



2023 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, July 27, 2023,
at 7:00 P.M.**

ATTEND IN PERSON

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

ATTEND VIRTUALLY

<https://zoom.us>
Meeting ID: 870 5663 7760

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

July 12, 2023, 5:30 p.m.

Zoom: <https://zoom.us>
Meeting ID: 849 2397 5659

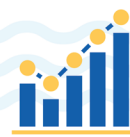
July 19, 2023, 7:00 p.m.

Zoom: <https://zoom.us>
Meeting ID: 899 4122 8892

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, sewer and recycled water rates and charges. 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. The District is proposing adopting new rates and charges, beginning August 1, 2023, with future adjustments on July 1, 2024, and July 1, 2025.

The proposed rate increases to support the cost of operations are due to the following cost drivers:



ELECTRICITY



**THE COST TO PURCHASE
AND TREAT WATER**



**WATER
TREATMENT
CHEMICALS**



**DISPOSAL OF TREATED
WASTEWATER AND
BIO-SOLIDS**



**CONSTRUCTION OF CAPITAL
INFRASTRUCTURE IMPROVEMENTS
NEEDED FOR AGING WATER, SEWER
AND RECYCLED WATER SYSTEMS**



**DISTRICT LABOR
NECESSARY TO MAINTAIN
THE OPERATIONS OF
THE DISTRICT**



**ONGOING
MAINTENANCE OF VITAL
INFRASTRUCTURE**



THE PROPOSED 2023/2024 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.

WATER AND SEWER OPERATIONS AND MAINTENANCE CHARGES

The District administers an ongoing operations and maintenance program to responsibly maintain and preserve its water, sewer and recycled water systems, meet stringent regulatory requirements and ensure high quality and reliable services are provided 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. The District proposes to increase the Water, Wastewater, and Recycled Water Operations and Maintenance Charges to offset significant cost increases associated with operating and maintaining the water, sewer, and recycled water systems. 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, 2023.

PROPOSED FY 2025-2026 CHARGES - CPI INDEX

The monthly service charges in FY 2025 and FY 2026 will be increased based on the "CPI for Urban Wage and Clerical Workers (CPI-W)" for the Los Angeles-Long Beach-Anaheim area published by the Bureau of Labor Statistics. The most recent CPI figure available prior to the implementation of the service charge increase will be used to calculate the rates. The service charge increases will take effect on July 1, 2024 and July 1, 2025. For more information on the CPI Index, please visit: <https://www.bls.gov/cpi/>.

WATER/RECYCLED WATER (Monthly)

METER SIZE	2022-23 CURRENT CHARGE	2023-24 PROPOSED CHARGE	2024-25 PROPOSED CHARGE	2025-26 PROPOSED CHARGE
5/8"	\$17.46	\$18.07	CPI Index	CPI Index
3/4"	\$23.62	\$24.72	CPI Index	CPI Index
1"	\$35.93	\$38.02	CPI Index	CPI Index
1-1/2"	\$66.70	\$71.27	CPI Index	CPI Index
2"	\$128.25	\$137.76	CPI Index	CPI Index
10"	N/A	\$1,360.00	CPI Index	CPI Index

SEWER - RESIDENTIAL (Monthly)

CUSTOMER CLASS	2022-23 CURRENT CHARGE	2023-24 PROPOSED CHARGE	2024-25 PROPOSED CHARGE	2025-26 PROPOSED CHARGE
Single Family	\$34.67	\$37.98	CPI Index	CPI Index
Multi-family Restricted (1)	\$16.47	\$18.05	CPI Index	CPI Index
Multi-family Unrestricted (2)	\$25.34	\$27.76	CPI Index	CPI Index

(1) Restricted - Attached home (i.e., condominium or townhouse with age restrictions).

(2) Unrestricted - Attached home (i.e., condominium or townhouse).

SEWER - COMMERCIAL (Monthly)

STRENGTH	2022-23 CURRENT CHARGE	2023-24 PROPOSED CHARGE	2024-25 PROPOSED CHARGE	2025-26 PROPOSED CHARGE
Low Strength	\$4.10	\$4.45	CPI Index	CPI Index
Medium Strength	\$5.07	\$5.54	CPI Index	CPI Index
High Strength	\$9.49	\$10.58	CPI Index	CPI Index
Restaurants	\$5.07	\$5.65	CPI Index	CPI Index
DESCRIPTION	STRENGTH			
Animal Kennel/Hospital	Medium Strength			
Car Wash	Medium Strength			
Department/Retail Store	Medium Strength			
Dry Cleaner	Medium Strength			
Golf Course/Camp/Park	Medium Strength			
Health Spa	Medium Strength			
Hospital/Convalescence Home	Medium Strength			
Hotel	Medium Strength			
Market	High Strength			
Mortuary	High Strength			
Nursery/Greenhouse	Medium Strength			
Professional/Financial Office	Medium Strength			
Public Institution	Medium Strength			
Repair/Service Station	Medium Strength			
Restaurant	Restaurant			
School	Medium Strength			
Theater	Medium Strength			
Warehouse/Storage	Low Strength			
Basic Commercial	Medium Strength			

RECYCLED WATER USAGE RATES

To recover the cost of producing and delivering recycled water for irrigation purposes, the uniform Recycled Water Usage Rate (\$2.86/ccf) is proposed to increase by \$0.17/ccf to \$3.03/ccf. The Recycled Water Usage Rate will become effective with the first full billing period after August 1, 2023. The proposed charges for 2024-2025 and 2025-2026 will take effect July 1, 2024, and July 1, 2025.

