



Approve Proposition 218 Notices and Set Public Hearing for Proposed Rates

John Adams
April 2, 2025

Presentation Topics

- Background Follow-up
- Proposed Rates
 - Water
 - Sewer
 - Recycled
- Proposition 218 Notices
- Customer Outreach
- Rates Timeline
- Recommendation

Budget and Rate Setting is Centered Around the Eastern Municipal Water District's Strategic Plan:

With a clearly defined mission and vision, as well as guiding principles that define how we interact with customers and employees, EMWD is driven by the seven strategic priorities, which guide the projects, programs, and services we provide to our customers and communities:

- Highly Reliable and Cost-Effective Water, Wastewater and Recycled Water Service
- Protection of Public and Environmental Health
- Superior Customer Service
- Operational Planning and Efficiency
- Fiscal Responsibility and Appropriate Investment
- Exemplary Employer
- Effective Communication, Advocacy, and Strategic Partnerships

Key Considerations

Maintain Strong
Financial Position
and Operational
Efficiency

Continued
Investment in
Infrastructure

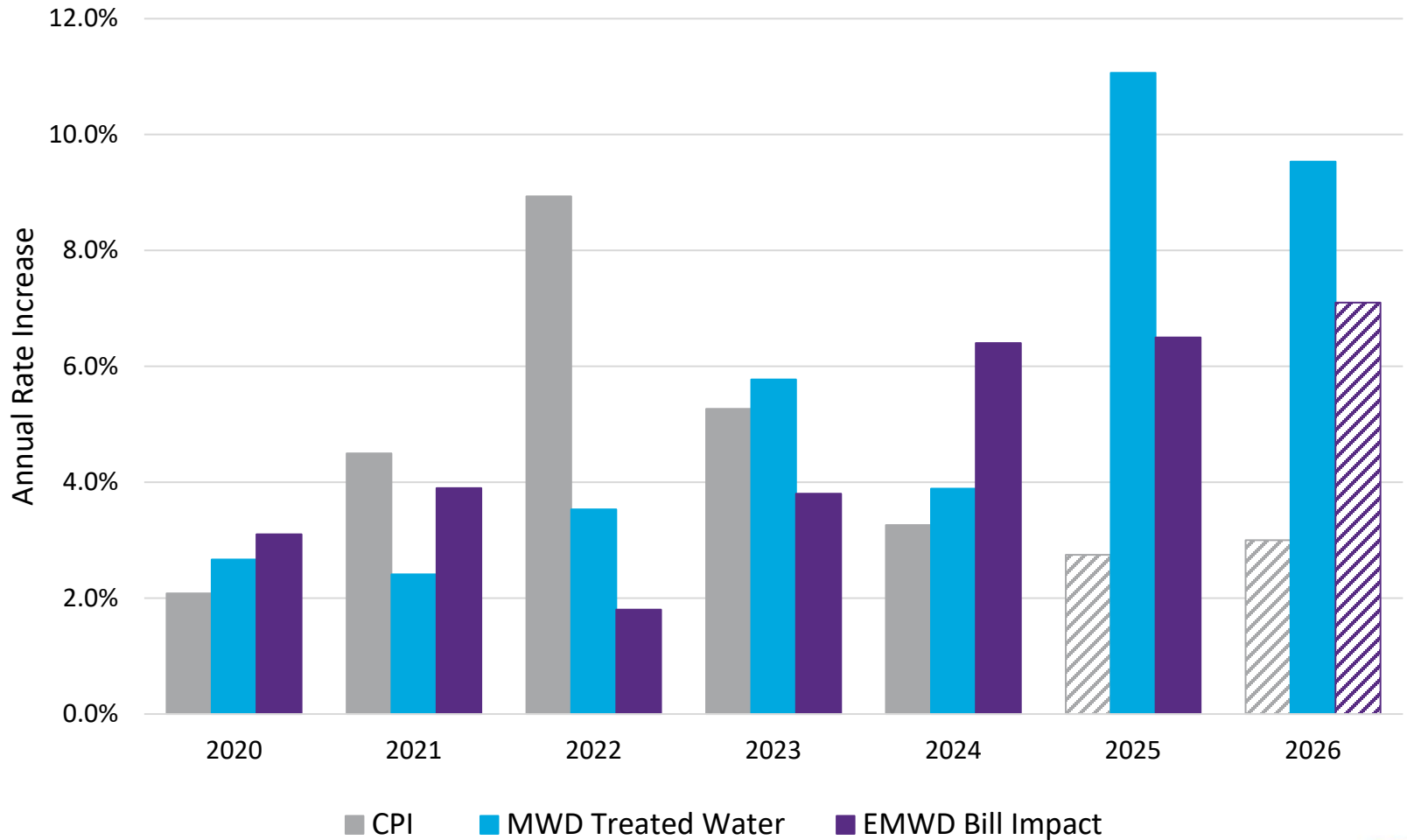
Water Supply
Diversity and
Long-Term
Reliability

