



2022 Proposition 218 Notice

EL TORO WATER DISTRICT

SERVING THE PUBLIC, RESPECTING THE ENVIRONMENT

NOTICE OF PUBLIC HEARING ON PROPOSED WATER, SEWER AND RECYCLED WATER RATE/CHARGE INCREASE

Notice is hereby given that the Board of Directors of the El Toro Water District (the “District”) will conduct a public hearing on July 28, 2022 at 7:30 a.m. in the District Boardroom at 24251 Los Alisos Blvd., Lake Forest, CA 92630 to consider adopting increases to certain rates and charges. Members of the public may also participate in the meeting virtually (the Zoom link will be located in the public hearing agenda on the www.ETWD.com website). The proposed increases are the result of a detailed budget analysis and an independent professional 2022-23 Water, Recycled Water and Wastewater Rate Study prepared to determine the appropriateness of the amounts, and the fair and equitable cost allocation among customer categories. The proposed increases impact the Potable Water Usage Rates, uniform Recycled Water Usage Rate, the Water, Sewer and Recycled Water Operations and Maintenance Charges and the Water, Sewer and Recycled Water Capital Replacement & Refurbishment Charges. The net impact of the proposed changes in the rates for residential and commercial/public authority customers will vary based upon customer’s water consumption and, where applicable, property specific water budgets. (See “[Potable Water Budget Calculation](#)” section).

BACKGROUND

District staff has gone to extraordinary lengths to ensure the reliability of the District’s water and wastewater systems while working under new safety protocols during the COVID-19 pandemic. The District continually strives for cost reductions and efficient use of the public’s assets and made significant efforts to reduce the current budget in an effort to reduce the rate increase. The cost drivers, however, necessitate an increase in revenue to support the cost of operations. These cost drivers include 1) electricity, 2) the cost to purchase and treat water, 3) compliance with regulations governing the distribution, collection and treatment of water, wastewater and recycled water, 4) the disposal of treated wastewater and bio-solids, 5) construction of capital infrastructure improvements needed for aging water, sewer and recycled water systems, 6) ongoing maintenance of vital infrastructure and 7) District labor necessary to maintain the operations of the District. Each year the District’s Board of Directors adopts an annual operating budget that goes into effect on July 1. Part of the budgeting process is to assess the adequacy of the District’s rates and charges. Of utmost importance is the effort to minimize costs (and therefore rates and charges), while maintaining the integrity and reliability of the District’s infrastructure and the District’s financial stability. To assist the District in this endeavor, the District retains an independent outside financial consultant who specializes in Cost of Service analysis and rate setting.

THE PROPOSED 2022/23 FISCAL YEAR BUDGET CAN BE FOUND ON THE DISTRICT’S WEBSITE WWW.ETWD.COM, UNDER THE GOVERNANCE TAB. FOR ASSISTANCE IN DETERMINING THE IMPACT OF THE PROPOSED RATE INCREASE ON YOUR MONTHLY BILL YOU MAY ACCESS A WATER BUDGET CALCULATOR ON THE DISTRICT’S WEBSITE OR CALL OUR CUSTOMER SERVICE REPRESENTATIVES AT (949) 837-0660.

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WATER AND SEWER OPERATIONS AND MAINTENANCE CHARGE

The District administers an ongoing operations and maintenance program to responsibly maintain and preserve its water, sewer and recycled water infrastructure investment, meet stringent regulatory requirements and ensure a continuous high level of service to its customers. As an industry best practice, and to minimize financial impacts to customers and fairly and equitably distribute these costs, the District commissioned an independent Cost of Service Study Report. Coupled with prudent use of reserves, the District proposes to increase the Water, Wastewater, and Recycled Water Operations and Maintenance Charges to offset costs associated with operating and maintaining the water, sewer, and recycled water systems. If approved, the proposed Water, Sewer, and Recycled Water Operations and Maintenance (O&M) Charges will become effective with the first full billing period after August 1, 2022.

WATER/RECYCLED WATER		
METER SIZE	CURRENT CHARGE	PROPOSED CHARGE
5/8"	\$16.56	\$17.46
3/4"	\$22.24	\$23.62
1"	\$33.60	\$35.93
1-1/2"	\$62.00	\$66.70
2"	\$118.80	\$128.25

SEWER - RESIDENTIAL		
METER SIZE	CURRENT CHARGE	PROPOSED CHARGE
Single Family (1)	\$25.76	\$34.67
Multi-family Restricted (2)	\$20.44	\$16.47
Multi-family Unrestricted (2)	\$24.30	\$25.34

