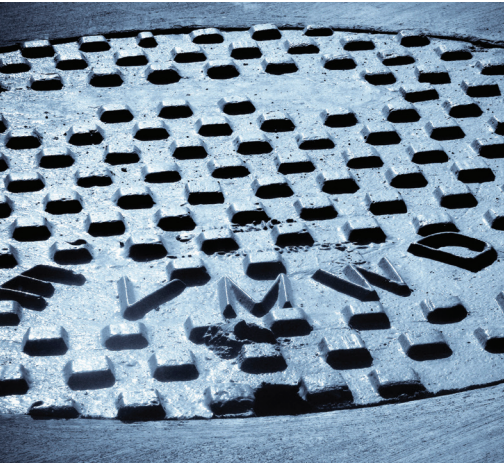




ELSINORE VALLEY

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 Sewer Service Rate Increase

The Elsinore Valley Municipal Water District (EVMWD) Board of Directors is facilitating a public hearing at the time, date, and location specified above to consider adoption of a proposed sewer service rate increase effective for service on and after January 1, 2024, with annual increases implemented each July 1 thereafter beginning July 1, 2024, through and including July 1, 2026.

The proposed rate adjustment will be applicable to all parcels that receive sewage service from EVMWD. All property owners and other customers of record who own these parcels are being issued this notice of public hearing.

This hearing is open to the public. Please note: property owners who will be affected by these proposed rate adjustments and any tenants directly responsible for the payment of the sewer service fees and charges may submit a written protest to the proposed rate adjustments. See the "How Can You Participate?" section at the end of this notice to learn more. Additionally, there is a 120-day statute of limitations for challenging all sewer rates should the proposed adjustments be adopted, which commences the day the proposed rates are adopted.

Additional information about the proposed rate changes is available in this notice and online at: www.evmwd.com.

Si gustaría obtener esta información en español, por favor visite www.evmwd.com.

Why Have I Received This Notice?

You have received this notice because EVMWD is considering a rate adjustment that will affect your sewer service charges. EVMWD is committed to transparency and this notice, alongside the scheduled public hearing, will explain the research, rationale, and analysis behind the proposed sewer service rate adjustments.






EVMWD is Committed to:

- Transparency and Accountability
- Responsible Resource Stewardship
- Water Use Efficiency Education
- Comprehensive Customer Engagement

EVMWD By the Numbers

Elsinore Valley Municipal Water District is committed to ensuring its customers receive exceptional service. Maintaining and upgrading water and sewer infrastructure is a crucial component of delivering on this promise. EVMWD is dedicated to consistently measuring facility reliability and conducting proactive maintenance to avoid service interruptions.

Fiscal Year 2022/23

-  3,629 linear feet of pipeline replaced
-  4,592 linear feet of sewer lines replaced
-  363 advanced meters installed
-  3 water reclamation facilities
-  37 lift stations

Your Agency at a Glance

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 reservoir.

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

Key Improvement Projects

Making strategic investments in our local infrastructure ensures reliability and fiscal stability for the future and helps maintain and modernize EVMWD's existing sewer infrastructure. Below are some of the key projects we are prioritizing in fiscal year 2023-2024 and beyond. EVMWD is investing over \$270M into local infrastructure projects that will improve sewer service. To learn more about our current projects, visit www.evmwd.com/doing-business/maps.



Regional Water Reclamation Facility Expansion

We are expanding the existing Regional Water Reclamation Facility to meet state regulatory requirements, improve plant reliability, accommodate local growth, and provide redundancy features to the existing plant. The expansion will occur within the footprint of the facility and will be funded by \$180 million in low interest loans from the State of California Clean Water State Revolving Fund, \$10 million in a federal grant, as well as variable or fixed rate debt.

Diamond Regional Lift Station

EVMWD is constructing a new Diamond Regional Lift Station, which will replace four existing lift stations. The new lift station will accommodate existing and future development flows up to 6.6 million gallons a day and has a projected project cost of \$60 million. The District has secured a low interest loan from the State of California Clean Water State Revolving Fund (CWSRF) in the amount of \$36 million and anticipates receiving additional CWSRF loan funding from the State to fully fund the project.