Develop Local
Resources for
Resiliency

Use Reserves to
Moderate Rate
Impacts

Maximize Sale of
Recycled Water

7-Year Comparison of CPI, MWD, and EMWD Bill Impact

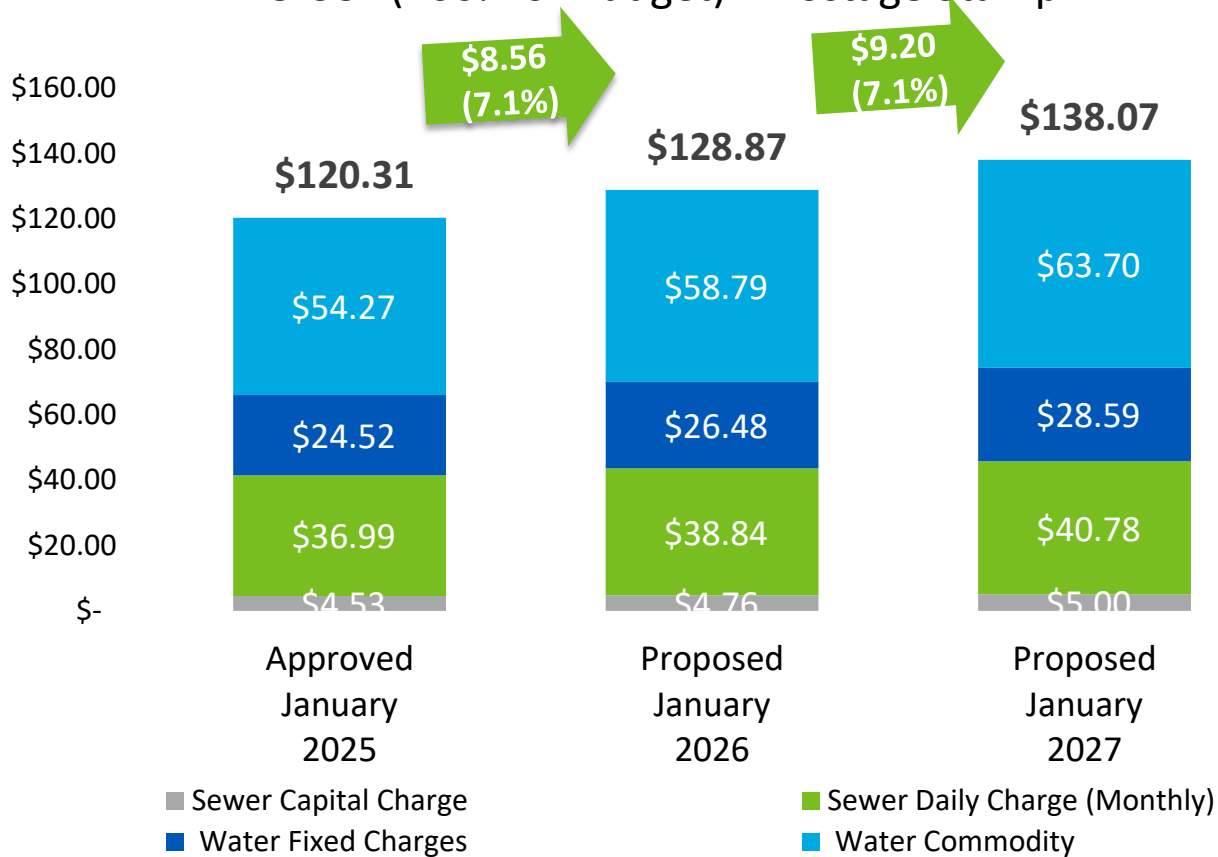




Proposed Water and Sewer Rates and Average Residential Bill Impact

Preliminary Average Residential Water and Sewer Bill

Monthly Water + Sewer Bill
15 CCF (100% of Budget) + Postage Stamp



*15 CCF per month and 5/8" meter and sewer block 2 (100%) at postage stamp rate

Proposed Water Fixed Charges

- Total Water Fixed Charges are projected to increase 8% in 2026
 - Average Daily Service Charge (DSC) rate increase of \$1.44/month in 2026
 - Capital Fixed Charge monthly rate increase of \$0.52/month per EMS in 2026
- Total Water Fixed Charges projected to increase 8% in 2027

			\$ Rates per Day		
			Approved	Proposed	
Charge Type	Supports	Assessed By	1/1/2025	1/1/2026	1/1/2027
Daily Service Charge - Account Charge	> Monthly meter reading, billings and customer support	All Water Accounts	\$0.204	\$0.220	\$0.238
Daily Service Charge - Demand Charge*	> Repayment of debt service > Water reliability needed to support potential customer demands	Per Equivalent Meter Size (EMS)	\$0.388	\$0.419	\$0.453
Water Daily Supply & Reliability Capital Projects Charge*	> Planned capital projects included in the budget > Reserves to fund unplanned but necessary projects	All water accounts assessed a Daily Service Charge; Per EMS	\$0.214	\$0.231	\$0.250



