

Murrieta Focused Municipal Service Review

LAFCO- 2019-11-3

Errata Document

July 19, 2021

The following pages contain corrections related to the comments received through July 12, 2021 for the Murrieta Focused Municipal Service Review (FMSR) report dated December 10, 2020.

The Errata Document identifies the page number in the report for each line item that has been noted for correction or revision.

A Supplemental Errata Document will be published for any further corrections that may be identified and found to be appropriate.

Murrieta FMSR Report Errata Document

Murrieta FMSR Report Revisions and Clarifications

Map Updates/Revisions

On Page 14 of the report- Replace Figure 1-1 with the attached revised Figure 1-1.
 On Page 19 of the report- Replace Figure 2-1 with the attached revised Figure 2-1.
 On Page 21 of the report- Replace Figure 2-2 with the attached revised Figure 2-2.
 On Page 23 of the report- Refer to the attached MWD unpaid parcels map marked as Figure 2-3-A for clarification of Figure 2-3.
 In Appendix "C" of the report- Replace Figure C-4 with the attached revised Figure C-4.
 In Appendix "C" of the report- Replace Figure C-5 with the attached revised Figure C-5.
 In Appendix "C" of the report- "Replace Figure C-6 with the attached revised Figure C-6".

Technical Revisions/Clarifications

On Page 2 of the report, 2nd paragraph, 1st bullet point, end of last sentence- Insert the following- "All parcels within the Study Area are included in the analysis whether receiving service or not."

On Page 8 of the report, under "Findings and Conclusions", line 6, change "Table ES1-1" to read "Table ES-1".

On Page 13 of the report, Section 1.0, 3rd paragraph, 1st bullet point, end of last sentence- Insert the following- "All parcels within the Study Area are included in the analysis whether receiving service or not."

On Page 16 of the report, Section 1.2.2, 3rd paragraph 6th line- Revise the word "as" to "has".

On Page 17 of the report, 1st paragraph, 6th line- Revise "the RCWD as" to "EMWD has".

On Page 22 of the report, 6th paragraph- Replace "\$12 million" with "\$9.28 million, not including any one-time annexation processing fees separately charged by MWD".

On Page 22 of the report- "Replace Section 2.2.2 with the attached revised Section 2.2.2".

On Page 23 of the report, Figure 2-3- Revise the "no data" designation to "not paid". Additionally, A revised unpaid parcel map has been provided by MWD and has been included as Figure 2-3-A

On page 59 of the report- Insert attached Table 6.12-A to reflect RCWD fire flow investment requirements.

On Page 64 of the report, Table 7-1, in the "Ad Valorem Tax Applied?" and "RCWD" Column, add the following after the word "surcharge": " Ad Valorem tax to be used to fund capital improvements (including debt service)"

On Page 67 of the report, Section 7.2.7, 2nd paragraph, lines 2, 3 and 4- Revise "River" to "Creek".

On Page 71 of the report, Table 7-3, "Key Parameters" section- Insert a new row-"Rate Surcharge in Lieu of Ad Valorem Tax". Insert "X" in the column under "Rate Payers".

On Page 84 of the report, Section 8.2.5- Revise Figures 8-2 and 8-3 to Figures 8-4 and 8-5 respectively.

On Page 87 of the report, Table 8-9, Table note (b)- Revise the second line to read "RCWD's Energy Charge is not applicable to the Study Area"

On Page 93 of the report, Table 8-15-

- A. The first row heading should read "Buy-In to RCWD for Existing Customers (1)"
- B. The second row heading should read "Expansion CIP North of Murrieta Creek (2) (3)"
- C. The third row heading should read "Expansion CIP South of Murrieta Creek (2) (3)"
- D. The fourth row heading should read "RCWD Hydraulic Improvements (4)"

On Page 93 of the report, Section 8.3.3.3, lines 3- Revise "\$540,00" to "\$540,000".

On Page 100 of the report, 3 bullet points below the 1st paragraph- Revise "ET" to "ETAF" in each bullet point".

On Page 100 of the report, Table 8-17- The table entry in the row "Tier 5" and the column "EMWD Residential" should be blank.

On Page 102 of the report, Table 8-19, Table Footnote 2- Revise to read "(2) Increase in rate revenues at EMWD's FY 19/20 Rates are from system growth".

On Page 103 of the report- Insert attached Table 8-11-A.

On Page 106, in the second sentence of the first paragraph- Replace "Table 8-22" with "Table 8-23".

On Page 116 of the report, Section 10.3, 1st bullet point, 5th line- Revise "FMWR" to "FMSR".

On Page 116, Section 10.3, 3rd bullet, Line 5- Insert after the sentence ending in "applied", the following sentence- "Under the Ad Valorem application scenario, RCWD would be the lowest cost for commercial customers as reflected in Table 8-17."

