



SPECIAL NOTICE • MAY 2023

EMWD Efforts Minimize Rate Increases Amid Record Inflation

One of EMWD's main priorities is to maintain the financial stability and responsible stewardship of ratepayer funds. We continue to deliver high-quality, safe and reliable water, wastewater and recycled water services throughout our 558 square mile service area to nearly one million customers today, and into the future.

EMWD recently conducted a Cost of Service Study to ensure that its rate structure adequately reflects the costs of providing essential water and wastewater services. The study showed that unprecedented inflation has increased costs significantly for EMWD operations and supplies such as energy and chemicals. Maintaining our extensive network of pipelines, equipment, treatment facilities, and storage facilities requires a significant amount of energy as well as chemicals to ensure reliable and safe services. The cost of our imported water supplies, which represents about 50 percent of our overall water supply, has also increased.

In addition, EMWD must continuously invest in facilities and equipment to keep water, wastewater and recycled water systems operating efficiently, with minimal emergencies such as water pipeline breaks or sewer spills. To reduce costs for ratepayers, EMWD aggressively seeks grant funding opportunities and has secured millions of dollars just in the past year. EMWD also invests in sustainability projects such as solar energy and battery storage to lower EMWD's overall energy costs.

EMWD is continually committed to balancing its strong financial position and operational efficiencies with critical facility investments over an appropriate period of time. This is achieved by establishing reserve funds, financing plans, and using rate revenue to achieve the lowest rates possible for customers. Thanks to this proactive financial strategy, EMWD will utilize reserve funds over the next two years to help offset the highest inflationary costs we've seen in nearly 40 years.

YOU'RE INVITED TO ATTEND OUR NON-RESIDENTIAL RATES PUBLIC HEARING

Date: June 21, 2023

Time: 9:00 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 changes. To file an opposition, property owners and tenants of real property who are directly liable to pay water and/or sewer bills may submit a written protest against the proposed water rate increases, the proposed sewer rate increases, or both. Written protests may be mailed or delivered in-person to Eastern Municipal Water District, Attention: 2024-2025 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. Challenges to Board adopted rates are subject to a 120-day statute of limitations.

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.

Proposed Non-Residential Water Rates

EMWD treats and delivers water via two water filtration plants, three desalination plants and nearly 2,600 miles of pipelines. Your water is continuously tested to make sure it meets or exceeds all standards.

Your water service is billed through water consumption rates, daily service charges, and a Water Supply Reliability Capital Projects Charge. Due to increases in treatment and operational costs, specifically energy and chemical prices, that significantly exceeded the average inflationary rate, EMWD is proposing an increase in total water services of 8.4 percent effective January 1, 2024 and 6.7 percent effective January 1, 2025.

EMWD is using reserve funds to minimize the cost impacts, leaving the proposed increases well below the annual average inflation rate, also known as the Consumer Price Index (CPI), which was 8.7 percent for EMWD's service area in 2022.



Water Consumption Rates per Billing Unit (BU)*	Current	Proposed	
		Effective 1/1/2024	Effective 1/1/2025
Tier 1: Budgeted	\$3.90	\$3.90	\$4.16
Tier 2: Excessive	\$7.92	\$7.92	\$8.09
Tier 3: Wasteful	\$13.19	\$13.53	\$14.34

Non-Tiered Water Consumption Rates	Current	Proposed	
		Effective 1/1/2024	Effective 1/1/2025
A101	\$3.32	\$3.60	\$3.84
A201	\$3.32	\$3.60	\$3.84
A202	\$2.54	\$2.79	\$3.06
A301	\$3.32	\$3.60	\$3.84

*1 BU = 748 gallons. ** Visit website for larger meter sizes and proposed rates.

Daily Service Charge based on Meter Size**	Current	Proposed	
		Effective 1/1/2024	Effective 1/1/2025
5/8 inch	\$0.50	\$0.56	\$0.60
3/4 inch	\$0.50	\$0.56	\$0.60
1 inch	\$0.68	\$0.75	\$0.80
1.5 inches	\$1.88	\$2.04	\$2.17
2 inches	\$2.92	\$3.16	\$3.36
3 inches	\$5.68	\$6.12	\$6.51
4 inches	\$8.79	\$9.46	\$10.06
6 inches	\$17.42	\$18.72	\$19.91

Water Supply & Reliability Capital Projects Daily Charge based on Meter Size	Current	Proposed	
		Effective 1/1/2024	Effective 1/1/2025
5/8 inch	\$0.1783	\$0.200	\$0.214
3/4 inch	\$0.1783	\$0.200	\$0.214
1 inch	\$0.273	\$0.306	\$0.328

How Your Water Budget is Calculated

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

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.