* Based on 5/8" or 3/4" meter

Proposed Water Rates - Residential Tiers

- 2026 Residential Tier Increases (per CCF):
 - Household Budget (Tier 1) – \$0.14
 - Household Budget (Tier 2) – \$0.34
 - Excessive (Tier 3) – \$0.57
 - Wasteful (Tier 4) – \$1.13

Average Water Commodity Adjustment: 8.2%

Residential Tiered Billing		All Areas Except Fruitvale		
		Approved	Proposed	
		1/1/2025	1/1/2026	1/1/2027
Household Budget	Tier 1	\$1.41	\$1.55	\$1.71
	Tier 2	\$4.17	\$4.51	\$4.88
Excessive	Tier 3	\$7.11	\$7.68	\$8.29
Wasteful	Tier 4	\$13.72	\$14.85	\$16.06



Proposed Water Rates - Non-Residential

- 2026 Residential Tier Increases (per CCF):
 - Budget (Tier 1) – \$0.35
 - Excessive (Tier 2) – \$0.66
 - Wasteful (Tier 3) – \$1.18

Average Water Commodity Adjustment: 8.2%

Non-Residential Billing		All Areas Except Fruitvale		
		Approved	Proposed	
		1/1/2025	1/1/2026	1/1/2027
Budgeted	Tier 1	\$4.16	\$4.51	\$4.88
Excessive	Tier 2	\$8.09	\$8.75	\$9.47
Wasteful	Tier 3	\$14.34	\$15.52	\$16.79
	Non-Tiered	\$3.84	\$4.15	\$4.48

Proposed Water Rates - Fruitvale

- Phase-In approach began January 2018
- Residential – Tier 2
- Non-Residential – Tier 1, Non-Tiered
- Avoid sudden rate spikes (10% annual increase maximum)

Residential Tiered Billing		Approved	Proposed	
		1/1/2025	1/1/2026	1/1/2027
Household Budget	Tier 1	\$1.41	\$1.55	\$1.71
	Tier 2	\$3.87	\$4.26	\$4.68
Excessive	Tier 3	\$7.11	\$7.68	\$8.29
Wasteful	Tier 4	\$13.72	\$14.85	\$16.06