In Appendix B of the report on Page 23, Table B-4c- Revise Line 199 to read "RCWD's Energy Charge is not applicable to the Study Area"

In Appendix B of the report on Page 28, Table B-4g- Replace line 418 with: "\$ Rate Surcharge (51.26% of FY 19/20 Monthly Bill, the amount collected by the surcharge increased for inflation in Subsequent Years)"

In Appendix B of the report on Page 40, Table B-5f:

- Lines 522 and 523- Remove reference to "Note 3" in the Projected Schedule column.
- Line 528- Remove reference to "Note 5" in the Projected Schedule column.
- Lines 540 and 541- Delete Table Notes 5 and 6 at the beginning of each entry.

2.2.2 MWD Annexation

Imported water supply to the Study Area is purchased wholesale from Metropolitan Water District (MWD) and delivered via EMWD, at the Los Alamos Interconnection Point. Areas annexing into MWD are annexed on behalf of one of MWD's 26 member agencies and must pay a MWD annexation fee of \$5,000 and a MWD Per-Acre Annexation Charge. The 2020 MWD Per-Acre Annexation Charge is \$6,151 per acre.

The annexation policy of MWD requires an annexation processing fee and an annexation per-acre charge to be paid in full in advance for the entire area being annexed. However, **MWD** may waive with terms and conditions these fees and charges to prevent or to close a service "window" in an existing member public agency service area. The Murrieta Study Area largely consists of such a window area within two of MWD's member agencies, WMWD and EMWD.

In December 1999, an annexation agreement between MWD, EMWD, WMWD, and the Murrieta County Water District was executed. This agreement specified that the Murrieta window area consisting of the entirety of the Murrieta County Water District, approximately 5.8 square miles, would be annexed into the MWD service area by charging a one-time annexation processing fee and allowing, over the twenty five year term of the agreement, for unconnected parcels to pay the MWD Per-Acre Annexation Charge in order to become eligible to be physically connected to receive imported water.

Approximately 2.9 square miles of the Study Area have not yet paid the **MWD** Per-Acre Annexation Charge. In Figure 2-3, obtained from **WMWD**, portions of the Study Area that have not paid the MWD Annexation Per-Acre Charge are shown in yellow.

Section 11 of the 1999 Agreement states that the agreement shall be binding to successors, so for the purposes of this analysis, it is assumed that the 1999 Agreement would be assignable to either RCWD or EMWD. The need for some future development to pay the MWD Annexation Per-Acre Charges is the same under all Ownership Scenarios described in this report, and as a result, is not included in the quantitative financial analysis.

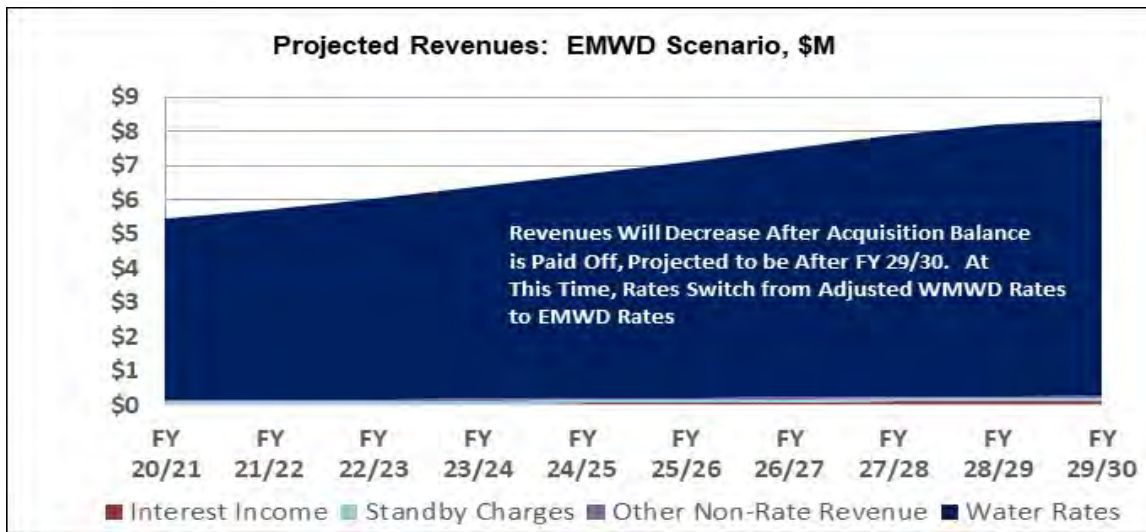
The 1999 agreement terminates in December 2024. The current outstanding Annexation Per-Acre Charge balance is approximately \$12M. Under the agreement, if the balance has not been paid or other provisions for payment have not been made, for example, extension of the agreement, then MWD may pursue the detachment of unpaid parcels through LAFCO that haven't paid the Annexation Charge, regardless of which agency owned the water system.

