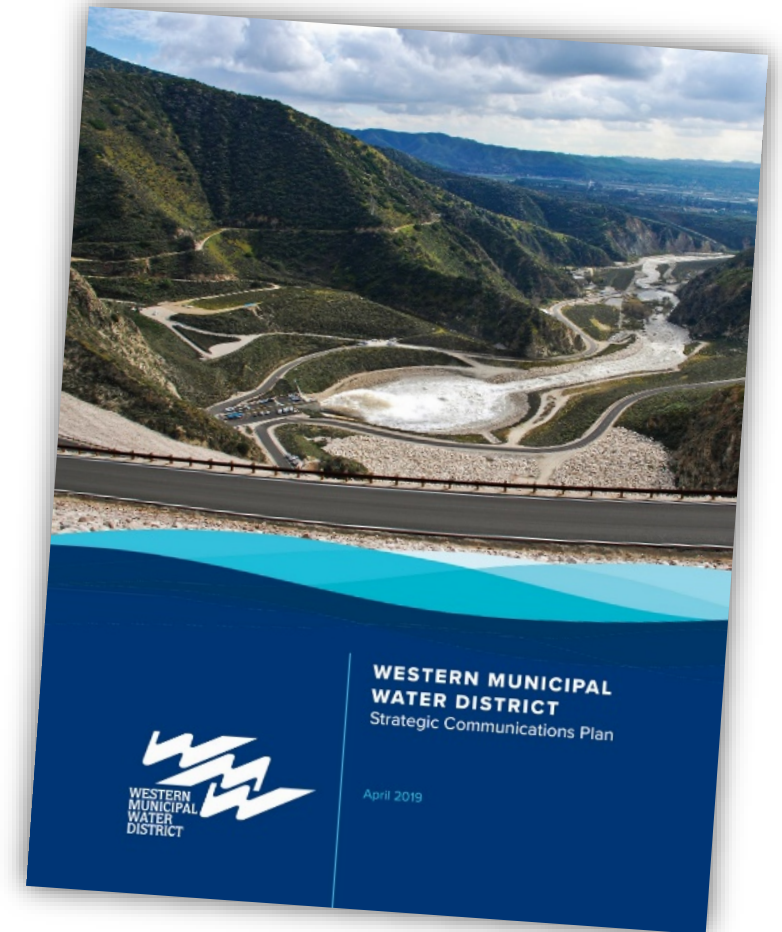


Strategic Communications Plan

- Focusses on educating the customer on the value we bring them
- Emphasizes the need for transparent, two-way communication

Table of Contents

- 1) Guiding principles
- 2) Target audiences
- 3) Master narrative and key messages
- 4) Goals and objectives
- 5) Tactical recommendations
- 6) Metrics



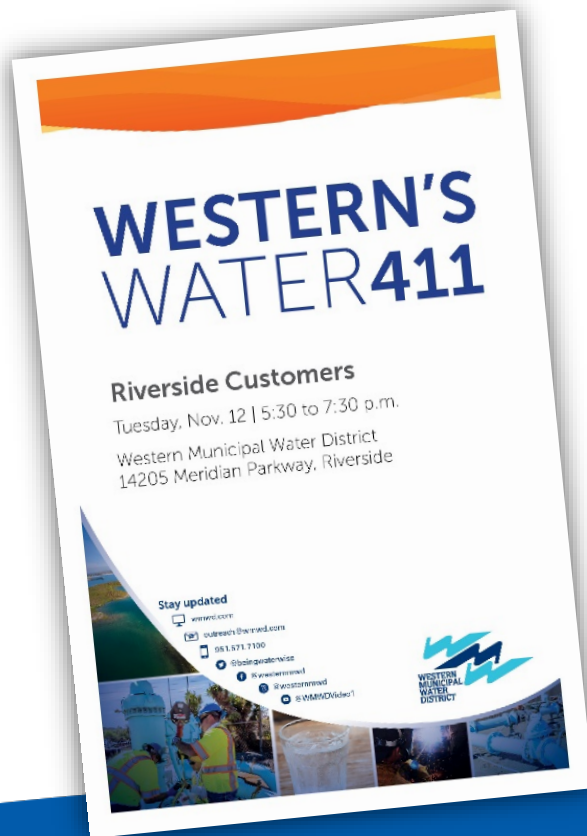
www.wmwd.com/documentcenter/view/4846



Public Education – Water 411 Forums

“The only time we hear from you is when you want to raise rates!!” ~ *upset customer*

