

History of Sound Financial Planning Helps Minimize Rate Increases

EMWD has been committed to ensuring the financial stability and responsible stewardship of public funds for the past 75 years as we deliver high-quality, safe and reliable water, wastewater and recycled water services throughout our 555 square mile service area.

Behind every drop of water that enters or leaves your home or business is a network of pipelines, booster stations, lift stations, filtration plants, treatment facilities, and storage tanks. There is also a highly trained team that not only designs, builds and maintains that infrastructure, but also monitors and tests your water and wastewater 24/7/365 to ensure the public health and safety of more than 850,000 people served.

Every drop is part of a continuous cycle which EMWD considers with every decision or investment made. That includes planning for new infrastructure and maintenance of existing facilities over an appropriate period of time using reserves, financing, and rate revenue in a balanced manner that avoid future rate spikes.

EMWD invests in a comprehensive Capital Improvement Program (CIP) to keep your water, wastewater and recycled water systems operating efficiently, with minimal emergencies such as water pipeline breaks or sewer spills.

EMWD also aggressively pursues outside funding such as grants and low-interest loans and refinances outstanding bonds when appropriate to reduce the financial burden for customers.

Over the past year, the COVID-19 pandemic has resulted in significant financial challenges for many of our customers. While EMWD is not

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YOU'RE INVITED TO ATTEND OUR FRUITVALE RESIDENTIAL RATES PUBLIC HEARING

Date: June 16, 2021

Time: 9 a.m.

Location: Eastern Municipal Water
District Board Room, 2270 Trumble
Road, Perris, CA 92570

The Board of Directors of Eastern Municipal Water District (EMWD) will conduct a public hearing to consider changes to the water and sewer rate structures and rates set forth herein. Any customers or property owners may appear at the hearing to make comments regarding the proposed change. To file an opposition, property owners and tenants of real property who are directly liable to pay water bills may submit a written protest. Written protests may be mailed or delivered in-person to Eastern Municipal Water District, Attention: 2022-2023 Proposed Rates, PO Box 8300, Perris, CA 92572-8300. Protests must include: your name, parcel number and/or service address, and your signature. All written protests must be received prior to the conclusion of the public hearing.

More information about the proposed changes is available in this document and online at www.emwd.org/ProposedRates.

Aviso de audiencia pública para considerar las tarifas de agua y alcantarilla basado en el costo de servicio.

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currently shutting off water service due to non-payment, water service charges continue to accumulate resulting in a growing debt burden for EMWD.

EMWD’s financial planning priorities allow us the ability to weather these challenging economic times while also helping our customers by offering a variety of payment assistance programs including: Payment due date extensions, flexible payment arrangements, a Level Payment Program, and Help2Others Program.

In addition, EMWD’s water budget-based rate structure is designed to provide the lowest rates to customers who stay within their water budget.

So the next time you consider that drop of water flowing from the faucet or flushing down a drain, know that EMWD is working every day to make sure that rates and fees are set-up to provide customers with safe and reliable water, wastewater and recycled water services today, and tomorrow.

Proposed Water Service Rates

EMWD is a government agency that provides services based on the actual cost of operation and maintenance. The EMWD Board of Directors adopts a biennial operating budget that goes into effect on July 1, each year. Part of that process is setting rates.

In March 2017, the EMWD Board of Directors directed staff to implement a transition plan for the Fruitvale area to bring rates in line with the cost of service, with the following considerations: avoid sudden rate spikes; phase-in the rate adjustments over time and avoid any significant increases; keep annual increase below 10 percent for the representative ratepayer. The proposed water consumption rates are part of a seven-year phased approach that began in 2018. The annual water consumption increase for 2022 and 2023 is estimated to be less than 1 percent and less than 3 percent respectively, except for Tier 2 budget rates that will increase by approximately 9.7 percent in 2022 and 9.9 percent in 2023.