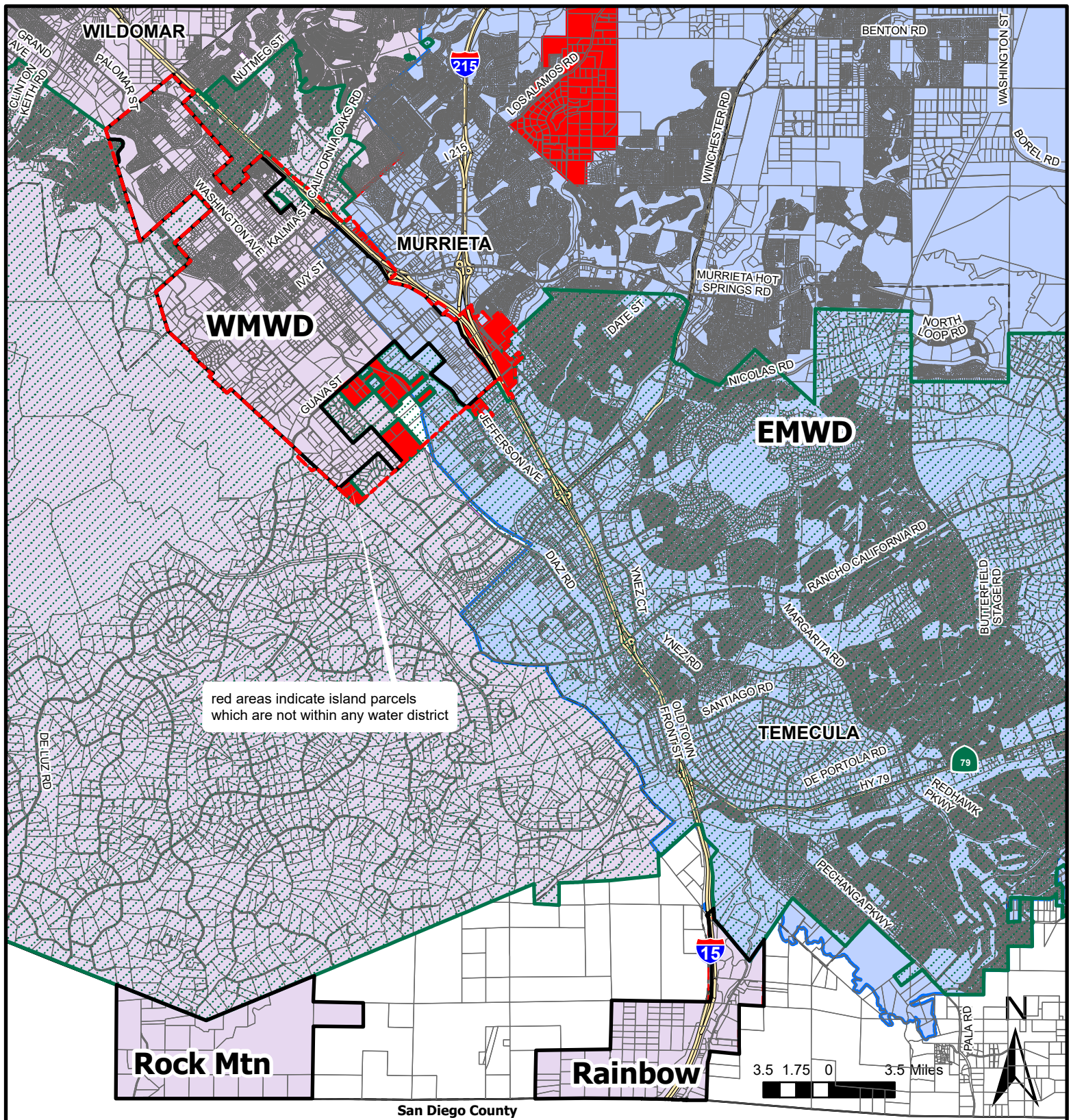
The current number of service connections in the Study Area, summarized by meter size, can be seen in Table 2-1. The majority of the meters currently in the Study Area are ¾-inch meters that serve single family residential connections.