👉 A key strategy is to become **THE** source for water-related information 👉



What was covered:

Who is Western

Hot Topics in Water

- PFOS – Your Water is Safe to Drink
- Public Safety Power Shutoffs
- Rate Challenge Court Case

Understanding Your Water Budget

Water Use Efficiency Programs

Upcoming Events

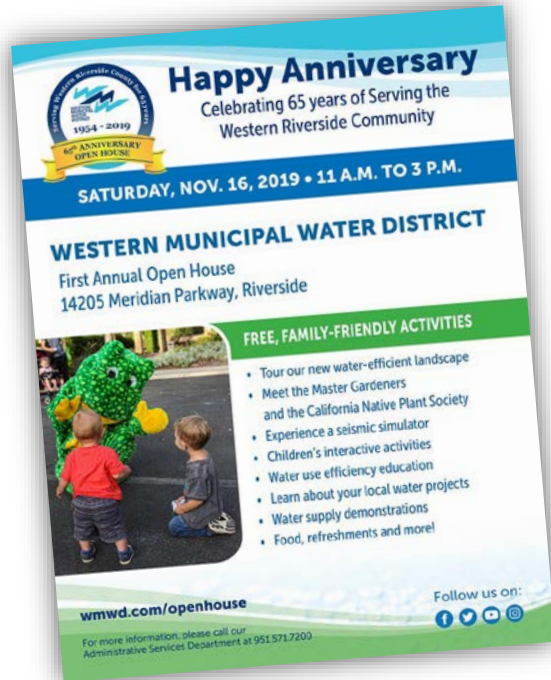
Plus ...

- ✓ Breakout Booths with Staff
- ✓ Water-saving giveaways & Landscaping tips

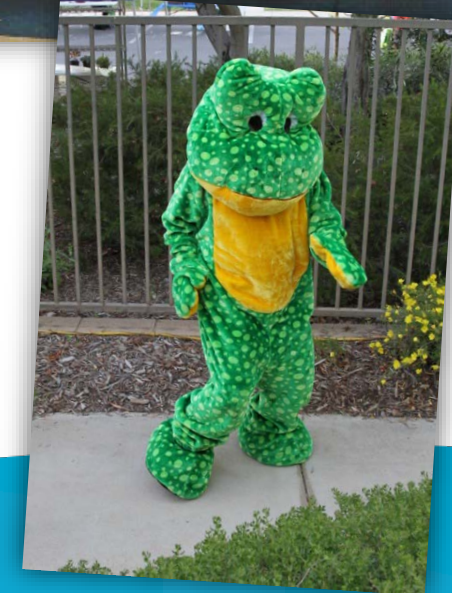


Public Education – Open House


☼ Every department represented, showing how we serve everyday ☼



- ✓ Food, giveaways, displays
- ✓ Face painting, jumpers, games
- ✓ Confined rescue trailer
- ✓ Bulldozer
- ✓ GapVac truck
- ✓ CCTV trailer
- ✓ Electrical circuits
- ✓ Hot tap demonstrations
- ✓ Wastewater samples ...




Public Education – Newsletter, Press Releases



WINTER 2019/20

Western water news, info and tips



Securing Your Water Supply




Coming to you LIVE

In an effort to make meetings more accessible to customers, Western will begin live streaming its board meetings on Wednesday, Jan. 15, 2020. For those unable to watch the live stream, Western will also rebroadcast the recorded meetings. For local channel information, please visit wmwd.com/BoardMeeting.

"We realize that not everyone is able to attend meetings, so we want to make them available to those who are not able to be there in person," said General Manager Craig Miller.

Board meetings are held the first and third Wednesday of each month in Western's Board Room located at 14205 Meridian Parkway in Riverside, CA. Agendas are posted online in advance of each meeting. Customers must be present at meetings to address the Board or submit comments.

What's Inside:



Western's open house in Riverside
Event highlights



Winter watering tips
Reset your systems for cooler weather

Western at Work:



Meet Operations Technician Joel Bravo

Teamwork and dedication are two foundational characteristics of Joel Bravo's production/distribution team. In non-industry terms, Bravo works on the systems that move water throughout Western's service area— both in Murrieta and Riverside.

"We test water quality and check pump stations every day to make sure that safe water is available to customers when and where they need it," said Bravo. "We have a great team with knowledgeable leaders, who all really care about the work we are doing."