Total debt service savings on these projects over 30 years using low interest SRF loans vs. debt financing is \$88,696,000.

Why is a Sewer Service Rate Adjustment Being Considered?

EVMWD's rates for sewer and water services must account for the true costs of providing those services, nothing more. To determine the true cost, EVMWD retained an independent financial consultant to conduct a comprehensive cost-of-service analysis and rate study. The study shows the need for rate adjustments to account for increased costs for maintenance, treatment, infrastructure, and conveyance. A portion of the rate increase is due to the increasing costs of electricity and chemicals, which are required to move and treat wastewater.

The rates proposed in this notice are based on the conclusions from the rate study and are fair, compliant with state law and designed to recover EVMWD's costs of service. Copies of the rate study are available at www.evmwd.com/who-we-are/financial-reporting/budget.

What Determines the Cost of Treating Sewage?

A variety of factors impact the cost of service.

Some of the factors that are considered when setting sewer rates include:



Cost of energy and treatment chemicals



Repairs and replacement of aging pipes, pumps and equipment



Bond payments



Employee obligations

Increased Costs



Energy

Energy, which is required to move and treat wastewater, costs more today than it has previously. Electric rates have gone up 37% over the past 2 years, directly impacting the cost of sewer service.



Cost of Chemicals

The cost of chemicals is rising and has created a direct increase in the cost of treating wastewater. The District has seen cost increases in chlorine and ammonia of 112% and 79% respectively.



Regulatory Compliance

To meet regulatory compliance requirements, EVMWD must expand its existing wastewater treatment plant, which is currently operating at 75% of capacity.



Employee Obligations

As our community grows, and the amount of wastewater we treat and water we supply annually increases, EVMWD must expand its staff to meet customer service and operational needs. The required 50% increase in the District's treatment plant capacity will require additional staff to operate and maintain the facility. Additional staffing increases salary and benefit costs.

Controlling Expenses to Keep Rates as Low as Possible

EVMWD is committed to providing high quality sewer services at affordable rates. While certain cost increases cannot be avoided, EVMWD strives to reduce costs in other ways.



Reduced Contract Services. EVMWD negotiates with all vendors to ensure we receive competitive pricing.



Nearly \$317 million in Grants & Low-Interest Loans secured to-date. EVMWD pursues low interest loans and grant funding that help to limit rate increases that would otherwise be needed to fund capital projects.



The EVMWD Board conducts a rigorous budget review process. We recently completed a 6-month review of the proposed 2024 and 2025 budgets.

Did You Know?

As a government agency, EVMWD cannot profit from what it charges to provide water and sewer service and will only charge the actual cost of the services provided.

Strong Fiscal Management, High Satisfaction Ratings

Strong fiscal management and customer service are EVMWD priorities. Year after year, EVMWD is recognized by the Special Leadership District Foundation and the Government Finance Officers Association for fiscally responsible reporting and meeting the highest

standards in fiscal management and transparency. Our recent bond rating upgrades have resulted in lower borrowing costs, which translates to lower rates for the customer. We have maintained high quality service while finding ways to help reduce costs despite these current challenging economic conditions.



The Basis Used For Calculating The Proposed Sewer Rates

The current rate structure is not changing. Only the proposed rates within the rate structure are changing. The rate structure is comprised of two components: a fixed charge (the “Fixed Sewer Service Charge”) and a variable charge (the “Variable Sewer Service Rates”) described in more detail below.

Understanding Your Bill – Sewer Rates Made Simple

Fixed Sewer Service Charge The fixed sewer service charge is calculated based on the number of connections per parcel for residential and per account for nonresidential customers. This fixed charge covers EVMWD’s standard sewer administrative costs, as well as regular maintenance and facility repairs.

Variable Sewer Service Rates Residential variable rates are calculated based on the number of people in the home (PPH). Non-residential variable rates are billed based on water usage. The variable charges cover the costs for the collection system and treatment plants.

