

ELSINORE DIVISION



**ELSINORE
VALLEY**

MUNICIPAL WATER DISTRICT



NOTICE OF PUBLIC HEARING

4 PM on Thursday, November 9, 2023

Presentations will be held and
followed by a public hearing.

EVMWD Board Room
31315 Chaney Street, Lake Elsinore, CA 92530

Proposed Water Shortage Surcharge

The Elsinore Valley Municipal Water District (EVMWD) Board of Directors is facilitating a public hearing on Thursday, November 9, 2023, in the EVMWD Boardroom at 31315 Chaney Street, Lake Elsinore, CA, to consider adoption of proposed water shortage surcharges (“Water Shortage Surcharges”) effective January 1, 2024, and increased again effective July 1, 2024.

There will be no adjustments to the previously approved rates for water service. Those adopted rates are included as a part of this notice for your reference only.

The proposed Water Shortage Surcharges will be applicable to all parcels that receive water service from EVMWD. All property owners, including non-property owner customers of record responsible for paying the water bill, are being issued this notice of public hearing.

EVMWD’s Board of Directors is authorized to set rates, fees and charges for services, operations and debt financing of capital improvements.

Please note there is a 120-day statute of limitations for challenging water rates, which commences on the date that the rates are adopted.

Why are Water Shortage Surcharges Being Considered?

EVMWD adopted a Water Shortage Contingency Plan (WSCP) in 2021. The WSCP is a strategic plan that EVMWD uses to prepare for and respond to foreseeable and unforeseeable water shortages such as an extended drought, power outage or a catastrophic event. New Water Shortage Surcharges are being considered to ensure EVMWD can generate enough revenue to maintain water service when customers are buying less water, due to natural disasters or seasons of drought due to state conservation mandates. Water Shortage Surcharges are one tool that many water agencies across California have used to recover lost revenue that is needed to operate and maintain essential services.

With more than half of drinking water supplies originating from snowpack and rain hundreds of miles away, water is stored in reservoirs or groundwater basins and pumped through miles of pipelines before reaching our customers' homes. It takes energy, a host of physical infrastructure and human expertise to make this journey successful. Maintaining this infrastructure requires EVMWD to maintain minimum levels of revenue even when customers are using less water. The Water Shortage Surcharges ensure required revenues will continue to be available at all times.

The Water Shortage Surcharges would not have any immediate impact on rates and would not go into effect unless the Board of Directors approve implementation of these Surcharges, such as when our service area is in a designated drought as mandated by the State of California or we experience a catastrophic event such as an earthquake.

California & Drought

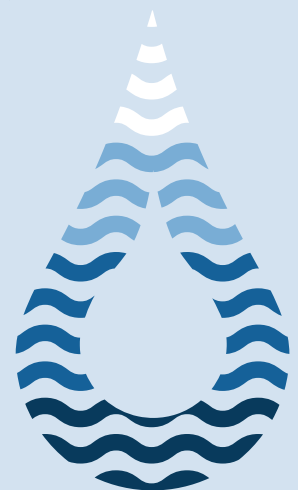
The storms from this past winter have produced enough water to support our communities, farms and businesses ending the State mandated water restrictions. We are no longer in a drought. However, EVMWD recognizes that California is subject to potential catastrophes, such as earthquakes and weather extremes, and another drought is likely to occur in the future. As a district, we are planning accordingly to ensure we can serve water to our customers – 24 hours a day, 7 days a week, 365 days a year.

The Basis Used for Calculating Water Shortage Surcharges

EVMWD's rates for water service must account for the true cost of providing that service and nothing more. To determine that true cost, EVMWD retained an independent financial consultant to conduct an analysis. The Water Shortage Surcharges proposed in this notice are based on the conclusions from the analysis, and are fair, compliant with state law and designed to recover EVMWD's costs of service during times of water shortage. The Water Shortage Technical Memorandum is available at www.evmwd.com/who-we-are/financial-reporting/budget.

