



2024 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



PUBLIC HEARING

Thursday, June 27, 2024, at 7:30 A.M.

ATTEND IN PERSON

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

ATTEND VIRTUALLY

<https://zoom.us> • Meeting ID: 842 2184 8580

The El Toro Water District Board of Directors invites you to attend and participate in this public hearing. The Board of Directors will consider adopting the proposed water, sewer and recycled water rate/charge increases.



COMMUNITY INFORMATIONAL MEETINGS

June 12, 2024, 5:30 p.m.

Zoom: <https://zoom.us> • Meeting ID: 822 6980 1501

June 19, 2024, 7:00 p.m.

Zoom: <https://zoom.us> • Meeting ID: 879 7170 0362

MEETING LOCATION

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

ETWD will answer customer questions and share information about the rate study and the proposed rate increases at two community meetings.



KEEPING PACE WITH RISING COSTS PROPOSED RATE INCREASES

In compliance with Proposition 218, the District is notifying all customers about proposed changes to the District's water and recycled water usage rates. You are receiving this notice because you are a customer of the El Toro Water District. Each year the District's Board of Directors adopts an annual operating budget. 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 (including rates) 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. Last year the District adopted rate increases for a three-year period and provided notice to its customers per the requirements of Proposition 218. The rate increases for the 2024/2025 fiscal year for the Water and Sewer Operations and Maintenance Charges, the Private Fire Operations and Maintenance Charge and the Capital Replacement and Refurbishment Charges will remain as adopted last year and described in the 2023 Proposition 218 Notice.



THE 2024 PROPOSITION 218 NOTICE AND THE PROPOSED 2024/2025 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 UNDER THE CUSTOMER SERVICE TAB, OR CALL OUR CUSTOMER SERVICE REPRESENTATIVES AT (949) 837-0660.

RECYCLED WATER USAGE RATES

To recover the cost of producing and delivering recycled water for irrigation purposes, the uniform Recycled Water Usage Rate (\$3.03/ccf) is proposed to increase by \$0.24/ccf to \$3.27/ccf. The Recycled Water Usage Rate will become effective with the first full billing period after July 1, 2024.

2023-24 CURRENT RECYCLED WATER USAGE RATE	2024-25 PROPOSED RATE (\$/CCF*)
\$3.03	\$3.27

*1 Billing Unit or "ccf" = 748 gallons

POTABLE WATER BUDGET CALCULATION • RESIDENTIAL CUSTOMERS

A per-meter, customer-specific water budget is calculated to meet the efficient demands for 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.

INDOOR WATER BUDGET



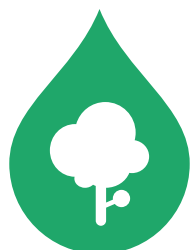
$$\begin{array}{ccccccc} \text{55 GALLONS PER PERSON PER DAY} & \times & \text{NUMBER OF PEOPLE PER HOUSEHOLD} & \times & \text{NUMBER OF DAYS IN BILLING CYCLE} & \times & \text{INDOOR DROUGHT FACTOR} \\ & & & & & & \div & \text{748} \\ & & & & & & & \text{GALLONS TO BILLING UNIT CONVERSION FACTOR} \end{array}$$

The indoor water budget is calculated in hundred cubic feet (ccf). 1 billing unit of water is equal to 100 cubic feet, or 748 gallons. The current Drought Factor is set to 100% meaning that there is no current reduction in the indoor water budget due to drought conditions. Household sizes are assumed as follows:

- **SINGLE-FAMILY RESIDENTIAL DETACHED HOMES: 4 PEOPLE**
- **APARTMENTS: 2 PEOPLE**
- **ATTACHED TOWNHOME OR CONDOMINIUM: 3 PEOPLE**
- **ATTACHED TOWNHOME OR CONDOMINIUM WITH AGE RESTRICTIONS: 2 PEOPLE**



OUTDOOR WATER BUDGET



WEATHER
DATA



LANDSCAPE
AREA



EVAPOTRANSPIRATION
ADJUSTMENT FACTOR/1200



OUTDOOR
DROUGHT FACTOR

The **outdoor water budget allocation** is calculated in ccf.