2022-23 CURRENT RECYCLED WATER USAGE RATE	2023-24 PROPOSED RATE (\$/CCF*)	2024-25 PROPOSED RATE (\$/CCF*)	2025-26 PROPOSED RATE (\$/CCF*)
\$2.86	\$3.03	\$3.20	\$3.38

*1 Billing Unit or "ccf" = 748 gallons

PRIVATE FIRE OPERATIONS AND MAINTENANCE CHARGE



The District provides water service to private entities that have a fire suppression system (usually sprinklers) in their places of business. The District proposes to increase 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, which consider 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 2023-2024 in the Private Fire Operations and Maintenance Charge rates reflected below will become effective with the first full billing period after August 1, 2023. The Private Fire Operations and Maintenance Charge increase for 2024-2025 and 2025-2026 will take effect on July 1, 2024 and July 1, 2025.

METER SIZE	2022-23 CURRENT CHARGE (\$/MONTH)	2023-24 PROPOSED CHARGE (\$/MONTH)	2024-25 PROPOSED CHARGE (\$/MONTH)	2025-26 PROPOSED CHARGE (\$/MONTH)
4"	\$16.15	\$17.26	CPI Index	CPI Index
6"	\$23.45	\$24.79	CPI Index	CPI Index
8"	\$36.04	\$37.78	CPI Index	CPI Index
10"	\$54.97	\$57.31	CPI Index	CPI Index

CAPITAL REPLACEMENT AND REFURBISHMENT CHARGE

The District maintains approximately \$500 million of water, wastewater and recycled water infrastructure. The majority of the infrastructure is several decades old, with portions over 60 years old. The District's capital improvement program, which reinvests in or replaces aging facilities and assets, is essential to ensuring the reliability and integrity of the water, wastewater and recycled water services the District provides to its customers. The capital program is funded by the Capital Replacement and Refurbishment Charge. The proposed changes for 2023-2024 in the Capital Replacement and Refurbishment Charge reflected below will become effective with the first full billing period after August 1, 2023. The proposed charges for 2024-25 and 2025-26 will take effect July 1, 2024, and July 1, 2025.



POTABLE AND RECYCLED WATER CAPITAL REPLACEMENT AND REFURBISHMENT CHARGE

METER SIZE	2022-23 CURRENT CHARGE (\$/MONTH)	2023-24 PROPOSED CHARGE (\$/MONTH)	2024-25 PROPOSED CHARGE (\$/MONTH)	2025-26 PROPOSED CHARGE (\$/MONTH)
5/8"	\$5.09	\$5.56	\$6.95	\$8.69
3/4"	\$5.09	\$8.33	\$10.42	\$13.02
1"	\$8.50	\$13.88	\$17.35	\$21.69
1-1/2"	\$20.65	\$27.76	\$34.70	\$43.38
2"	\$51.84	\$55.52	\$69.40	\$86.75
10"	N/A	\$640.00	\$800.00	\$1,000.00

SEWER CAPITAL REPLACEMENT AND REFURBISHMENT CHARGE

USER CATEGORY	2022-23 CURRENT CHARGE (\$/MONTH)	2023-24 PROPOSED CHARGE (\$/MONTH)	2024-25 PROPOSED CHARGE (\$/MONTH)	2025-26 PROPOSED CHARGE (\$/MONTH)
Single Family	\$7.09	\$8.87	\$11.09	\$13.86
Multi-Family Restricted (1)	\$3.37	\$4.21	\$5.27	\$6.59
Multi-Family Unrestricted (2)	\$5.18	\$6.48	\$8.11	\$10.13

COMMERCIAL (FLOW CHARGE \$/CCF)				
Low Strength	\$0.84	\$1.04	\$1.30	\$1.63
Medium Strength	\$1.04	\$1.29	\$1.62	\$2.02
High Strength	\$1.93	\$2.47	\$3.09	\$3.86
Restaurant	\$1.05	\$1.32	\$1.65	\$2.07

(1) Restricted - Attached home (i.e., condominium or townhouse with age restrictions). (2) Unrestricted - Attached home (i.e., condominium or townhouse).



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



55 GALLONS PER
PERSON PER DAY

X



NUMBER OF PEOPLE
PER HOUSEHOLD

X



NUMBER OF DAYS
IN BILLING CYCLE

X



INDOOR DROUGHT
FACTOR

÷

748

GALLONS TO BILLING UNIT
CONVERSION FACTOR

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

X



LANDSCAPE
AREA

X



EVAPOTRANSPIRATION
ADJUSTMENT FACTOR/1200

X



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.

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.

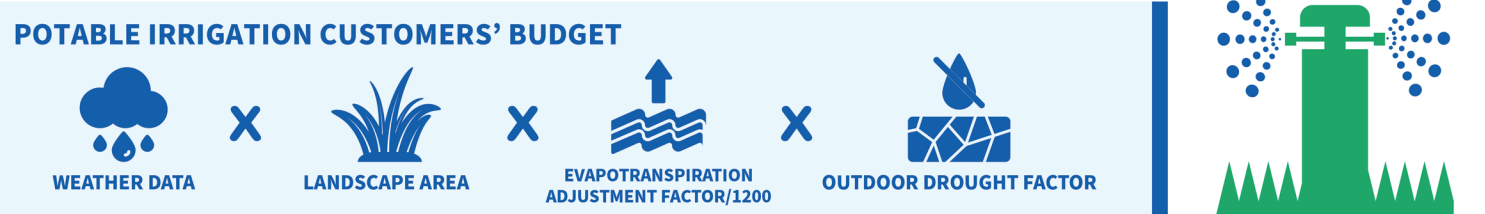
POTABLE IRRIGATION CUSTOMERS

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:

- (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). 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.

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.





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

The Governing Board of the El Toro Water District will conduct a public hearing on **July 27, 2023, at 7:00 p.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 on or before the end of the public hearing, which is scheduled for **7:00 p.m. on July 27, 2023**. 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.