

Attention EVMWD Customers: RE: Canyon Lake Reservoir

As you are no doubt aware, Elsinore Valley Municipal Water District (EVMWD) has been defending itself against two lawsuits filed by the Canyon Lake Property Owners Association. The CLPOA board has already incurred a staggering \$668,095 in legal fees and costs associated with these disputes, and the CLPOA continues to distribute misinformation and misstate its position and that of EVMWD.

The CLPOA negotiated the current lease and in recent court rulings, that lease was upheld as valid. The main complaint of the CLPOA about the lease is the amount EVMWD charges for exclusive use of the lake by Canyon Lake residents. Those charges depend on water rates set by Metropolitan Water District (MWD), our wholesaler, which is raising its lowest cost water to EVMWD by 12.1 percent beginning in January 2017 and an additional 4.4 percent in 2018.

Prior to filing its lawsuits, the CLPOA had asked for and then rejected, EVMWD's offer of an annual cost increase based on the Consumer Price Index, (CPI) that is currently about 2.1 percent. This option, called the 5th amendment to the original lake lease agreement, could have offered protection against such unpredictable price increases from Metropolitan Water District. However, since the CLPOA refused that price protection, the estimated increase to the lease payment by 2024 could now cost the CLPOA \$1.9 million more than if it had accepted the CPI option.

After leaving the negotiating table, the CLPOA has continued on a course of frivolous lawsuits. The CLPOA board rejected the 5th Amendment which its legal counsel helped draft, along with representatives from EVMWD. This decision could ultimately cost Canyon Lake residents millions more in lake lease fees.

Central to this legal battle is a fact often overlooked by the CLPOA. The Canyon Lake Reservoir is a drinking water supply for ALL EVMWD customers. The lease allows that community exclusive recreation rights to a lake that belongs to all of EVMWD's customers.

EVMWD sincerely hopes common sense will eventually prevail with the CLPOA Board and provide a path forward that honors the lease agreement and allows the CLPOA and its members to continue using the lake for recreation.

Sincerely,



Phil Williams
Board President
Elsinore Valley Municipal Water District