The proposed rates were calculated to recover the costs of providing water service, and to proportionately allocate those costs among customers. The following formulas are used to determine your total monthly water budget based on the budget methodology outlined in the chart on this page.

CHURCHES, LIBRARIES, MORTUARIES, CEMETERIES, OFFICE BUILDINGS, SCHOOLS, AND AG-HORSE FARMS:

Outdoor: $BU = LA \times ET \times CF$ (if applicable)

Indoor:

- For churches, libraries, mortuaries, cemeteries, office buildings: 80% if indoor & outdoor
- For schools: 5 gallons per student, per day
- For ag-horse farms: 55 gallons per person, per day*

LOOPED LANDSCAPE:

Outdoor: $BU = LA \times ET \times CF$ (if applicable)**

Indoor: N/A

ABBREVIATIONS:

LA = Landscape Area in square feet

ET = Evapotranspiration

CF = Conservation Factor

BU = Billing units (1 BU = 100 cubic feet, or 748 gallons)

*Beginning January 1, 2024, state standard is 47 gallons per person, per day.

**Proportioned to each meter based on past usage

Proposed Water Budget Adjustment Addresses State Efficiency Standards

Your water budget is personalized to your business. It provides you with the amount of water that a water efficient business needs according to efficiency standards set by state law.

Currently, that equates to 55 gallons per person per day as applicable. Beginning January 1, 2024, the state standard will be reduced to 47 gallons per person per day.

Non-Residential Water Budget Methodology		
Tenant Type Description	Indoor Budget	Outdoor Budget
Church or Library	Average indoor usage (80% of indoor and outdoor)	Landscape x ET factor x Conservation factor (if applicable)
Mortuaries/ Cemeteries	Average indoor usage (80% of indoor and outdoor)	Landscape x ET factor x Conservation factor (if applicable)
Office Buildings	Average indoor usage (80% of indoor and outdoor)	Landscape x ET factor x Conservation factor (if applicable)
Schools	5 gallons per student per day	Landscape x ET factor x Conservation factor (if applicable)
Ag-Horse Farm	55 gallons per person per day*	Landscape x ET factor x Conservation factor (if applicable)
Looped Landscape Only	N/A	Landscape x ET factor x Conservation factor (if applicable; proportioned to each meter based on past usage)

Proposed Water Budget Change for Nonfunctional Turf

EMWD aligns the Conservation Factor (CF) for all outdoor water budgets to reflect water efficiency trends for landscapes. A landscape 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 evapotranspiration (ET)—the varying amount of irrigation needed to keep plants alive, based on climate. When water budgets were implemented, landscapes were assigned a CF as follows:

- Nonfunctional* landscape areas installed before June 1, 2015, were assigned a 70 percent CF for the ET rate.
- Nonfunctional* landscape areas installed after June 1, 2015, were assigned a 50 percent CF for the ET rate.
- Functional* landscape areas were assigned a 100 percent CF for the ET rate.