(1) charged per month

(2) charged per Equivalent Dwelling Unit per month

(3) per ccf of water used

SEWER - COMMERCIAL (3)		
	CURRENT CHARGE	PROPOSED CHARGE
Animal Kennel/Hospital	\$4.23	Medium Strength
Car Wash	\$4.21	Medium Strength
Department/Retail Store	\$4.23	Medium Strength
Dry Cleaner	\$3.71	Medium Strength
Golf Course/Camp/Park	\$3.70	Medium Strength
Health Spa	\$4.22	Medium Strength
Hospital/Convalescence Home	\$3.71	Medium Strength
Hotel	\$6.41	Medium Strength
Market	\$8.40	High Strength
Mortuary	\$8.37	High Strength
Nursery/Greenhouse	\$3.76	Medium Strength
Professional/Financial Office	\$4.23	Medium Strength
Public Institution	\$4.17	Medium Strength
Repair/Service Station	\$4.23	Medium Strength
Restaurant	\$4.00	Medium Strength
School	\$4.38	Medium Strength
Theater	\$4.23	Medium Strength
Warehouse/Storage	\$3.35	Low Strength
Basic Commercial	\$3.71	Medium Strength
Low Strength		\$4.10
Medium Strength		\$5.07
High Strength		\$9.49
Restaurants		\$5.15

PRIVATE FIRE OPERATIONS AND MAINTENANCE CHARGE

The District provides water service to private entities who have a fire suppression system (usually sprinklers) in their places of business. While not intended to generate additional revenue, the District proposes reducing the Private Fire Operations and Maintenance Charge rates to account for the extra capacity demand necessary to fight an average fire in the District. The proposed Private Fire Operations and Maintenance Charge rates, shown below, reflect the proposed changes to the fixed charges resulting from the updated methodology, which considers the effective capacity at each fire meter or fire line. This also includes a fire demand rate component calculation to share peaking costs with other water system services. The proposed changes for 2022-2023 in the Private Fire Operations and Maintenance Charge rates reflected below will become effective with the first full billing period after August 1, 2022.

PRIVATE FIRE OPERATIONS AND MAINTENANCE CHARGE					
METER SIZE	CURRENT CHARGE (\$/Month)	PROPOSED CHARGE (\$/Month)	METER SIZE	CURRENT CHARGE (\$/Month)	PROPOSED CHARGE (\$/Month)
4"	\$22.86	\$16.15	8"	\$82.53	\$36.04
6"	\$44.76	\$23.45	10"	\$139.34	\$54.97



POTABLE WATER USAGE RATES

Given the lack of available groundwater supply, the District purchases 100% of its potable (drinking) water supply to meet residential, potable irrigation, commercial/public authority and fire protection demands from its wholesale water provider, the Municipal Water District of Orange County (MWDOC). MWDOC purchases water from the Metropolitan Water District of Southern California (MWD). MWDOC/MWD's costs to import water from Northern California and the Colorado River are driven by continued investment in regional water treatment and delivery system infrastructure, increased water importation costs, securing higher cost water supplies and water storage arrangements due to Northern California Bay-Delta (Bay-Delta) regulatory exportation restrictions and increased funding to pursue near and long term Bay-Delta solutions (The Delta Conveyance Project) that will ensure a greater degree of future water supply reliability to Orange County and Southern California more generally.

To diversify and improve water treatment reliability for South Orange County, the District and four other water agencies partnered to fund and construct the Baker Water Treatment Plant in Lake Forest. The Baker plant provides increased water reliability from a diversity of water sources including imported untreated water from MWD and local surface water from Irvine Lake.

The cost of purchased water includes what the District pays MWDOC for wholesale imported water treated by MWD, the amount the District pays MWDOC for untreated imported water supplied to the Baker Water Treatment Plant and what the District pays Irvine Ranch Water District for Operations and Maintenance (O&M) costs associated with the treatment and delivery of water from the Baker Water Treatment Plant. The amount the District pays for the purchase of water delivered to its customers is the amount "passed through" to the District's customers in the form of a Potable Water Usage Charge. The indoor Tier I and Uniform Commercial Usage rates are reduced by an offsetting credit (funded by non-rate revenue) to recognize that the highest and best use of potable water is for indoor health, safety and sanitation purposes. Tier II rates are applied to usage in volumes typically used outside the home for landscape irrigation. Tiers III and IV rates are applied to usage exceeding the combined Tier I indoor and Tier II outdoor efficient water use budgets. Tiers III and IV rates include the actual costs to purchase and deliver water from the District's wholesale water provider plus charges to fund the District's conservation and alternative supply development programs. The Potable Water Usage Rate Increase will become effective with the first full billing period after August 1, 2022.

