

EMWD Rates: Investing Now to Protect the Future

EMWD continues to invest in water, wastewater and recycled water infrastructure projects to continue providing customers with safe and reliable services. We are also investing in data technologies that will enhance our customers' abilities to manage their account information while also improving efficiencies.

EMWD's Groundwater Reliability Plus (GWR Plus) initiative is one example of this. GWR Plus is a comprehensive approach to groundwater management, with the goal of continually improving the quality and quantity of water in our local groundwater basins.



Our GWR Plus initiative has introduced and will further expand on programs including recycled water, healthy sewers, desalination and water banking.

EMWD is also exploring the implementation of an advanced water purification facility where recycled water is further purified using a multi-stage process of microfiltration and reverse osmosis, which could be blended with recycled water before being pumped into groundwater replenishment basins.

A large portion of the funding for the GWR Plus initiative programs is secured through our aggressive pursuit of grants and low-interest loans. We also charge nominal Capital Improvement Projects fees to assist in funding large infrastructure costs, without significant rate increases.

(continued on page 2)

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

Date: June 19, 2019

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: 2020-2021 Proposed Rates, PO Box 8300, Perris, CA 92572-8300. Protests must include: your name, parcel number and/or service address, and your signature. Protests submitted by email or other electronic means do not count as formal written protests. 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.

EMWD Rates: Investing Now to Protect the Future (continued)



EMWD's investment in data technologies is best demonstrated by the accelerated installation of smart meters throughout our 555-square mile service area. By June 2019, every customer will have a smart meter, making them eligible to subscribe to receive leak notifications via text message. Customers will also have the capability to subscribe to receive weekly usage information via email.

By advancing technologies across the district's service area, EMWD is providing customers with an increased level of engagement with their usage data in an effort to promote wise water use.

EMWD is committed to ensuring that investments work to provide customers with safe and reliable water, wastewater and recycled water services, today and tomorrow.

Water Rates for Non-Residential Customers Transitioned to Tiered Structure

As approved by the Board of Directors, effective January 2019 EMWD established water budgets and tiered rates for commercial, industrial and irrigation (CII) customers. Customers that fall into these categories include: churches, libraries, mortuaries, cemeteries, office buildings, schools, ag-horse farmer, looped multi-family residential and looped landscape only.

Water budgets for these customers are based on industry-standard methodology. EMWD considers the type of business, historical average use and the amount of irrigated landscape in order to calculate the water budget for each individual property.

This structure is designed to provide customers with the water they need for efficient use both indoors and out, and help customers understand what is reasonable water usage. Customers that stay within the budget they are provided pay the lowest rates for water, while those who exceed their budget fall into the upper and more expensive price tiers.



Non-Residential Budget Methodology

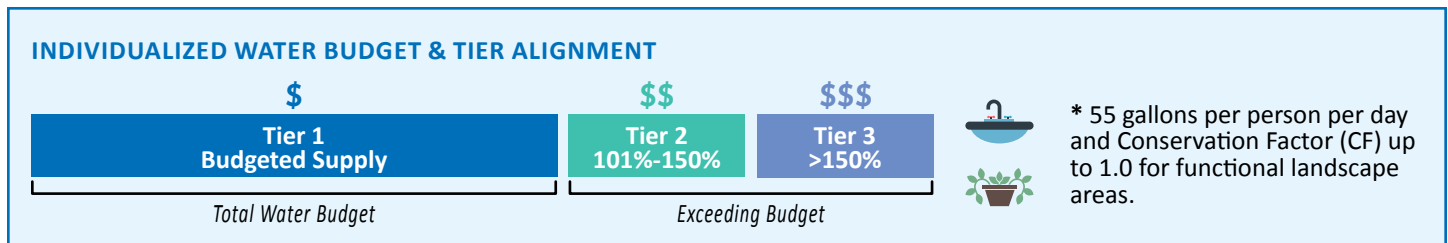


Tenant Type Description	Proposed Indoor Budget	Proposed Outdoor Budget
Church or Library	Average indoor usage (80% of indoor & outdoor)	Landscape x ET factor x Conservation factor (if applicable)
Mortuaries/Cemeteries	Average indoor usage (80% of indoor & outdoor)	Landscape x ET factor x Conservation factor (if applicable)
Office Buildings	Average indoor usage (80% of indoor & 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)



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. 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.

How Rates Work with Water Budgets



EMWD aligned the Conservation Factor (CF) for all outdoor water budgets to reflect current water efficiency trends and a mix of conventional turf and drought-tolerant landscapes as follows:

- Non-functional* landscape areas installed before June 1, 2015, are 70 percent of the evapotranspiration (ET) rate, the measure of irrigation needs based on rainfall, temperature and other climate factors.
- Non-functional* landscape areas installed after June 1, 2015, are 50 percent of the ET.
- Functional* landscape areas are 100 percent of the ET.

The Conservation Factor (CF) is based on a landscape's water use efficiency. 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 the evapotranspiration rate -- the varying amount of irrigation needed to keep plants alive, based on climate.



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

HOW YOUR WATER BUDGET IS CALCULATED

The proposed rates were calculated to recover the costs of providing water service, and to proportionately allocate those costs among customers. EMWD would use the following formulas to determine monthly water budgets, which cover efficient water use. Customers who stay within their water budgets pay the lowest cost for water.