Water Consumption Rates per billing unit (BU)*	Current	Proposed	
		Effective 1/1/2022	Effective 1/1/2023
Areas served: Parts of San Jacinto Valley			
Tier 1: Low Volume	\$1.13	\$1.14	\$1.17
Tier 2: Budgeted	\$2.67	\$2.93	\$3.22
Tier 3: Excessive	\$6.01	\$6.04	\$6.22
Tier 4: Wasteful	\$12.30	\$12.36	\$12.73

Daily Service Charge based on Meter Size	Current	Proposed	
		Effective 1/1/2022	Effective 1/1/2023
5/8 inch	\$0.46	\$0.48	\$0.50
3/4 inch	\$0.46	\$0.48	\$0.50
1 inch	\$0.63	\$0.65	\$0.68
Water Supply Reliability Capital Projects Charge per Equivalent Meter Size**	Current Monthly	Proposed Monthly***	
		Charge Effective 1/1/2022	Charge Effective 1/1/2023
	\$4.26	\$4.71	\$5.42

*1 BU = 748 gallons. **Includes additional capital charge of \$0.25 in 2022 and \$0.50 in 2023 to fund Rehabilitation and Replacement (R&R) reserve.

***Amount will be prorated based on billing cycle.

Water Budgets: Responsible Water Supply Management

Your water budget is personalized to your home and family. It provides you with the amount of water that a water efficient household needs - according to efficiency standards set by state law - based on:

- The number of people in the home, each using 55 gallons per day
- The size of your irrigated landscape and actual weather data

Your water budget is broken down into billing units (BU) where one BU equals 748 gallons of water, or 100 cubic feet.

As an example, a home with three people living in it, during the month of August with a landscape area of 3,000 square feet would have a water budget of 22 billing units.

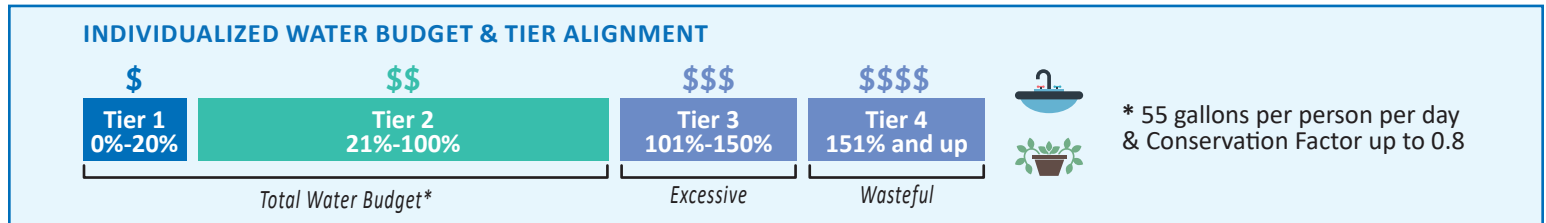
Water budgets can vary month-to-month depending on the length of the billing period and the weather. You are only charged for the amount of water you actually use.



How Rates Work with Water Budgets

EMWD's water rate structure aligns with the cost of providing specific water supply sources including groundwater, groundwater desalination, and imported supplies. We also take into account the cost to maintain the entire system that provides customers with safe, clean, reliable water.

All residential customers are billed at the "Tier 1 – Low Volume" rate for the first 20 percent of their monthly water budget as that is the proportional amount of local, lowest-cost groundwater supplies available. The remaining portion of the water budget is billed at the "Tier 2 – Budgeted Rate" for budgeted supplies. Tier 3 and 4 rates cover any usage in excess of the total budget and are based on the increased costs necessary to secure additional water supplies.



Calculating Your Water Budget

EMWD uses the following formulas to determine household-specific, monthly water budgets, which cover efficient water use. Customers who stay within their water budgets pay the lowest cost for water.

HOUSEHOLD SIZE CALCULATION

$$\text{BU} = \frac{\text{Household Size}}{\text{GPCD}} \times \text{Days} \div 748 \text{ gallons}$$

Household size = Number of persons per household

GPCD = Gallons per capita (for each person) per day

Days = Days in the billing cycle

ET = Sum of observed evapotranspiration (ET) values for the billing period in inches

CF = Conservation Factor (varies by account)

DF = Drought Factor (currently 1.0)

LA = Landscape Area in square feet (sq. ft.)

0.62 = Conversion Factor to convert inches per sq. ft. into gallons per sq. ft.

0.001337 = Conversion Factor to convert gallons into billing units

LANDSCAPE IRRIGATION CALCULATION

$$\text{BU} = \text{ET} \times \text{CF} \times \text{DF} \times \text{LA} \times 0.62 \times 0.001337$$

BU = Billing Units allocated for your household/landscape irrigation needs (1 BU = 100 cubic feet)

Newer Landscapes Require Greater Water Efficiency

Water usage for landscapes are calculated based on the area which needs to be irrigated and the evapotranspiration rate for turf grass, which is the amount of water it needs to survive.