As noted above, the Water Shortage Surcharges correspond to water shortage stages and are in addition to the regular tiered water rates. Water Shortage Surcharges are only implemented by the Board of Directors when a water shortage stage is enacted. There are six water shortage stages of reduced water usage (each a "Stage"). Each Stage represents a 10% reduction in water usage with Stage 1 starting at a 10% reduction and Stage 6 being any total water reduction in excess of 50%. When a Stage is enacted and water reductions are implemented, EVMWD will experience reduced revenues from the reduced water sales. Because EVMWD's fixed costs remain regardless of the amount of water sold, EVMWD may need additional revenue to pay for the costs of operation, maintenance, treatment, and delivery of water to its customers.

Reductions are prioritized starting at the highest tiers for residential and irrigation customers. As the Stages increase the additional customer classes and tiers are reduced to achieve the total required volume of water reduction. These reduced volumes, measured as hundred cubic feet (CCF) or 748 gallons, are allocated by each customer class and tier at each Stage. The cost to provide water at each Stage is then calculated and compared to the total revenue required for water system operations. In addition to the lost revenue from reduced water sales, EVMWD experiences a cost savings from the reduced volume of water required to purchase, treat, and deliver. However, this cost savings does not create a net zero impact to EVMWD's operations. The cost savings are applied to the analysis and the remaining net lost revenue is then recovered from the Water Shortage Surcharges. For more information regarding the method and calculations of the Water Shortage Surcharges customers may review the cost of service analysis located on EVMWD's website referenced above.



Elsinore Water Shortage Surcharges

WSCP Surcharge		Effective 1/1/2024						
Customer Class	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	
Residential	Tier 1	\$3.00	\$0.61	\$0.89	\$1.27	\$1.81	\$2.61	\$3.79
	Tier 2	\$3.93	\$0.79	\$1.17	\$1.66	\$2.36	\$3.42	\$4.96
	Tier 3	\$7.06	\$1.42	\$2.10	\$2.99	\$4.24	\$6.14	\$8.90
	Tier 4	\$9.20	\$1.85	\$2.73	\$3.89	\$5.53	\$8.00	\$11.60
Irrigation	Tier 1	\$3.90	\$0.79	\$1.16	\$1.65	\$2.35	\$3.39	\$4.92
	Tier 2	\$7.49	\$1.51	\$2.22	\$3.17	\$4.50	\$6.51	\$9.44
	Tier 3	\$10.50	\$2.11	\$3.12	\$4.44	\$6.31	\$9.13	\$13.24
Commercial	\$3.85	\$0.78	\$1.15	\$1.63	\$2.32	\$3.35	\$4.86	
Institutional	\$3.85	\$0.78	\$1.15	\$1.63	\$2.32	\$3.35	\$4.86	
Inter-Agency Wholesale	Tier 1	\$3.26	\$0.66	\$0.97	\$1.38	\$1.96	\$2.84	\$4.11
	Tier 2	\$5.81	\$1.17	\$1.73	\$2.46	\$3.49	\$5.05	\$7.33
Construction	\$6.72	\$1.35	\$2.00	\$2.84	\$4.04	\$5.85	\$8.47	