Non-Residential Billing		Approved	Proposed	
		1/1/2025	1/1/2026	1/1/2027
Budgeted	Tier 1	\$3.06	3.37	\$3.71
Excessive	Tier 2	\$8.09	\$8.75	\$9.47
Wasteful	Tier 3	\$14.34	\$15.52	\$16.79
	Non-Tiered	\$3.06	\$3.37	\$3.71

Proposed Sewer Daily System Capital Projects Charge

- Capital Charge to Support System Repair/Replacement, and Betterment
- Assessed on Number of Equivalent Dwelling Units per Connection
- 2026 – 4.7% increase

Sewer Daily System Capital Projects Charge	Current Effective:	Proposed Effective:	
	1/1/2025	1/1/2026	1/1/2027
Per Equivalent Dwelling Unit	\$0.149	\$0.156	\$0.164

Sewer Daily Service Charge

- Assessed on Number of Equivalent Dwelling Units per Connection
 - Residential customer rates adjusted based on household size (Blocks)
- Postage Stamp Daily Service Rate recommended by 2023 Cost of Service Study
 - Integrates all areas to be under one rate, regardless of location
 - Interconnectivity of treatment, collection and transmission systems
 - Ability to transfer sewer flows across service areas
- Objectives
 - Mitigate year-over-year rate increases
 - Use reserves to balance rate increases over time
- Board Adopted a 7-year phase-in for Sewer Daily Service Postage Stamp Rates (2024-2030)

Proposed Sewer Daily Service Charge – Postage Stamp Phase-In

- 2026 and 2027 represent years 3 and 4 of Postage Stamp Phase-In
- Average Increase 2026 = 5.0%

Daily Service Charge (Per EDU)	Current Effective:	Proposed Effective:	
		1/1/2025	1/1/2026
Hemet, San Jacinto Service Area 31	\$1.143	\$1.219	\$1.299
Moreno Valley Service Area 32	\$1.161	\$1.235	\$1.314
Sun City Service Area 33	\$1.184	\$1.257	\$1.334
Temecula, Murrieta Service Area 34	\$1.252	\$1.303	\$1.360
Perris Valley Service Area 35	\$1.391	\$1.414	\$1.438
Perris Downtown	\$1.343	\$1.364	\$1.385