PROPOSED MONTHLY TIERED WATER USAGE RATES

WATER USAGE CHARGES	CURRENT RATE \$/CCF*	PROPOSED RATE \$/CCF*
Tier I - Indoor Efficient	\$2.72	\$2.82
Tier II - Outdoor Efficient	\$3.11	\$3.18
Tier III - Inefficient	\$6.78	\$6.50
Tier IV - Excessive	\$8.52	\$8.35
Commercial, Institutional and Industrial ("CII")	\$3.14	\$3.31

*1 Billing Unit or "ccf" = 748 gallons

RECYCLED WATER USAGE RATES

To recover the cost of producing and delivering recycled water for irrigation purposes, the uniform Recycled Water Usage Rate (\$2.80/ccf) is proposed to increase by \$0.06/ccf to \$2.86/ccf. If approved, the Recycled Water Usage Rate will become effective with the first full billing period after August 1, 2022.

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CAPITAL REPLACEMENT AND REFURBISHMENT CHARGE

The District maintains over \$164 million of water, wastewater, and recycled water infrastructure. The District's capital improvement program, which reinvests, replaces and refurbishes the assets that are essential to providing reliable water, sewer and recycled water services to the District's customers is funded by the Capital Replacement and Refurbishment Charge. The proposed changes for 2022-2023 in the Capital Replacement and Refurbishment Charge reflected below will become effective with the first full billing period after August 1, 2022.

POTABLE AND RECYCLED WATER CAPITAL REPLACEMENT AND REFURBISHMENT CHARGE

METER SIZE	CURRENT CHARGE (\$/MONTH)	PROPOSED CHARGE (\$/MONTH)
5/8"	\$4.66	\$5.09
3/4"	\$4.66	\$5.09
1"	\$7.78	\$8.50
1-1/2"	\$18.91	\$20.65
2"	\$47.47	\$51.84

SEWER CAPITAL REPLACEMENT AND REFURBISHMENT CHARGE

USER CATEGORY	CURRENT CHARGE (\$/MONTH)	PROPOSED CHARGE (\$/MONTH)
Single Family	\$6.56	\$7.09
Multi-Family Restricted	\$3.12	\$3.37
Multi-Family Unrestricted	\$4.79	\$5.18
COMMERCIAL (METER CHARGE)		
5/8" Meter	\$4.34	
3/4" Meter	\$7.34	
1" Meter	\$13.55	
1 1/2" Meter	\$24.07	
2" Meter	\$70.96	
COMMERCIAL (FLOW CHARGE)		
Low Strength		\$0.84
Medium Strength		\$1.04
High Strength		\$1.93
Restaurant		\$1.05
Public Authority		\$1.04

POTABLE WATER BUDGET CALCULATION

RESIDENTIAL CUSTOMERS

A per meter, customer specific water budget is calculated to meet the efficient demands of indoor domestic water use as well as outdoor irrigation under normal operating and water supply conditions. In emergencies or water supply shortage conditions, the District may use a Drought Factor ("DF") to reduce water budgets and further encourage conservation. A water budget is the sum of the indoor and outdoor water budgets. The **indoor water budget** in hundred cubic feet (ccf¹) is: **55 gallons per person per day X Number of people per household X Days/billing cycle X DF_{indoor}/748**.

- The indoor Drought Factor (DF_{indoor}) is set by the Board of Directors and is currently set to 100%. The number of people per household is as follows:
 - Detached home (single family home): 4 people
 - Apartment: 2 people
 - Attached home - unrestricted (i.e. condominium or townhouse): 3 people
 - Attached home - restricted (i.e. condominium or townhouse with age restrictions): 2 people

Customers may request a variance/adjustment to provide an equitable water budget for special circumstances such as, more people living in the home than the formula provides, medical needs, etc.

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POTABLE WATER BUDGET CALCULATION (Continued)

- The **outdoor water budget allocation** in ccf is: **(Weather data X Landscape area X ETAF/1200) X DF_{outdoor}**
- Weather data is measured by the reference EvapoTranspiration (ET_o) data in inches of water per billing cycle. ET is the amount of water that is lost by plants through evaporation and transpiration, and needs to be replaced for the plants to remain healthy. ET_o data is obtained from California Irrigation Management Information System (CIMIS) Station 75 established by the State of California Department of Water Resources, Office of Water Use Efficiency;
- The landscape area for multi-family accounts including apartments, condominiums and mobile homes is 25 square feet of landscape per dwelling unit plus any dedicated landscape area associated with the account;
- The landscape area for single-family detached homes is calculated by taking the building area and dividing it by the number of floors and subtracting that from the parcel area. The result is then multiplied by 70% to obtain the landscape area as follows:
- Landscape area = (lot size - [building area / number of floors]) X 70%
- ET Adjustment Factor (ETAF) is a coefficient that adjusts the EvapoTranspiration (ET_o) values based on type of plants and irrigation system efficiency. Based on the updated Model Water Efficient Landscape Ordinance developed by the California Department of Water Resources, any landscape installed before January 1, 2010 has an ETAF of 0.8 and new landscape has an ETAF of 0.7. New landscape is defined as new or re-developments.
- DF_{outdoor} is the outdoor drought factor set by the Board of Directors. It is currently set at 100%. This factor is not necessarily the same as the DF for indoor;
- 1200 is the conversion factor from inches of water (derived from weather data) X square feet (landscape area) to ccf (outdoor water budget).