WSCP Surcharge		Effective 7/1/2024						
Customer Class	Baseline	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	
Residential	Tier 1	\$3.13	\$0.64	\$0.94	\$1.33	\$1.89	\$2.74	\$3.98
	Tier 2	\$4.11	\$0.83	\$1.23	\$1.75	\$2.48	\$3.60	\$5.22
	Tier 3	\$7.39	\$1.49	\$2.20	\$3.14	\$4.46	\$6.47	\$9.39
	Tier 4	\$9.62	\$1.94	\$2.87	\$4.09	\$5.81	\$8.42	\$12.22
Irrigation	Tier 1	\$4.08	\$0.83	\$1.22	\$1.74	\$2.47	\$3.57	\$5.18
	Tier 2	\$7.84	\$1.58	\$2.34	\$3.33	\$4.74	\$6.86	\$9.96
	Tier 3	\$10.98	\$2.22	\$3.27	\$4.67	\$6.63	\$9.61	\$13.94
Commercial	\$4.03	\$0.82	\$1.20	\$1.72	\$2.44	\$3.53	\$5.12	
Institutional	\$4.03	\$0.82	\$1.20	\$1.72	\$2.44	\$3.53	\$5.12	
Inter-Agency Wholesale	Tier 1	\$3.41	\$0.69	\$1.02	\$1.45	\$2.06	\$2.99	\$4.33
	Tier 2	\$6.07	\$1.23	\$1.81	\$2.58	\$3.67	\$5.31	\$7.71
Construction	\$7.03	\$1.42	\$2.10	\$2.99	\$4.25	\$6.15	\$8.93	

Other Water Rates

Only the Water Shortage Surcharges are proposed for increase. **ALL OTHER WATER RATES ARE NOT CHANGING** and will remain the same. The water rates below are being provided for reference and convenience only, and will be re-adopted should the Board determine to move forward with the Water Shortage Surcharges.

Fixed Rate Schedule (\$/30 days)		
Meter Size	Effective	
	7/1/2023	7/1/2024
3/4"	\$35.06	\$36.65
1"	\$58.44	\$61.07
1-1/2"	\$116.87	\$122.13
2"	\$186.96	\$195.38
3"	\$373.90	\$390.73
4"	\$584.20	\$610.50
6"	\$1,168.39	\$1,220.98
8"	\$1,869.40	\$1,953.53
10"	\$4,907.20	\$5,128.03
12"	\$6,192.41	\$6,471.07

Commodity Rates (\$/CCF)			
Customer Class		Effective	
		7/1/2023	7/1/2024
Residential	Tier 1	\$3.00	\$3.13
	Tier 2	\$3.93	\$4.11
	Tier 3	\$7.06	\$7.39
	Tier 4	\$9.20	\$9.62
Irrigation	Tier 1	\$3.90	\$4.08
	Tier 2	\$7.49	\$7.84
	Tier 3	\$10.50	\$10.98
Commercial		\$3.85	\$4.03
Institutional		\$3.85	\$4.03
Inter-Agency Wholesale	Tier 1	\$3.26	\$3.41
	Tier 2	\$5.81	\$6.07
	Tier 3	\$8.31	\$8.69
Construction		\$6.72	\$7.03

Dedicated Fire Line Charges (\$/30 days)		
Connection Size	Effective	
	7/1/2023	7/1/2024
2"	\$3.27	\$3.42
3"	\$5.03	\$5.27
4"	\$11.32	\$11.84
6"	\$32.83	\$34.31
8"	\$69.98	\$73.13
10"	\$125.79	\$131.46
12"	\$203.18	\$212.33

Power Rates (\$/CCF)		
Customer Class	Effective	
	7/1/2023	7/1/2024
Zone 1	\$0.16	\$0.17
Zone 2	\$0.37	\$0.39
Zone 3	\$1.87	\$1.97

Pass-Through charges are still subject to preapproved annual increases and noted here for reference only. If adopted, beginning on January 1, 2024 and any time thereafter through and including June 30, 2025, the District may increase the proposed rates for the water service charges by the annual percentage increase as of March of the prior year, in the Consumer Price Index (“CPI”), all Urban Consumers, for the Riverside-San Bernardino-Ontario Area, as determined by the United States Department of Labor Statistics and not to exceed 5% in any fiscal year (the “Inflationary Adjustments”).

As previously approved in 2021, the rates for the water service charges may increase annually, beginning July 1, 2021 and any time thereafter through and including June 30, 2025, by an amount equal to (1) any incremental increase in the cost of energy purchased from Southern California Edison and (2) any increases for the cost of water purchased from Western Municipal Water District (the “Wholesale Pass-Throughs” and, together with the Inflationary Adjustment, the “Pass-Throughs”), not to exceed 8% in total in any fiscal year.