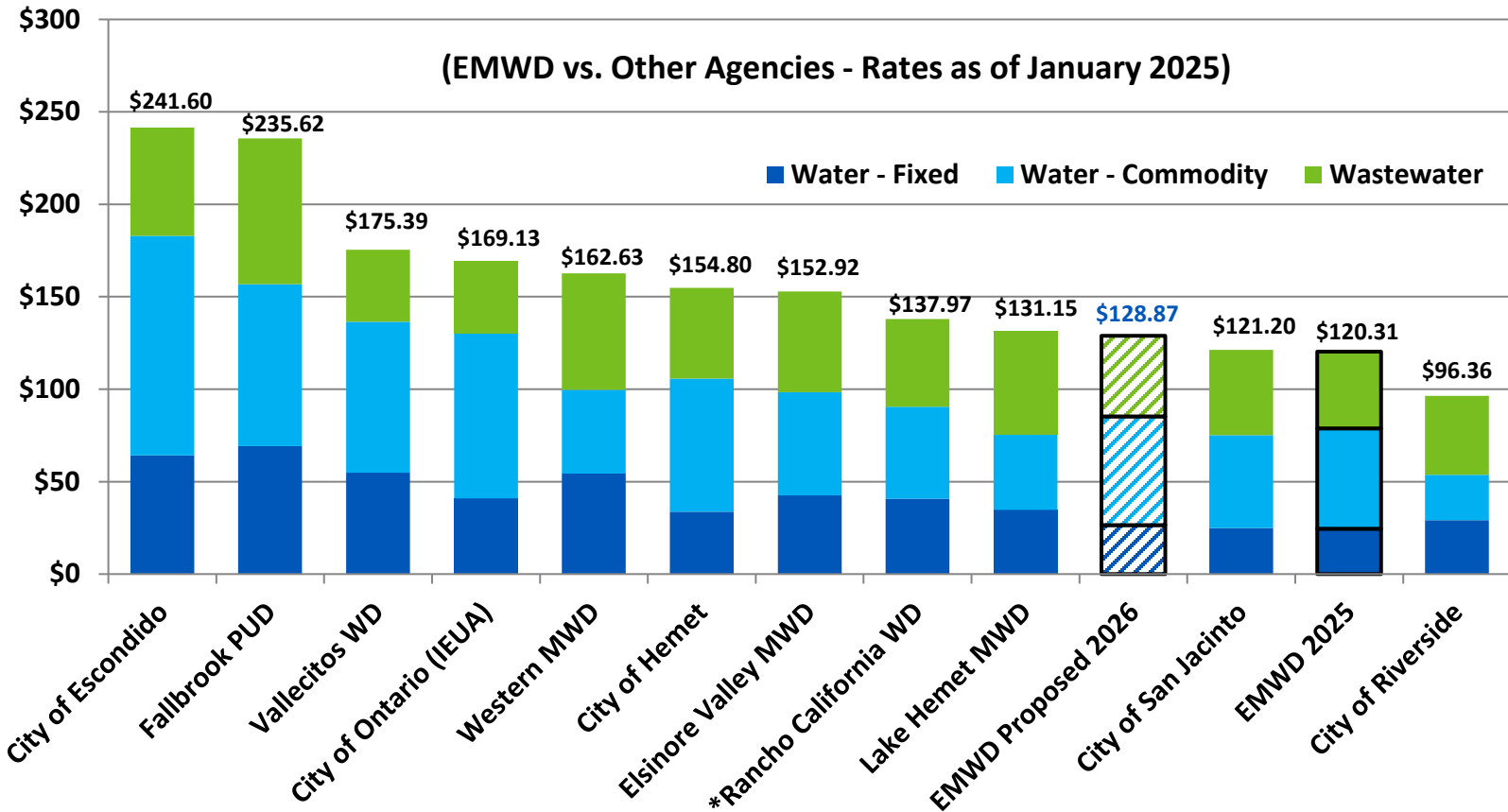
Sewer Daily Service Charge Billed by Other Agencies

- Tied to Phase-In Daily Service Charge Increases by Service Area
- Accounts for Other Agency Collection Systems (Where Applicable)

Daily Service Charge (Per EDU)	Current Effective:	Proposed Effective:	
	1/1/2025	1/1/2026	1/1/2027
City of Hemet, San Jacinto and Lake Hemet Municipal Water District	\$1.095	\$1.169	\$1.246
Rancho California Water District	\$1.252	\$1.303	\$1.360
Murrieta Sewer Facilities (WMWD)	\$1.252	\$1.303	\$1.360

Typical Monthly Bill Comparison

Water & Wastewater Services - Inland Districts 15 CCF



*Rancho California WD bill amount does not include fixed capital charges assessed via property tax



Proposed Recycled Water Rates

Proposed Agricultural Rates for Recycled Water

Rate Code	Description	Current Effective:	Proposed Effective:	
		1/1/2025	1/1/2026	1/1/2027
Recycled — Backbone System Retail Customers		(Rates Per Acre Foot)		
R432, R632	Summer (May-Oct) Ag	\$170.22	\$171.92	\$173.64
R43W, R63W	Winter (Nov-Apr) Ag	\$99.51	\$100.57	\$101.51
R43D, R63D	Special Winter Incentive Rate (50% of R43W, R63W)	\$49.75	\$50.25	\$50.76

Proposed Other Rates for Recycled Water

Rate Code	Description	Current Effective:	Proposed Effective:	
		1/1/2025	1/1/2026	1/1/2027
Recycled — Stabilized System Retail Customers		(Rates Per Acre Foot)		
R442, R642	Demand Ag (80% of R462, R662)	\$529.96	\$551.16	\$573.21
R462, R662	Non-Ag	\$662.45	\$688.95	\$716.51
*RPRC	Retail-Rate to Pechanga Band of Luiseno Indians for Non-Ag-tertiary; billed by EMWD. Includes the wheeling rate established by RCWD and paid by EMWD. Reference: Interagency agreement dated February 28, 2008, as amended.	\$662.45	\$688.95	\$716.51
RC42	Construction and Temporary (60% of A101)	\$1,003.62	\$1,084.64	\$1,170.89