Under normal water supply conditions and circumstances, customers may request a variance/adjustment to provide an equitable water budget for special circumstances such as, establishing new landscaping and changes in irrigation landscape area. In emergency or water supply shortage conditions, variances/adjustments may be limited.

The indoor water budget, as determined above, will be billed at Tier I ("Indoor - Efficient") rates. The outdoor water budget, as determined above, will be billed at Tier II ("Outdoor - Efficient") rates. Water use in excess of the Tier I and II water budget would be deemed inefficient and/or excessive. Tier III ("Inefficient") water use would be usage between 100% and 130% of the Tier I and II water budget (or Total Water Budget) and Tier IV ("Excessive") usage would be consumption over 130% of Total Water Budget.

POTABLE IRRIGATION CUSTOMERS

Potable Irrigation customers fall into one of two categories: Recreational or Non-Functional. Recreational irrigation customers are those whose landscape is used mostly for recreational purposes (i.e. parks, soccer fields, etc.) while Non Functional irrigation customers will be those whose landscape is ornamental in nature (greenbelts, medians, etc.).

The irrigation water budget for dedicated irrigation customers in ccf is calculated as follows:

(Weather data X Landscape area X ETAF/1200) X DF_{outdoor}

- Weather data (ET_o) as described in the section above,
- Landscape area is assumed to be the lesser of 100% of total parcel area or 100% of the measured landscape area served by each meter,
- ET adjustment factor (ETAF) is equal to 0.8 for Non-Functional irrigation and 1 for Recreational irrigation customers based on the updated Model Water Efficient Landscape Ordinance, and
- DF_{outdoor} is the outdoor drought factor (set by the Board of Directors), presently set at 100%. This factor is not necessarily the same as the DF for indoor.

Under normal circumstances, customers may request a variance/adjustment to provide an equitable water budget for special circumstances such as, establishing new landscaping and changes in irrigation landscape area. In emergency or water supply shortage conditions, variances/adjustments may be limited.

All of an irrigation customer's Water Budget will be at Tier II ("Outdoor - Efficient"). Water use in excess of the Tier II water budget would be deemed inefficient and/or excessive. Tier III ("Inefficient") water usage would be between 100% and 130% of the Tier II budget and Tier IV ("Excessive") water usage would be consumption over 130% of the Tier II budget.

1. ccf (100 cubic feet) = 748 gallons



El Toro Water District
24251 Los Alisos Blvd.
Lake Forest, CA 92630

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WHY AM I RECEIVING THIS NOTICE?

You are receiving this notice because you are the record owner of one or more parcels of property located within the service area of El Toro Water District.

PUBLIC HEARING AND PROTEST PROCEEDING

The Governing Board of the El Toro Water District will conduct a public hearing on July 28, 2022 at 7:30 a.m. in the District Board Room of its Administrative Office located at 24251 Los Alisos Blvd., Lake Forest, CA 92630. Members of the public may also participate in the meeting virtually (the Zoom link will be located in the public hearing agenda on the www.ETWD.com website). The purpose of the hearing will be to consider adoption of the proposed Potable Water Usage Rate increase, the proposed Recycled Water Usage Rate increase, the proposed Water, Sewer, and Recycled Water Operations and Maintenance Charge increases, and the Water, Sewer, and Recycled Water Capital Replacement & Refurbishment Charges increase. Property (parcel) owners or customers of record may comment and file a written protest (one vote per parcel) on the proposed increases. California law prohibits the District from increasing charges if protests are filed as to a majority of the affected parcels before the end of the public hearing. Written protests must be mailed to the District at P.O. Box 4000, Laguna Hills, CA 92654, emailed to the District at District@etwd.com or personally submitted on or before the end of the public hearing, which is scheduled for 7:30 a.m. on July 28, 2022. Each protest must identify the affected property and include the signature of a record property owner unless the protest is emailed, in which case no signature is required. Oral protests at the public hearing will not qualify as a protest, unless accompanied by a written protest. The District's Board of Directors welcomes input from the public during the public hearing. California law (Government Code Section 53759) provides a 120-day statute of limitations for judicially challenging the adoption of the rates and charges which are the subject of this notice.