A conservation factor is applied to the calculation based on the date a home was built and the State mandated conservation guidelines that were in place before and after that home's construction. Newer homes have more efficient irrigation systems and are subject to stricter State-mandated conservation guidelines.

Newer homes feature more water-efficient irrigation systems and landscaping and are assigned a conservation factor (CF) as follows:



Allotments for homes connected before December 31, 2010, are at 80 percent



Homes connected between January 1, 2011, to May 31, 2015, are at 70 percent



Homes connected on or after June 1, 2015, are at 50 percent

The Conservation Factor (CF) is based on a landscape's water use efficiency. A yard with less grass and more low-water landscaping along with more efficient irrigation systems would have a lower CF. When the CF decreases, so does the percentage of the evapotranspiration rate -- the varying amount of irrigation needed to keep plants alive, based on climate.

EMWD Drought Stages

Thank you, EMWD customers, for staying WaterWise! EMWD adopted its Water Shortage Contingency Plan (WSCP) to regulate the delivery and consumption of water during water shortages. The higher stages of the WSCP are designed to encourage customers to reduce water use by temporarily reducing customer water budgets in varying stages, depending on the severity of the shortage. EMWD's Board of Directors has the authority to initiate or terminate water shortage contingency measures described in the WSCP, and takes such actions as needed in public meetings.

Stage 1: Supply Watch

Voluntary reduction of water use of up to 10 percent.

Stage 2: Supply Alert

Voluntary reduction of water use of up to 25 percent.

Stage 3: Mandatory Waste Reduction

Enforced through changes to the water budget-based tiered rates as follows:

Stage 3a: No variances or adjustments allowed for filling swimming pools, establishing landscape, or leaks not repaired within 48 hours;

Stage 3b: Tier 3 (*Excessive use*) budgets reduced by 50 percent;

Stage 3c: Tier 3 budgets eliminated.

Stages 4 and 5: Mandatory Outdoor and Indoor Reductions

Reduces customers' water budgets by varying amounts, depending on the severity of the shortage. As described on page 3, under normal conditions, customers who stay within budget are charged at the lowest rates in tiers 1 and 2. In stages 4 and 5, budgets are reduced, which would cause a customer going over budget to be charged at a Tier 4 rate.



Wastewater Systems: Understanding Block Rates

Often times we do not consider water once it leaves our homes. Whether it is going down a drain, being flushed or leaving a washing machine, all that wastewater is transmitted through a network of pipelines and lift stations to one of four regional water reclamation facilities. Every part of the wastewater's journey has its own expense: electricity, maintenance of pipelines, the treatment of the water and ensuring everything meets regulatory requirements. EMWD takes these costs into consideration when setting sewer rates.

Sewer rates are calculated using a baseline Daily Service Charge and block factors based on the number of people living in the house.

Residential customers are assigned to one of four sewer blocks, determined by the number of people per household. Households with one to two people fall into Block 1, those with seven or more residents would be in Block 4. Larger households have a higher block factor based on the assumption that they have higher sewer flows because they do more laundry and dishes, take more showers, etc. and, as a result, are charged a higher sewer rate.

SEWER BLOCK FACTORS

Block	People per Household	Sewer Block Factor
1	1-2	60%
2	3-4	100%
3	5-6	125%
4	7 or more	170%

Each block is designed around a specific household size to be more representative of the amount of wastewater contributed to the sewer system.



Proposed Sewer Service Rates

EMWD is proposing a 1 percent increase to the daily sewer service charge in 2022, and a 2 percent increase in 2023.