Fixed Charges (\$/30 days)

Customer Class	Existing	Effective 1/1/2024	Effective 7/1/2024	Effective 7/1/2025	Effective 7/1/2026
Residential	\$22.90	\$23.21	\$25.30	\$27.46	\$29.80
Commercial II	\$22.90	\$23.21	\$25.30	\$27.46	\$29.80
Commercial III	\$22.90	\$23.21	\$25.30	\$27.46	\$29.80
Commercial IV	\$22.90	\$23.21	\$25.30	\$27.46	\$29.80
Institutional	\$22.90	\$23.21	\$25.30	\$27.46	\$29.80
Schools	\$22.90	\$23.21	\$25.30	\$27.46	\$29.80

Variable Rates (\$/PPH) or (\$/CCF)

Customer Class		Existing	Effective 1/1/2024	Effective 7/1/2024	Effective 7/1/2025	Effective 7/1/2026
Residential	(\$/PPH)	\$7.82	\$8.94	\$9.75	\$10.58	\$11.48
Commercial II	(\$/CCF)	\$4.70	\$5.40	\$5.89	\$6.40	\$6.95
Commercial III	(\$/CCF)	\$5.64	\$5.53	\$6.03	\$6.55	\$7.11
Commercial IV	(\$/CCF)	\$10.49	\$12.37	\$13.49	\$14.64	\$15.89
Institutional	(\$/CCF)	\$4.26	\$4.40	\$4.80	\$5.21	\$5.66
Schools	(\$/CCF)	\$4.26	\$4.40	\$4.80	\$5.21	\$5.66

The Canyon Lake monthly sewer surcharge remains the same.

The table below shows an example of how the proposed rate changes, as set forth in this notice, may affect an average bill. The sample customer used in this example is a residential customer with 4 people in their household. Water rates are being included for example only and are not proposed for increase as part of this notice.

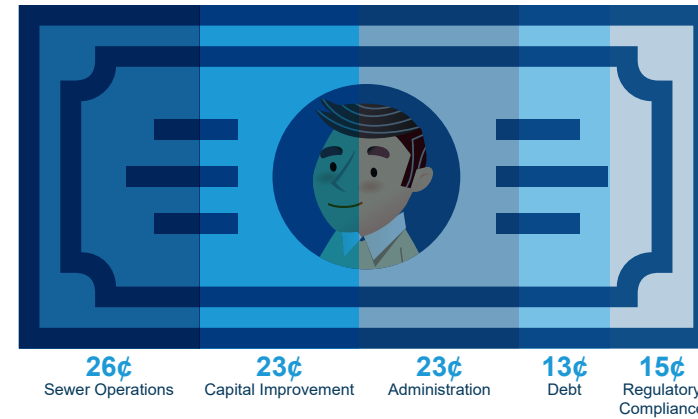
Please visit www.evmwd.com/who-we-are/financial-reporting/budget and use our online bill estimator to estimate the impact of the proposed rates on your own bill.

Sample Bill	Current (sample) Bill			Proposed		
	Usage	Rate	Total	Usage	Rate	Total
Tier 1	9	\$3.00	\$27.00	9	\$3.00	\$27.00
Tier 2	12	\$3.93	\$47.16	12	\$3.93	\$47.16
Powerzone	21	\$0.37	\$7.77	21	\$0.37	\$7.77
Service Charge		\$35.06	\$35.06		\$35.06	\$35.06
Total Water Service Charges			\$116.99			\$116.99
Sewer Fixed		\$22.90	\$22.90		\$23.21	\$23.21
Sewer Variable (\$/PPH)	4	\$7.82	\$31.28	4	\$8.94	\$35.76
Total Sewer Service Charges			\$54.18			\$58.97
Estimated Total Bill			\$171.17			\$175.96

Sewer is the only rate that is increasing. The water rates remain the same.

Where does each dollar go?

The graphic below shows how EVMWD allocates funds, dollar for dollar.



Did You Know?

EVMWD has been awarded more than \$317 million in grants and low-interest loans to offset the cost of projects to enhance water and sewer systems, helping to reduce the impacts on rates.

Pursuing New Revenue Streams to Offset Costs for Our Customers

Did you know? Our rate assistance programs are 100% funded through non-ratepayer money. EVMWD has pursued additional revenue streams – such as leasing District-owned land to cell phone companies for cell towers. We continue to look for new sources of revenue to reduce the impact of costs increases on our customers.

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 and sewer service without interruption.