The Pass-Throughs may be automatically implemented without further published notice, provided that (1) any increase to the rates for the water service charges as a result of the Pass-Throughs will not cause the water service rates to exceed the cost of providing service and (2) the District mails a notice of the Pass-Through to all affected properties at least thirty days prior to any implementation.

Supporting Our Customers During Tough Economic Times

At EVMWD, we are committed to assisting customers during this period of unusually high inflation by working with our low-income customers and continuing to provide safe, clean drinking water without interruption. EVMWD encourages our customers to visit our website to learn more about our assistance programs at www.evmwd.com/customers/customer-service/assistance and www.capriverside.org.

Our lobby is open to walk-in business to offer exceptional customer service, but customers can also contact us with any questions or pay their bills in the following ways:

- Pay your bills online at www.evmwd.com
- Automated phone system by calling 951-674-3146
- CheckFreePay locations throughout the service area
- Drop box located at EVMWD Headquarters



New EVMWD Website Launched

This year EVMWD launched a new website to better serve our customers. The new site is now mobile-friendly, making it easier for our customers to access important information about water and sewer services, and pay their bill online, right from their phones.

Visit www.evmwd.com today.

Learn More About the Proposed Water Shortage Surcharges

EVMWD invites you to participate and offer your input as the Board of Directors considers the Water Shortage Surcharges outlined in this notice. To participate, you can:

CALL, VISIT OR LOG-ON. More information on the projected increases, including the rate study, is available for review at the EVMWD office or on our website: www.evmwd.com/who-we-are/financial-reporting/budget/ For additional information or questions, please call us at 951-674-3146.

SUBMIT A FORMAL WRITTEN PROTEST. Specify the rate or charge being protested and include your name, parcel number and/or service address, and your signature. Mail or deliver your formal written protest in-person to:

Elsinore Valley Municipal Water District

Attention: Secretary of the Board

31315 Chaney St.

Lake Elsinore, CA 92530

Written protests that are mailed or delivered in person must be received by EVMWD staff no later than 4:00 P.M. on November 9, 2023.

Protests submitted by email or electronically do not count as formal written protests. All written protests must be received prior to the conclusion of the public hearing and only one written protest will be considered per parcel.

ATTEND THE PUBLIC HEARING. Members of the public are welcome to attend the public hearing regarding the proposed Water Shortage Surcharges. The hearing will take place on **November 9, 2023, in the EVMWD Board Room at 31315 Chaney Street Lake Elsinore, CA 92530.** Presentations will be held at **4:00 PM** followed by a public hearing. At the public hearing, all members of the public will have an opportunity to speak, but verbal comments alone do not qualify as a formal protest.

PUBLIC HEARING PROCESS. At the public hearing, the Board of Directors will consider all formal written protests and public comments. Afterwards, if a majority of the property owners and customers of record of the impacted parcels has submitted a formal written protest in opposition to the proposed Water Shortage Surcharges, the new structure will not be implemented. If a majority protest is not received, EVMWD’s Board of Directors may adopt the proposed changes. If adopted, the proposed surcharges will become effective **January 1, 2024**, and increased a second time effective July 1, 2024.

EVMWD is a retail agency of the Western Municipal Water District, a member agency of the Metropolitan Water District of Southern California and provides approximately **159,000 customers** water and sewer service through more than **47,000 water connections and 38,000 sewer connections.** On average, EVMWD imports about **75 percent** of its water from the Colorado River Aqueduct and the State Water Project. EVMWD also generates about **25 percent** of its water supply from local wells and a surface water reservoir.



ELSINORE VALLEY

MUNICIPAL WATER DISTRICT

Hours of Operation:

M-Th 7:30 – 5:30 F 7:30 – 4:30

Elsinore Valley Municipal

Water District

31315 Chaney Street

P.O. Box 3000

Lake Elsinore, CA 92531-3000

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Water Shortage Surcharge Notice of Public Hearing

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