

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 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 (cont.)



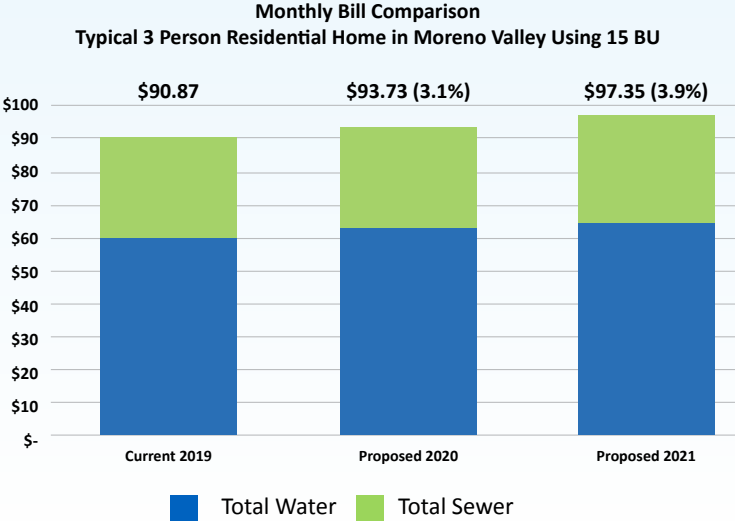
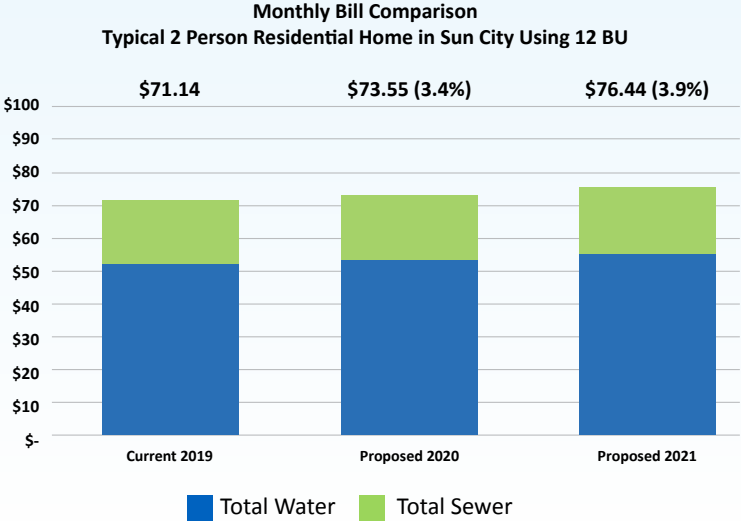
EMWD’s investment in data technologies is best demonstrated by the accelerated installation of smart meters throughout our 555-square mile service area. By June 2019, every customer will have a smart meter, making them eligible to subscribe to receive leak notifications via text message. Customers will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

How Will This Impact My 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. 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.



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, based on the number of people living in the home, each using 55 gallons per day—based on efficiency standards set by state law. It also provides water for your irrigated landscape based on actual weather data. Your water budget is broken down into billing units (BU), where one billing unit is equal to 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 BUs.

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

How does EMWD calculate how much water your landscape needs?

The water budget calculated for your landscape considers the date your home was built and the State mandated conservation guidelines that were in place before and after your home's construction. The amount for your water budget also takes into consideration the evapotranspiration rate for turf grass, which is the amount of water it needs to survive.

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 Jan. 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.



Calculating Your Water Budget

The proposed rates were calculated to recover the costs of providing water service, and to proportionately allocate those costs among customers. 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 BUDGET CALCULATION

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

LANDSCAPE IRRIGATION CALCULATION

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

The formulas above are used to determine a customer's total water budget, which is the amount of water each household and irrigated area needs.

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

Household size = Number of persons per household

GPCD = Gallons per person per day

Days = Days in the billing cycle

ET = Sum of observed 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

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.

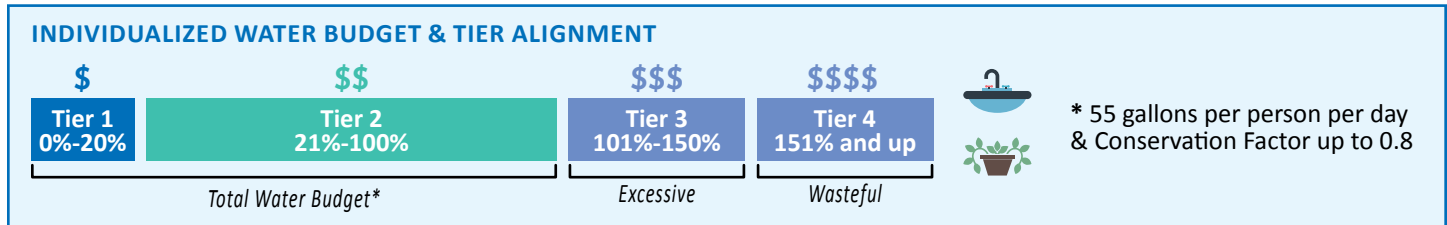
Tiered Water Rate Formula

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

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

How Rates Work with Water Budgets



Proposed Water Service Rates



EMWD is committed to providing customers throughout our 555-square mile service area with safe, clean and reliable water service. This service includes not only the water that comes out of the tap but also the operation, maintenance, and water quality testing for our entire water delivery system which is comprised of pipelines, storage tanks, booster stations, and other necessary infrastructure to move water up and down the varying elevations of our district service area.