Bravo explains why dedication is so important for the work they do. "We are always monitoring the system, so if something goes wrong in the middle of the night, we are out there fixing the issue. We do whatever it takes to make sure our customers always have water."

When asked about the intricacies of a water delivery system, Bravo noted that while it is complex, he believes customers can appreciate how valuable water really is.

News Release

For Release September 15, 2019

Contact Sarah Macdonald, Director of Strategic Communications
951.571.7211; (c) 951.234.7792; smacdonald@wmwd.com

Judge dismisses challenge to Western's water rate structure A win for water budgets and a victory for customers who use water efficiently

RIVERSIDE, CA — On Friday, Sept. 13, a Riverside Superior Court judge dismissed a legal challenge against Western Municipal Water District's water rate structure.

"This is a good day for Western's retail water customers – more than 85 percent of whom conserve water, keeping their monthly water costs as low as possible," said Craig Miller, Western's general manager. "Had Western lost this challenge, customers who proactively stay within their monthly water allocation would have seen an increase in their monthly water bill to offset the excess use of other customers."

The ruling is a victory for customers who use water efficiently, conserve a limited resource and help Western achieve statewide water management goals. As residents living in a very arid region, it is all of our responsibilities to be good stewards of this valuable state resource.

Superior Court Judge Daniel A. Ottolia ruled that Western's budget-based rates are compliant with the State constitution, Proposition 218 and satisfy the State's requirements that agencies implement measures to conserve California's water resources.

In April 2018, two petitioners from one Riverside-area home filed a petition for a writ of mandate, asking a Riverside County court to invalidate Western's water budget rate structure. The Petitioners alleged that Western's rates violate Proposition 218 the 1996 statewide ballot measure that prevents water providers and other utilities from charging more for a water service than the costs incurred to provide that service.

Under Western's rate structure, customers who stay within their water budgets pay the lowest rates (Tiers 1 and 2), while those who use water inefficiently, wastefully or unsustainably pay more based on higher costs of service incurred by Western (Tiers 3 through 5).

Western's five-tier rate structure (for indoor, outdoor, inefficient, wasteful and unsustainable water use) is based on decades of research into the water needs of people, plants and animals. Western's 2017 rate study considered Prop. 218, state legislators' expressed authorization of tiered rates, and other California court cases affirming that Prop. 218 allows tiered rate structures.

The higher rates in Western's Tiers 3, 4 and 5 link directly to higher costs of service: wasteful water users drive higher costs by requiring the District to acquire additional more expensive water, invest in capital improvements to expand water supplies, and operate water efficiency programs to comply with California laws on water conservation. These additional costs are not included in the rates charged in Tiers 1 and 2.

Western's General Manager Craig Miller added that because of Western's water budgets, and the allocation of lower-cost local water supplies to indoor water use, customers will continue to pay the lowest possible rate for water used in drinking, cooking, bathing and indoor cleaning.

14205 Meridian Parkway, Riverside, CA 92518 • Main No. 951.571.7100 • wmwd.com

Western project updates

North Well

Western's Murrieta customers are getting a new reliable local source of water via the North Well, which will be completed in 2020. The North Well is being constructed on the same site as an older well that was taken out of service when it no longer met Western's quality standards. The well is located at the corner of Vineyard Parkway and Kentucky Derby Way in Murrieta. Once in service, it will allow Western to serve the area using a local water source, decreasing the area's reliance on imported water. Water produced by this well will only be used for Western's Murrieta customers, so it will stay a true local water source.

Western sincerely thanks all of its customers who live around the project site for their patience during construction. For more details about the project, please visit wmwd.com/NorthWell.



Spring 2020 event to celebrate completion of La Sierra Pipeline, Victoria Recharge Basin, and Sterling Pump Station

A trio of critical infrastructure projects in Riverside will soon be complete, and Western will host a community event to mark the occasion. Details about the Spring 2020 event to follow.



Western Municipal Water District

Craig Miller
General Manager

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Riverside, California 92518
8 a.m. to 5 p.m.

Forward your comments and suggestions to the Strategic Communications Office at the above address or via email to outreach@wmwd.com.

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Summary

- Customers are not an obstacle to overcome; they are the ones we serve.
- Involve communications professionals early on in the rate setting process; not as an afterthought. *They are your strategic partners.*
- Starting customer outreach and education when proposing new rates is starting too late.
- Opposition from customers is born out of not understanding the value your agency brings and the cost to provide that value.
- Social media is here to stay, so seek help from those who know how to use it to advance your message.
- Your personal worth is not defined by a  review . . .





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