* Not Subject to Daily Service Charge

Proposed Other Rates for Recycled Water (continued)

Meter Size/ Rate Code	Description	Current Effective:	Proposed Effective:	
		1/1/2025	1/1/2026	1/1/2027
Recycled — Contracted Agreements		(Rates Per Acre Foot)		
R401	Special Rate for Recycled Water Retrofit Conservation Program (75% of A101 Tiered Non-Residential—Tier 1)	\$1,359.07	\$1,473.42	\$1,594.30
R402	Special Rate for Recycled Water Retrofit Conservation Program (75% of A202 Tiered Non-Residential—Tier 1)	\$999.70	\$1,100.98	\$1,208.79
R403	Special Rate for Recycled Water Retrofit Conservation Program (75% of D101)	\$1,254.53	\$1,355.81	\$1,463.62
R500	Special Rate for Heartland (80% of A202)	\$1,066.35	\$1,174.38	\$1,289.38
R682	Department of Fish & Wildlife	\$139.84	\$167.81	\$201.37
R693	Tertiary In-Lieu Ag delivery; Hemet/San Jacinto Stipulated Judgment; Rate adjusted by Consumer Price Index per agreement	\$114.00	\$120.49	\$124.11
*R4RC	Rancho California, Wholesale Rate—for Billings to RCWD & EVMWD	\$390.31	\$405.92	\$422.15
RAUG	Special Rate for Augmentation Water (Metropolitan untreated rate)	\$972.00	\$984.00	\$1,113.00

* Not Subject to Daily Service Charge

Proposed Daily Service Charge (DSC) for Recycled Water

Meter Size	Description	Current Effective:	Proposed Effective:	
		1/1/2025	1/1/2026	1/1/2027
Recycled — Daily Service Charge				
All Meters	Account Charge	\$0.204	\$0.220	\$0.238
5/8"	Demand Charge (per EMS)	\$0.388	\$0.419	\$0.453
3/4"		\$0.388	\$0.419	\$0.453
1"		\$0.594	\$0.642	\$0.693
1.5"		\$1.963	\$2.120	\$2.290
2"		\$3.150	\$3.402	\$3.674
3"		\$4.714	\$5.091	\$5.498
4" & Up		\$6.300	\$6.804	\$7.348

Recycled Water users pay DSC based on meter size equal to:

- Up to 2" = potable DSC
- 3" = 75% of potable 3" DSC
- 4" and above = potable 3" DSC





Proposition 218 Notices, Planned Outreach, and Next Steps

Draft Proposition 218 Notices

- Staff prepared specific Proposition 218 Notices for each customer segment:

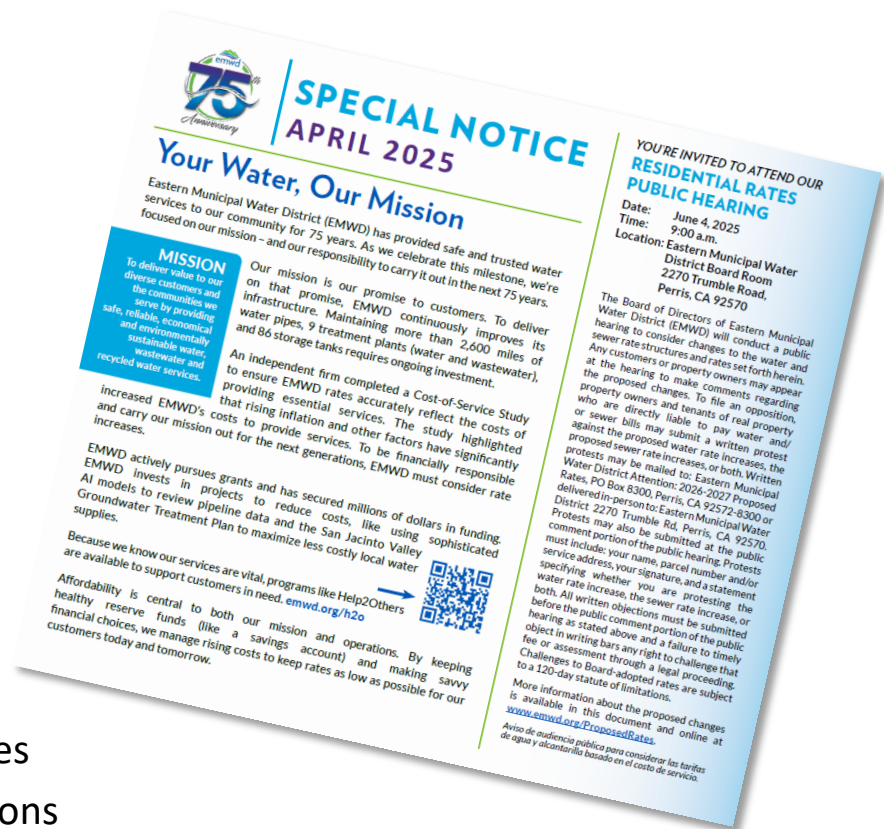
- Residential Water and Sewer
- Non-residential Water and Sewer
- Agricultural Water
- Fruitvale (ID 24) Water and Sewer
- Downtown and North Perris Sewer
- Sewer Only

- EMWD billed customers
- Customers billed by other agencies

- Recycled Water

- Notices include:

- Public Hearing Date: June 4, 2025
- EMWD Efforts to Minimize Rate Increases
- Water Budget Background and Calculations
- Sewer Block Calculations
- EMWD Water Shortage Contingency Plan



Planned Outreach

- Printed Notices
 - Mail notices to all EMWD customers and property owners
 - Envelope printed with “Important Proposed Rate Information Inside”
- eBlasts
 - Kubra
 - Constant Contact
- Website postings
 - Dedicated pages
 - Bill estimator
- Social media postings

Proposed Sewer Service Rates

EMWD collects and treats an average of 49 million gallons of wastewater (sewer) every day at four regional water reclamation facilities. Sewer service areas were originally defined by the area surrounding each plant, and rates were set by area. Today, all of EMWD's facilities are interconnected, which allows staff to shift flows for more efficiency and reliability. EMWD is continuing to transition to a uniform, blended sewer rate, and plans to have all areas using the same rates by 2030. Sewer rates are calculated using a baseline Daily Service Charge, the number of people living in the house, and a Sewer System Capital Projects Charge.

Residential customers on water budgets are assigned to one of four sewer blocks, determined by the number of people per household according to the chart on this page. Larger households have a higher block factor because they generally have higher sewer flows (more laundry and dishes, take more showers, etc.) and are charged a higher sewer rate. The rates shown on the next page address the increased cost of treatment and operations, as well as investments in necessary maintenance projects. The total proposed increases range from 2 to 7 percent effective January 1, 2026, and another 2 to 7 percent effective January 1, 2027.

Block	People per Household	Sewer Block Factor
1	1-2	65%
2	3-4	100%
3	5-6	135%
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.



Budget and Rates Timeline

April 2, 2025

Approve Prop 218 Notices and Set Public Hearing

45 Notice for Public Hearing June 4, 2025

May 7, 2025

Budget Study Session #3

Budget Book and Final Rate Summary

June 4, 2025

Public Hearing

Public Hearing on Rates and Objections for Calendar Year (CY) 2026 and 2027

June 18, 2025

Adoption

Approve Rates for CY 2026 and 2027 and Adopt Biennial Operating and Capital Budget FY 2025-26 and 2026-27

July 1, 2025

Start of New Budget

January 1, 2026

Rates Become Effective



Recommendation

- Approve final drafts, publication, and distribution of the Proposition 218 Notices
- Set Public Hearing Date for June 4, 2025 at 9:00 a.m. for Proposed Water, Sewer, and Recycled Water Rates



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