

Understanding the Need for Capacity Fee Increases



ELSINORE VALLEY

MUNICIPAL WATER DISTRICT

Elsinore Valley Municipal Water District (EVMWD) is facing significant demands for infrastructure expansion to support future growth in the region it serves. The necessity for capacity fee increases is based on service area growth, infrastructure costs, construction costs and regulatory compliance. Without new water supply there can be no development.

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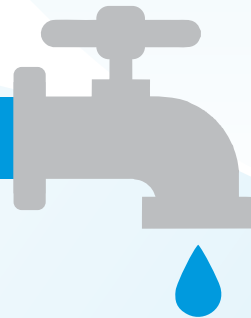
CHALLENGES

Opportunities for Growth

The region supported by EVMWD is currently **35% built out**, indicating substantial future development and expansion.

65%
UNDEVELOPED

35%
BUILT OUT





Construction Cost Increases

Construction cost escalations in recent years have led to higher-than-anticipated project costs for CIP projects.

EXAMPLE The Regional Water Reclamation Facility Expansion project was initially estimated at \$117 million in 2017 and now totals approximately \$251 million.



Investments in Infrastructure

-  EVMWD is committed to investing in water and sewer infrastructure to accommodate future growth. These investments are crucial for diversifying the water supply portfolio, enhancing water supply reliability, and ensuring resiliency.
-  EVMWD's Capital Improvement Program (CIP) for water and sewer projects over the next five years amounts to \$500 million, with approximately \$350 million allocated due to future growth.

Regulatory Compliance Requirements

State and Federal regulations impose additional project requirements on water districts, leading to added costs.

EXAMPLE Expansion of the Regional Water Reclamation Facility to comply with State regulations and upgrades to the Canyon Lake Water Treatment Plant for PFAS treatment.



OPPORTUNITIES



Community Engagement

EVMWD has engaged with developers through the Master Plan Development process to discuss CIP projects directly impacting capacity fees.



Collaboration with Stakeholders

EVMWD is committed to collaborating closely with all impacted stakeholders, including county officials, cities, the Building Industry Association (BIA), and developers, as capacity fee amounts are finalized.



Cost Offsets

EVMWD actively seeks grants and low-interest State Revolving Fund (SRF) loans to help offset project costs that would otherwise be passed through capacity fees.

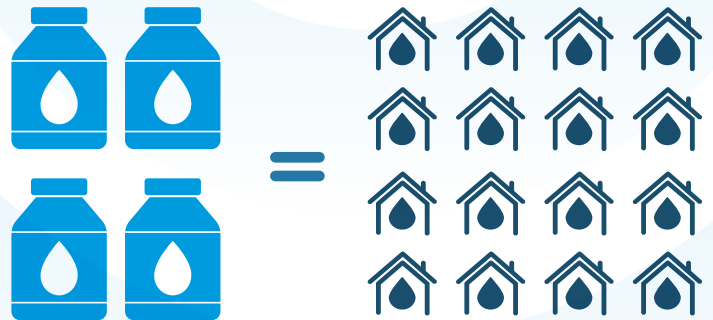
IMPACT ON CAPACITY FEES

The need for infrastructure expansion, combined with increased construction costs and regulatory compliance have had a substantial impact on capacity fees.

EVMWD foresees a potential implementation date of July 1, 2024, with various alternative scenarios under consideration based upon board review and approval.

Wastewater Projects

Regional Water Reclamation Facility Expansion - will treat an additional 4 million gallons per day, which is equivalent to approximately 16,000 homes



4 MILLION
GALLONS PER DAY

16,000 HOMES
(aprox.)

IMPACT OF FUTURE CAPITAL IMPROVEMENT PROJECTS

Water Projects

LEE LAKE WELL	1,000 acre-feet	2,000 homes (aprox.)
TEMESCAL VALLEY PIPELINE PUMP STATION	15,000 acre-feet	30,000 homes (aprox.)
WARM SPRINGS GROUNDWATER WELLS	840 acre-feet	1,680 homes (aprox.)
TEMECULA-PAUBA GROUNDWATER WELLS	1,000 acre-feet	2,000 homes (aprox.)
INDIRECT POTABLE REUSE (Regional IPR With Injection Wells)	3,650 acre-feet	7,300 homes (aprox.)