- 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. Any new construction installed after 1/1/2019 will be assigned an ETAF of 0.55.
- 1200 is the conversion factor from inches of water (derived from weather data) X square feet (landscape area) to ccf (outdoor water budget).
- DF_{outdoor} is the outdoor drought factor set by the Board of Directors. The current drought factor is set to 100% meaning that there is no current reduction in the outdoor water budget due to drought conditions. This factor is not necessarily the same as the DF for indoor water use.

Under normal water supply conditions and circumstances, customers may request a variance/adjustment to provide an equitable water budget for special circumstances, such as occupancy greater than the assumed baseline, medical needs, 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

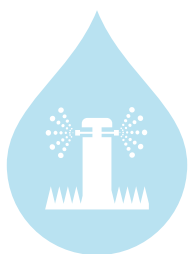
Potable Irrigation customers fall into one of two categories: Recreational or Non-Functional. Recreational irrigation customers are those whose landscape is used mostly for recreational purposes (i.e., parks, golf courses, soccer fields, etc.), while Non-Functional irrigation customers will be those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

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

- $(\text{Weather data} \times \text{Landscape area} \times \text{ETAF}/1200) \times \text{DF}_{\text{outdoor}}$
- Weather data (ET_0) 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 $\text{DF}_{\text{outdoor}}$ is the outdoor drought factor (set by the Board of Directors). The current drought factor is set to 100% meaning that there is no current reduction in the outdoor water budget due to drought conditions. This factor is not necessarily the same as the DF for indoor water use.

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.

POTABLE IRRIGATION CUSTOMERS' BUDGET



WEATHER DATA



LANDSCAPE AREA



EVAPOTRANSPIRATION
ADJUSTMENT FACTOR/1200



OUTDOOR
DROUGHT FACTOR

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. The District purchases from its wholesale water provider, the Municipal Water District of Orange County (MWDOC) as well as from the local Baker Water Treatment Plant. 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 long term Bay-Delta solutions (The Delta Conveyance Project) and other water supply projects that will ensure a greater degree of future water supply reliability to Orange County and Southern California 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 and is part of the 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.

Increases to the ETWD potable water usage charge reflect only the increased costs of purchased water. No portion of ETWD operating expenses is funded by any of the usage charge increases. The MWD water rate is increasing by an amount greater than anticipated in last year’s Proposition 218 Notice. In addition, the Operations and Maintenance (O&M) costs associated with the treatment and delivery of water from the Baker Water Treatment Plant have also increased more than previously anticipated. The potable water usage rates are therefore being increased to pass through the increased cost of purchased water.

The Potable Tiered Water Usage Rates are proposed to increase by \$0.26/ccf in each tier to reflect the increased costs of purchased water. The Potable Water Usage Rate increase will become effective with the first full billing period after July 1, 2024.

PROPOSED MONTHLY TIERED WATER USAGE RATES

WATER USAGE RATES	2023-24 CURRENT RATE (\$/CCF*)	2024-25 PROPOSED RATE (\$/CCF*)
Tier I - Indoor Efficient	\$3.00	\$3.26
Tier II - Outdoor Efficient	\$3.37	\$3.63
Tier III - Inefficient	\$6.70	\$6.96
Tier IV - Excessive	\$8.67	\$8.93
Commercial, Institutional and Industrial (“CII”)	\$3.49	\$3.95

*1 Billing Unit or “ccf” = 748 gallons





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

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

PUBLIC HEARING AND PROTEST PROCEEDING



PUBLIC HEARING

The Governing Board of the El Toro Water District will conduct a public hearing on **June 27, 2024, at 7:30 a.m.** 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, Recycled Water, and Private Fire Operations and Maintenance Charge increases, and the Water, Sewer, and Recycled Water Capital Replacement & Refurbishment Charges increase.



HOW TO SUBMIT A WRITTEN PROTEST

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 from 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 before the end of the public hearing, which is scheduled for **7:30 a.m. on June 27, 2024**. 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.