



February 24, 2021

Mr. Gary Thompson
Riverside LAFCO
6216 Brockton Avenue, Suite 111-B
Riverside, CA 92506

Subject: Murrieta Focused Municipal Service Review (FMSR) Final Report

Dear Mr. Thompson:

Eastern Municipal Water District (EMWD) is in receipt of the Murrieta FMSR Final Report prepared by West Yost Associates for the Riverside Local Agency Formation Commission (LAFCO).

Over the past two years, LAFCO has engaged the community and various stakeholders including EMWD, Rancho California Water District, Western Municipal Water District, and the City of Murrieta ("participating agencies") to develop and complete a thorough analysis of future water service alternatives for the study area. We appreciate LAFCO's goal to provide information in the FMSR that will allow the residential and business communities along with the City of Murrieta to determine the optimum water service provider. We also commend LAFCO's efforts to solicit input from the stakeholders and the participating agencies throughout each step of the FMSR development process.

As part of the initial development of the FMSR framework, LAFCO established consensus among the participating agencies on a common approach and set of assumptions that enabled a fair evaluation and comparison of financial, infrastructure, and governance issues associated with each so-called Ownership Scenario. The approach agreed upon by the stakeholders helped ensure an independent comparative analysis and formed the basis for the findings presented in the FMSR Final Report.

EMWD supports the overarching findings of the FMSR Final Report based on the analysis performed for each Ownership Scenario. We appreciate the opportunity to offer the following final comments for LAFCO's consideration and note our comments do not conflict with the findings of the study but are instead provided to further illuminate and explain information presented in the FMSR Final Report.

Board of Directors
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1. Table ES-1, Key Parameters and Comparison of Ownership Scenarios, Page 9: footnote (g) states “A 2-inch meter is shown for comparative purposes. Separately, in the example Total Cost to Ratepayers calculation, a customer with a 2-inch water meter and water consumption of 125 ccf/month is used for comparison. EMWD noted that this customer with water consumption of 125 ccf/month would likely require a 1.5-inch water meter. EMWD’s Connection Fee for a 1.5-inch meter is \$27,505”. Table ES-1 should reflect the correct figure of \$27,505 for the Connection Fee Comparison presented.
2. Executive Summary (ES), Page 11, Total Cost to Ratepayers: Figure ES-1 presents a comparison of each Ownership Scenario Total Cost to Ratepayers for single-family residence. It is noted that “After EMWD’s Acquisition Balance is paid off (expected to be after FY 29-30), the total cost of water for the single-family residential example would decrease further.” To better represent the timing and amount of the further decrease in the Total Cost to Ratepayers beyond FY 29-30, please see attached Exhibit A.
3. Executive Summary (ES), Page 12, Total Cost to Ratepayers: Figure ES-2 presents a comparison of Total Cost to Ratepayers for Commercial accounts. It is stated that “It should be noted that EMWD believes its rate structure and policies may result in further commercial conservation. EMWD provided records for commercial connections nearest the Murrieta Study Area which indicated an average of 59 CCF/month for similar 2-inch water meters. Based on the EMWD data, the overall cost of the representative commercial connection would decrease due to the lower volume.” To more accurately represent the lower Total Cost to Ratepayers for Commercial accounts under an EMWD Ownership Scenario, please see attached Exhibit B.
4. Comparison of CFD and AD Activity, Table 8-25, Page 111: The table presents a comparison CFD and AD activity among the agencies but does not explain the benefits and relevance of the information as it pertains to each agencies’ capacity and willingness to implement this financing mechanism for infrastructure improvements by developers. The advantages of EMWD’s extensive experience with CFD and AD formation and sponsorship and its benefit to the development community should be more thoroughly explained in the FMSR report.
5. Figure 2-1, Page 19: The exhibit does not accurately reflect EMWD’s boundary which extends to Jefferson Avenue per LAFCO No. 2000-13-1 and completed per resolution No. 3417. Additionally, all remaining exhibits that reflect EMWD’s current boundary and sphere of influence (Appendix C) need to be revised to reflect the correct boundaries. The