LOOPED MULTI-FAMILY RESIDENTIAL:

Outdoor:

$$BU = LA \times ET \times CF \quad (\text{if applicable})^*$$

*proportioned to each meter based on past usage

Indoor:

55 gallons per person per day (proportioned to each meter based on past usage)

LOOPED LANDSCAPE:

Outdoor:

$$BU = LA \times ET \times CF \quad (\text{if applicable})^*$$

*proportioned to each meter based on past usage

Indoor:

N/A

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

Outdoor:

$$BU = LA \times ET \times CF \quad (\text{if applicable})$$

Indoor usage for churches, libraries, mortuaries, cemeteries, office buildings and ag-horse farms:

80% if indoor & outdoor

Indoor usage for schools:

5 gallons per student, per day

Indoor usage for Ag-Horse Farms:

55 gallons per person, per day

LA = Landscape Area in square feet

ET = Evapotranspiration

CF = Conservation Factor

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

Proposed Non-Residential Water Rates

Water Consumption Rates per Billing Unit (BU)	Current	Proposed	
		Effective 1/1/2020	Effective 1/1/2021
Tier 1: Budgeted	\$3.55	\$3.66	\$3.77
Tier 2: Excessive	\$7.21	\$7.43	\$7.65
Tier 3: Wasteful	\$12.02	\$12.38	\$12.75

Non-Tiered Water Consumption Rates	Current	Proposed	
		Effective 1/1/2020	Effective 1/1/2021
A101	\$3.02	\$3.11	\$3.20
A201	\$3.02	\$3.11	\$3.20
A202	\$1.74	\$1.91	\$2.10
A301	\$3.02	\$3.11	\$3.20

Daily Service Charge based on Meter Size	Current	Proposed	
		Effective 1/1/2020	Effective 1/1/2021
5/8 inch	\$0.42	\$0.44	\$0.46
3/4 inch	\$0.42	\$0.44	\$0.46
1 inch	\$0.57	\$0.60	\$0.63
1.5 inches	\$1.58	\$1.65	\$1.73
2 inches	\$2.45	\$2.57	\$2.68
3 inches	\$4.77	\$5.00	\$5.23
4 inches	\$7.38	\$7.73	\$8.08
6 inches	\$14.63	\$15.33	\$16.02

Visit [website](#) for larger meter sizes and proposed rates.

Water Supply & Reliability Capital Projects Charge Per Equivalent Meter Size	Current Monthly	Proposed Monthly*	
		Charge Effective 1/1/2020	Charge Effective 1/1/2021
	\$3.65	\$3.95	\$4.26

* Amount will be prorated based on billing cycle.

The formulas above are used to determine a customer's total water budget.

EMWD Drought Stages

Thank you, EMWD customers, for continuing to use water wisely! 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 2 (*Excessive use*) budgets reduced by 50 percent;

Stage 3c: Tier 2 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 rate in Tier 1. In stages 4 and 5, budgets are reduced, which would cause a customer going over budget to be charged at a Tier 3 rate.



Proposed Sewer Service Rates



Many different components go into the operation of the sewer system, such as electricity, regulatory requirements, the operation and maintenance of collection pipes and lift stations to preserve pressure, and treatment. These costs must be considered when setting sewer rates.

EMWD's sewer rates are calculated using a baseline Daily Service Charge.



Area Served (Full Service)	Current Daily Service Charge (DSC) per Equivalent Dwelling Unit (EDU)	Proposed DSC per EDU as of 1/1/2020	Proposed DSC per EDU as of 1/1/2021
Includes areas in and around Hemet, San Jacinto, and Winchester	\$0.90	\$0.93	\$0.97
Includes areas in and around Moreno Valley	\$0.92	\$0.95	\$0.99
Includes areas in and around the City of Menifee (Sun City)	\$0.93	\$0.97	\$1.01
Includes areas in and around Temecula, Murrieta, and French Valley	\$1.06	\$1.10	\$1.14
Includes areas in and around Perris, Romoland, Homeland, and northern portions of Menifee	\$1.22	\$1.27	\$1.32
Canyon Lake*	\$1.90	\$1.90+	\$1.90+

+ 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.

Sewer System Capital Projects Charge per Equivalent Dwelling Unit	Current Monthly Charge*	Proposed Monthly Charge* for bills dated on or after 1/1/20	Proposed Monthly Charge* for bills dated on or after 1/1/21
	\$2.75	\$2.75	\$2.75

*Amount will be prorated based on billing cycle.

NOTICE OF PUBLIC HEARING

For consideration of water and sewer rates based on cost of service.

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

EMWD's Mission

To deliver value to our customers and the communities we serve by providing safe, reliable, economical and environmentally sustainable water, wastewater and recycled water services.

SPECIAL REPORT

May 2019

Visit us at www.emwd.org
2270 Trumble Road, PO Box 8300,
Perris, CA 92572-8300
COM-218



CUSTOMER NAME
OR CURRENT RESIDENT
MAILING ADDRESS
MAILING CITY, STATE ZIP

PRSR STD
US POSTAGE
PAID
PERRIS, CA
PERMIT NO.10