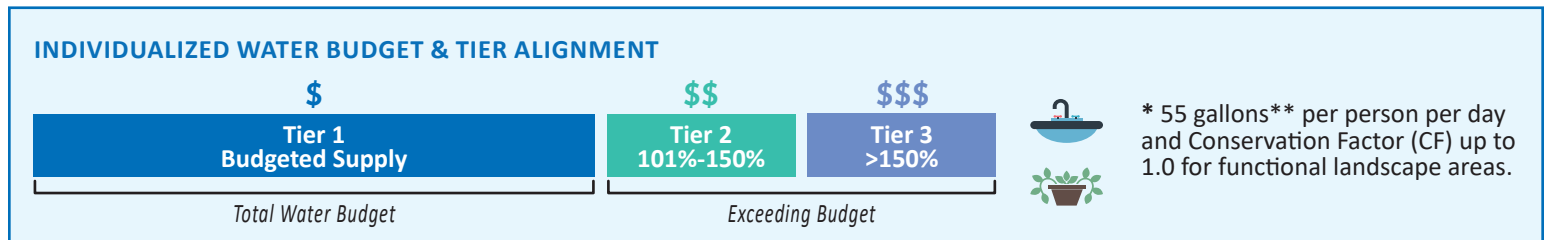
In May 2022, the State Water Resources Control Board (State Board) passed a prohibition of potable water irrigation of nonfunctional turf for all Commercial, Institutional and Industrial customers unless the nonfunctional turf is on a shared irrigation device with trees or other perennial non-turf plants, the nonfunctional turf is certified as a low water use variation meeting certain requirements, or the landscape is irrigated with recycled water. Functional turf such as parks, sports fields, and other turf used for recreation are exempt. To enforce the State Board order, EMWD reassigned all eligible nonfunctional landscape areas from 70 percent CF to 50 percent CF effective December 1, 2022.

To continue to reflect water use efficiency trends for landscapes, EMWD is proposing to permanently reassign all nonfunctional turf landscape areas as described in the paragraph above to remain at 50 percent of the ET rate, effective July 1, 2023.

How Rates Work with Water Budgets

EMWD’s water rate structure aligns with the cost of providing specific water supply sources. We also take into account the cost to maintain the entire system that provides customers with safe, clean, reliable water.

All non-residential customers are billed at the “Tier 1” rate for their monthly water budget. Tier 2 and 3 rates cover any usage in excess of the water budget and are based on the increased costs necessary to secure additional water supplies, as well as storage, pumping and water use efficiency programs.



*Functional landscape areas include turf as a surface for recreation and sports fields. All other landscape areas are considered nonfunctional.

** Beginning January 1, 2024, the state standard is 47 gallons per person, per day.

Proposed Sewer Service Rates

EMWD collects and treats an average of 49 million gallons of wastewater (sewer) every day at its four operating regional water reclamation facilities. Sewer service areas were originally defined by the geographic area surrounding the plant serving that area, and rates were set based on the costs to serve that area. Today, all of EMWD’s facilities are interconnected, which allows staff to shift flows as necessary for optimal efficiency and reliability. As a result, EMWD is proposing to transition to a universal, or “postage stamp” sewer rate over the next seven years.

Sewer rates are calculated using a baseline Daily Service Charge. The proposed rates address the increased cost of treatment and operations, specifically energy, chemicals and waste hauling costs that significantly exceeded the average inflationary rate, as well as investments in necessary facility maintenance projects.

The total proposed increases range from 2 to 7 percent effective January 1, 2024, and another 2 to 7 percent effective January 1, 2025. EMWD is using reserve funds to minimize the cost impacts, leaving the proposed increases below the annual average inflation rate, also known as the Consumer Price Index (CPI), which was 8.7 percent for EMWD’s service area in 2022.

Area Served (Full Service)	Current Daily Service Charge (DSC) per Equivalent Dwelling Unit (EDU)	Proposed DSC per EDU as of 1/1/2024	Proposed DSC per EDU as of 1/1/2025
Includes areas in and around Hemet, San Jacinto, and Winchester	\$1.00	\$1.07	\$1.15
Includes areas in and around Moreno Valley	\$1.02	\$1.09	\$1.17
Includes areas in and around the City of Menifee (Sun City)	\$1.04	\$1.11	\$1.19
Includes areas in and around Temecula, Murrieta, and French Valley	\$1.17	\$1.21	\$1.26
Includes areas in and around Perris, Romoland, Homeland, and northern portions of Menifee	\$1.36	\$1.37	\$1.40
Canyon Lake*	\$1.90	\$1.99	\$2.07

Sewer System Capital Projects Daily Charge per Equivalent Dwelling Unit	Current	Proposed Effective 1/1/24	Proposed Effective 1/1/25
	\$0.11967	\$0.141	\$0.149
Average Monthly Charge	\$3.64	\$4.29	\$4.53

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

EMWD Drought Stages

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. While California's water supplies have recovered after record snow and rain this winter, Colorado River supplies, which EMWD also relies on, are still at risk. EMWD continuously monitors water supply conditions and responds as needed. Thank you, EMWD customers, for staying WaterWise today and tomorrow.

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 4, 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.