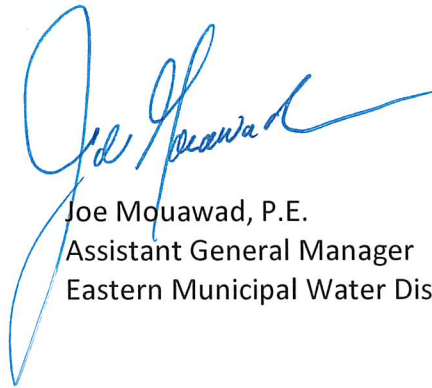
boundary between WMWD and EMWD appears to overlap for one square mile along the east edge of Jefferson Avenue.

Again, we appreciate the professional work of LAFCO and its consultants in completing the FMSR Final Report and the opportunity to provide input throughout the process. We look forward to working with LAFCO and the other stakeholders on this matter in the future. If you have any questions or need any additional information, please do not hesitate to contact us.

Sincerely,



Paul D. Jones II, P.E.
General Manager
Eastern Municipal Water District



Joe Mouawad, P.E.
Assistant General Manager
Eastern Municipal Water District

c: Mr. Ivan Holler, City of Murrieta

Attachments:

Exhibit A

Exhibit B

Exhibit A

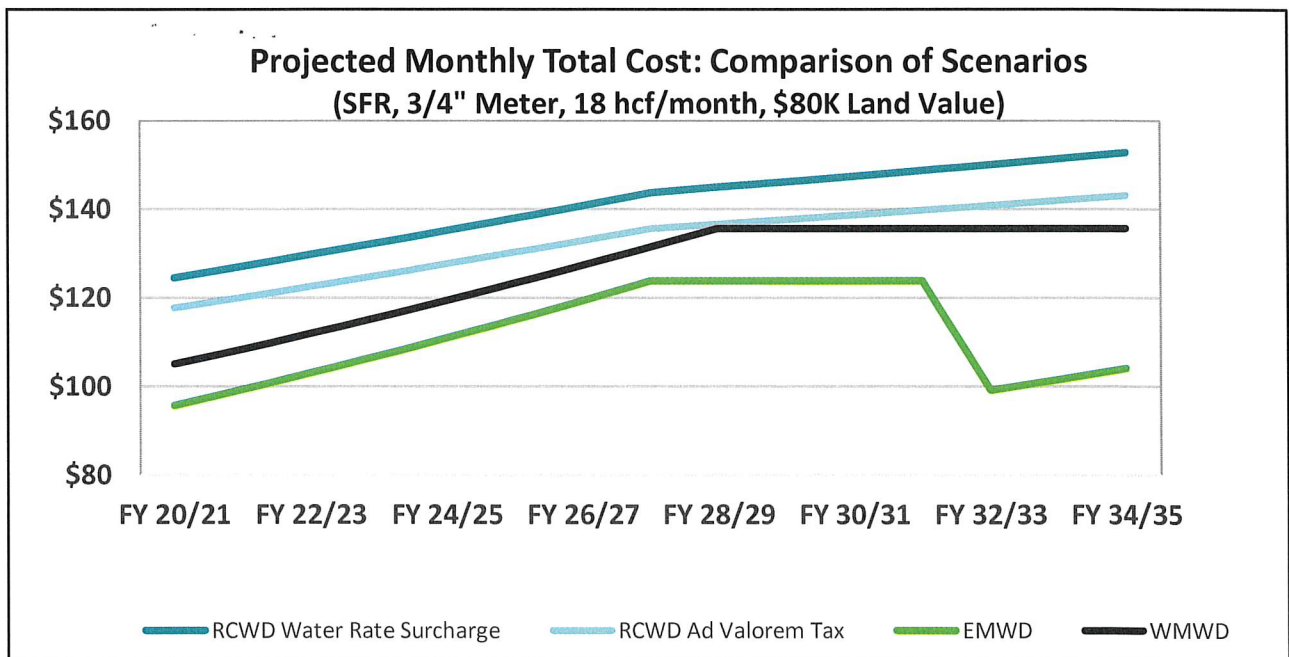


Exhibit B