Area Served (Full Service)	Current Daily Service Charge (DSC) per Equivalent Dwelling Unit (EDU)	Proposed DSC per EDU as of 1/1/2022	Proposed DSC per EDU as of 1/1/2023	Block Number	Current Monthly Bill (based on DSC x 365/12)	Proposed Monthly Bill dated 1/1/2022 or after (based on DSC x 365/12)	Proposed Monthly Bill dated 1/1/2023 or after (based on DSC x 365/12)
Includes areas in and around Hemet, San Jacinto, and Winchester	\$0.97	\$0.98	\$1.00	1	\$17.64	\$17.95	\$18.25
				2	\$29.50	\$29.81	\$30.42
				3	\$36.80	\$37.41	\$38.02
				4	\$50.19	\$50.80	\$51.71
Includes areas in and around Moreno Valley	\$0.99	\$1.00	\$1.02	1	\$17.95	\$18.25	\$18.55
				2	\$30.11	\$30.42	\$31.03
				3	\$37.72	\$38.02	\$38.93
				4	\$51.10	\$51.71	\$52.62
Includes areas in and around the City of Menifee (Sun City)	\$1.01	\$1.02	\$1.04	1	\$18.55	\$18.55	\$18.86
				2	\$30.72	\$31.03	\$31.63
				3	\$38.33	\$38.93	\$39.54
				4	\$52.32	\$52.62	\$53.84
Includes areas in and around Temecula, Murrieta, and French Valley	\$1.14	\$1.15	\$1.17	1	\$20.68	\$20.99	\$21.29
				2	\$34.68	\$34.98	\$35.59
				3	\$43.50	\$43.80	\$44.41
				4	\$59.01	\$59.62	\$60.53
Includes areas in and around Perris, Romoland, Homeland, and northern portions of Menifee	\$1.32	\$1.33	\$1.36	1	\$24.03	\$24.33	\$24.94
				2	\$40.15	\$40.45	\$41.37
				3	\$50.19	\$50.49	\$51.71
				4	\$68.13	\$68.74	\$70.26
Canyon Lake*	\$1.90	\$1.90 +	\$1.90 +	n/a	\$57.79	\$57.79 +	\$57.79 +

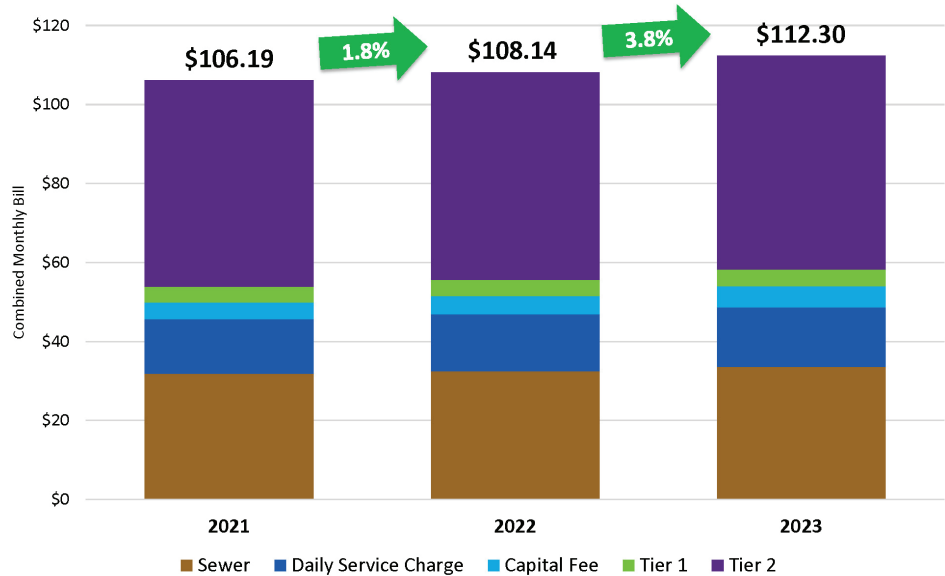
+ EMWD bills customers in this area for sewer service rendered through Elsinore Valley Municipal Water District (EVMWD), at the rate established by EVMWD, and is subject to further adjustments by EVMWD.

Sewer System Capital Projects Charge* per Equivalent Dwelling Unit	Current Monthly Charge**	Proposed Monthly Charge** for bills dated on or after 1/1/22	Proposed Monthly Charge** for bills dated on or after 1/1/23
	\$2.75	\$3.07	\$3.64

*Includes additional capital charge of \$0.25 in 2022 and \$0.50 in 2023 to fund R&R reserve. **Amount will be prorated based on billing cycle.

Typical Residential Water and Sewer Bill Impacts

The chart to the right illustrates a typical residential water and sewer bill with a 3-4 person household using 18 billing units and staying within their water budget.



Customers can calculate their new bill under the proposed changes using EMWD's online Bill Estimator tool at www.emwd.org/BillEstimator

How EMWD Rates Compare

One of EMWD's critical business objectives is to keep costs, and therefore rates, as low as possible for all customers. When compared with other agencies providing similar services in the surrounding area, EMWD's rates continue to be among the lowest.

The chart to the right represents EMWD's 2022 proposed rates for a typical customer compared to current rates for other inland water agencies.