RARE: Rate Assistance for Residents of Elsinore Valley

The RARE Program allows qualifying customers to be eligible for low-income rate assistance on their water bill at their primary residence. Customers must meet the income and water use criteria outlined in the application. The RARE program is funded through non-ratepayer money, such as lease income received by EVMWD from cell phone companies.



The EVMWD Board of Directors has modeled this program after the California Public Utilities Commission CARE program. The EVMWD program is based on income and water use and is available on a first-come, first-served basis – based on available funding. Learn more about EVMWD's RARE program at www.evmwd.com/customers/customer-service/assistance.

Utility Assistance Program

In addition to offering the RARE program, EVMWD has partnered with the Community Action Partnership of Riverside County (CAP Riverside) to provide another source of financial assistance.



Through the Low-Income Household Water and Wastewater Program (LIHWAP), EVMWD customers can apply for payment assistance towards their water and wastewater bills. LIHWAP helps low and moderate-income residents by providing a one-time credit towards essential utilities. Eligible individuals and families can receive assistance with all essential utilities—water, sewer, gas, electricity, and more—to cover up to \$2,000 in bills. LIHWAP is available on a first-come, first-served basis – based on available funding. Learn more at capriverside.org.



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.

Online Bill Pay

This user-friendly and secure way to manage water and sewer bills allows customers to register for paperless billing and set up automatic payments. No need for stamps or writing checks, customers can pay online with a variety of payment options, including a checking account, credit card, or debit card. It's also an ideal way to go green and reduce your mailbox clutter. To enroll now, visit www.evmwd.com.

We're Here to Help

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

Did You Know?

EVMWD Now Accepts EBT. You can use your EBT card with cash aid benefits in person at the EVMWD Headquarters to pay your bill.

Helping you Save Water and Money

EVMWD is committed to helping customers save water and money, especially as we face the environmental and financial hardships brought on by both climate change and high inflation.

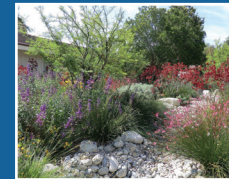
Extreme heat and dry periods are and will continue to be part of the California climate, and conservation must be part of our response. That's why EVMWD and other water suppliers, along with the California Department of Water Resources and the State Water Resources Control Board, emphasize water use efficiency as a way of life across California.

By becoming more water-efficient, we will be able to both accommodate a growing population and tackle any obstacles climate change may bring our way.

Ways to Conserve Water and Save Money



Low-Water Appliances



Native Landscaping



Turf Replacement



Hot Water Recirculating System

EVMWD is also committed to supporting customers by offering rate assistance and rebates for water use efficiency efforts. EVMWD offers rebates for high-efficiency toilets, washing machines and hot water recirculating systems. The greatest savings potential is outside in your property's landscaping, where up to 75% of all residential water is used. EVMWD also gives cash back for customers who convert their grass to low-water landscaping, install weather-based irrigation controllers and sprinkler nozzles, and use rain barrels and cisterns.



How Can You Participate?

EVMWD invites you to participate and offer your input as the Board of Directors considers the rate changes outlined in this notice.

To participate, you can:

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.

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.

ATTEND THE PUBLIC HEARING.

Members of the public are welcome to attend the public hearing regarding the proposed rate changes. The hearing will take place on **November 9, 2023, EVMWD Board Room 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 had submitted a formal written protest in opposition to the proposed rate increases, the increases will not be imposed. If a majority protest is not received, EVMWD's Board of Directors may adopt the proposed changes. If adopted, the proposed rates will become effective **January 1, 2024**, and will increase on each July 1 thereafter beginning July 1, 2024, through and including July 1, 2026.



If adopted, beginning on January 1, 2024 and any time thereafter through June 30, 2027, the District may increase the proposed rates for the sewer 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").

Additionally, if adopted, the proposed rates for the sewer service charges may also increase annually, beginning January 1, 2024 and any time thereafter through and including June 30, 2027, by an amount equal to any incremental increase in the cost of energy purchased from Southern California Edison 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 sewer service charges as a result of the Pass-Throughs will not cause the sewer 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.

For additional information, please contact EVMWD at 951-674-3146.





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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Sewer Rate Increase

Notice of Public Hearing

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