



Elsinore Valley Municipal Water District

Our Mission...

EVMWD will provide reliable, cost-effective, high quality water and wastewater services that are dedicated to the people we serve.

March 30, 2015

Dear Canyon Lake Resident:

You are no doubt aware of the recent legal issues that have arisen surrounding the use of Canyon Lake Reservoir as a recreational facility due to the Canyon Lake Property Owner's Association's default on its regular lease payment to EVMWD. For many months, EVMWD negotiated in good faith with the CLPOA to ensure the continuation of the lease that allows recreational use of this vital drinking water reservoir. But the CLPOA's failure to make its most recent lease payment has embroiled all of us in an unavoidable and costly legal issue.

The existing agreement required quarterly payments totaling \$1.455 million annually. This agreement secured exclusive recreational use of Canyon Lake Reservoir for the residents of your community. **As residents of Canyon Lake, only \$25 of your monthly CLPOA fees goes toward paying for the lease.** Unfortunately, as of March 15, 2015, the CLPOA stopped payments on the lease, thus breaching its contract with EVMWD.

This action by the CLPOA has forced the EVMWD Board into an extremely challenging position. We have considered all options carefully and thoughtfully, and have examined all of the potential impacts for everyone behind the gates of Canyon Lake, and the nearly 133,000 customers within our service area. If we cannot compel the CLPOA to do the right thing and abide with the terms of the existing lease, our board will have no choice but to start taking the necessary steps to close Canyon Lake Reservoir to surface recreational use, and move forward with a plan to increase the reservoir's operational capacity to benefit the district as a whole.

The best chance we have to reach an understanding and move forward in a positive direction is for all interested parties to be as informed as possible. **On the night of April 2, 2015, the CLPOA will hold a meeting to discuss this matter, and we encourage all residents of Canyon Lake to attend this meeting.** It is imperative that you, as residents, understand the enormous impact of the CLPOA's failure to honor its lease agreement with EVMWD will have. At the CLPOA's meeting, I encourage you to seek answers to the fundamental questions at hand:

- If the lease is unfair as the CLPOA claims, then what is the lake's true value?
- How are property values affected if recreational access at Canyon Lake Reservoir ends?
- Didn't EVMWD repeatedly request a settlement proposal by the CLPOA?
- Didn't EVMWD make a reasonable offer to alter the lease terms as requested by the CLPOA?

It is our sincere wish that we will be able to reach an understanding that will allow the reservoir to remain open to residents, but that can only happen if the CLPOA honors the binding commitment it has made. I appreciate your time and attention to this serious matter, and hope that you will attend the CLPOA meeting on April 2nd and make your voice heard.

Sincerely,

Phil Williams, President

On behalf of the EVMWD Board of Directors