Due to increases in the cost of imported water, along with rising maintenance and environmental regulatory costs, EMWD must increase water consumption rates by approximately 3 percent effective January 1, 2020.

| Water Consumption Rates per billing unit (BU)* | Current | Proposed | |
|---|---------|--------------------|--------------------|
| | | Effective 1/1/2020 | Effective 1/1/2021 |
| Areas served: <i>Perris Valley, Moreno Valley, Good Hope, Mead Valley, Juniper Flats, Lakeview, Nuevo, Romoland, Menifee (Sun City), Hemet, Valle Vista, Diamond Valley, Winchester, Canyon Lake, and Murrieta (Murrieta Hot Springs and French Valley).</i> | | | |
| Tier 1: Low Volume | \$1.07 | \$1.10 | \$1.13 |
| Tier 2: Budgeted | \$3.43 | \$3.53 | \$3.63 |
| Tier 3: Excessive | \$5.67 | \$5.84 | \$6.01 |
| Tier 4: Wasteful | \$11.59 | \$11.94 | \$12.30 |

*1 BU = 748 gallons **Amount will be prorated based on billing cycle.

| 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 |

| 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 |



Wastewater Systems: Understanding Block Rates



Often, we do not consider water once it leaves our homes. Whether it is going down a sink or shower drain, being flushed down the toilet or leaving a washing machine, wastewater travels through a network of pipelines and lift stations to one of EMWD's four regional water reclamation facilities. Every part of the wastewater 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 service rates.

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

Residential customers are assigned to one of four sewer blocks, determined by the number of people reported to be living in the household. Households with one to two occupants fall into block 1, those with seven or more occupants fall into 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.

Small Household Example:

For a 1 - 2 person residential sewer customer, living in Menifee, the total monthly sewer charges would increase from \$17.03 to \$17.64, effective January 1, 2020, and to \$18.55, effective January 1, 2021.

Large Household Example:

For a 5 - 6 person residential sewer customer, living in Menifee, the total monthly sewer charges would increase from \$35.28 to \$36.80, effective January 1, 2020, and to \$38.33, effective January 1, 2021.

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

| 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 | Block Number | Current Monthly Bill (based on DSC x 365/12) | Proposed Monthly Bill dated 1/1/2020 or after (based on DSC x 365/12) | Proposed Monthly Bill dated 1/1/2021 or after (based on DSC x 365/12) |
|---|---|-------------------------------------|-------------------------------------|--------------|--|---|---|
| Includes areas in and around Hemet, San Jacinto, and Winchester | \$0.90 | \$0.93 | \$0.97 | 1 | \$16.43 | \$17.03 | \$17.64 |
| | | | | 2 | \$27.38 | \$28.29 | \$29.50 |
| | | | | 3 | \$34.37 | \$35.28 | \$36.80 |
| | | | | 4 | \$46.54 | \$48.06 | \$50.19 |
| Includes areas in and around Moreno Valley | \$0.92 | \$0.95 | \$0.99 | 1 | \$16.73 | \$17.34 | \$17.95 |
| | | | | 2 | \$27.98 | \$28.90 | \$30.11 |
| | | | | 3 | \$34.98 | \$36.20 | \$37.72 |
| | | | | 4 | \$47.45 | \$49.28 | \$51.10 |
| Includes areas in and around the City of Menifee (Sun City) | \$0.93 | \$0.97 | \$1.01 | 1 | \$17.03 | \$17.64 | \$18.55 |
| | | | | 2 | \$28.29 | \$29.50 | \$30.72 |
| | | | | 3 | \$35.28 | \$36.80 | \$38.33 |
| | | | | 4 | \$48.06 | \$50.19 | \$52.32 |
| Includes areas in and around Temecula, Murrieta, and French Valley | \$1.06 | \$1.10 | \$1.14 | 1 | \$19.47 | \$20.08 | \$20.68 |
| | | | | 2 | \$32.24 | \$33.46 | \$34.68 |
| | | | | 3 | \$40.45 | \$41.98 | \$43.50 |
| | | | | 4 | \$54.75 | \$56.88 | \$59.01 |
| Includes areas in and around Perris, Romoland, Homeland, and northern portions of Menifee | \$1.22 | \$1.27 | \$1.32 | 1 | \$22.20 | \$23.12 | \$24.03 |
| | | | | 2 | \$37.11 | \$38.63 | \$40.15 |
| | | | | 3 | \$46.54 | \$48.36 | \$50.19 |
| | | | | 4 | \$62.96 | \$65.70 | \$68.13 |
| 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, 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
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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 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.