A large number of parcels in the Study Area are currently served by private wells. Therefore, land within the study area is classified as Developed-Served, if it currently has imported water service from the distribution system, Developed-Unserved, if it currently developed but provided service by private well, or Vacant, if the land is undeveloped and available for development in the future.

| Table 6.12-A RCWD Fire Flow Improvements CIP (Existing) | | |
|--|---------------|---------------------|
| Diameter | Length | Cost |
| Proposed/Upsize Pipe | | |
| 8 | 5,989 | \$ 1,119,380 |
| 10 | 849 | \$ 190,937 |
| 12 | 6,535 | \$ 1,616,579 |
| Construction Subtotal | | \$ 2,927,000 |
| Contingency and Soft Cost Subtotal | | \$ 2,020,000 |
| Total | | \$ 4,947,000 |

Figure 8-11-A





- Murrieta Study Area
- Rock Mtn & Rainbow Study Areas
- Islands - Not within any water district
- Cities

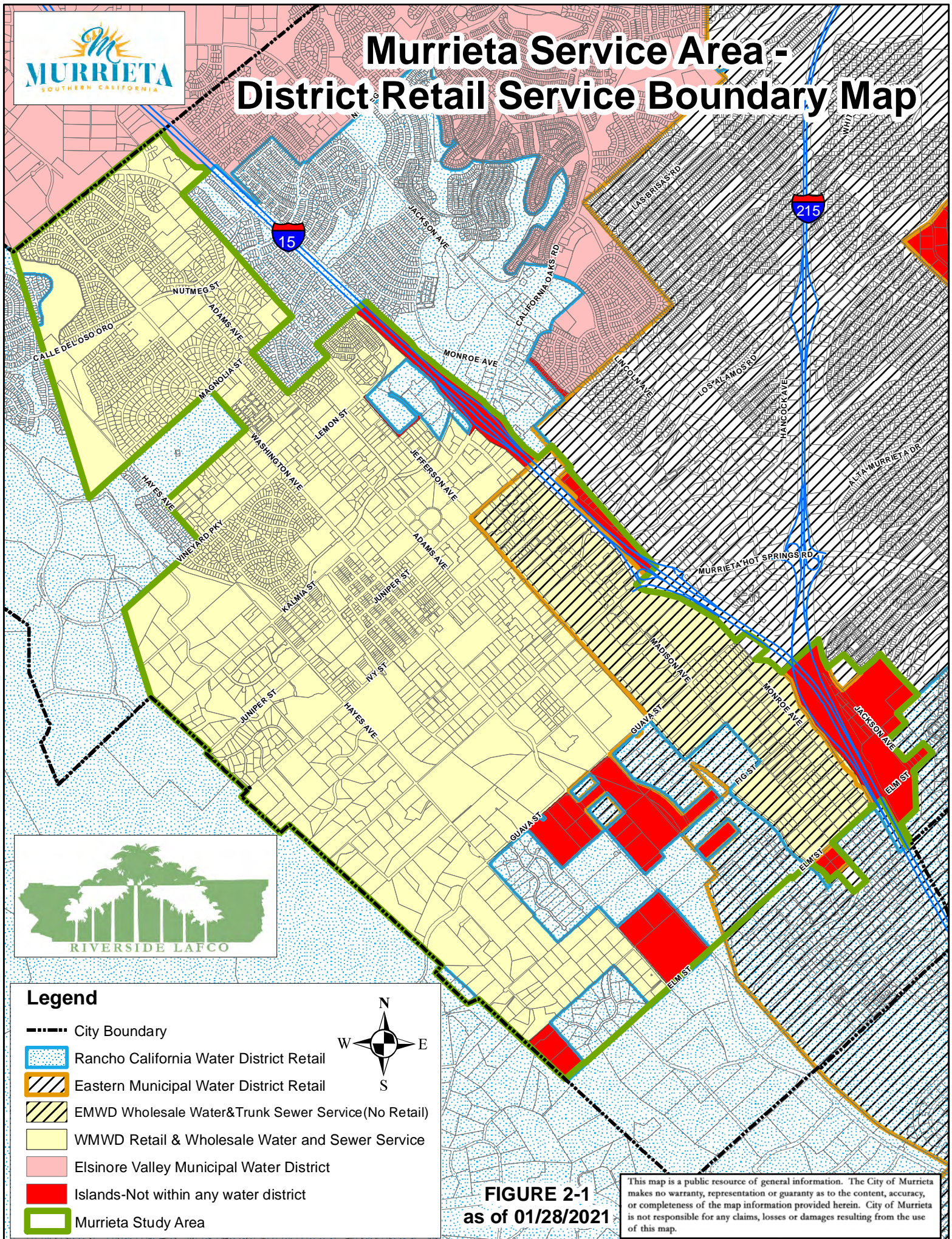
- Eastern Municipal Water District Wholesale
- Western Municipal Water District Wholesale
- Western Municipal Water District Retail
- Rancho California Water District Service Boundary



Figure 1-1 as of 6/24/21
Murrieta, Rainbow &
Rock Mountain Study Areas
Focused Water MSR
Murrieta Area



Murrieta Service Area - District & Retail Service Boundary Map



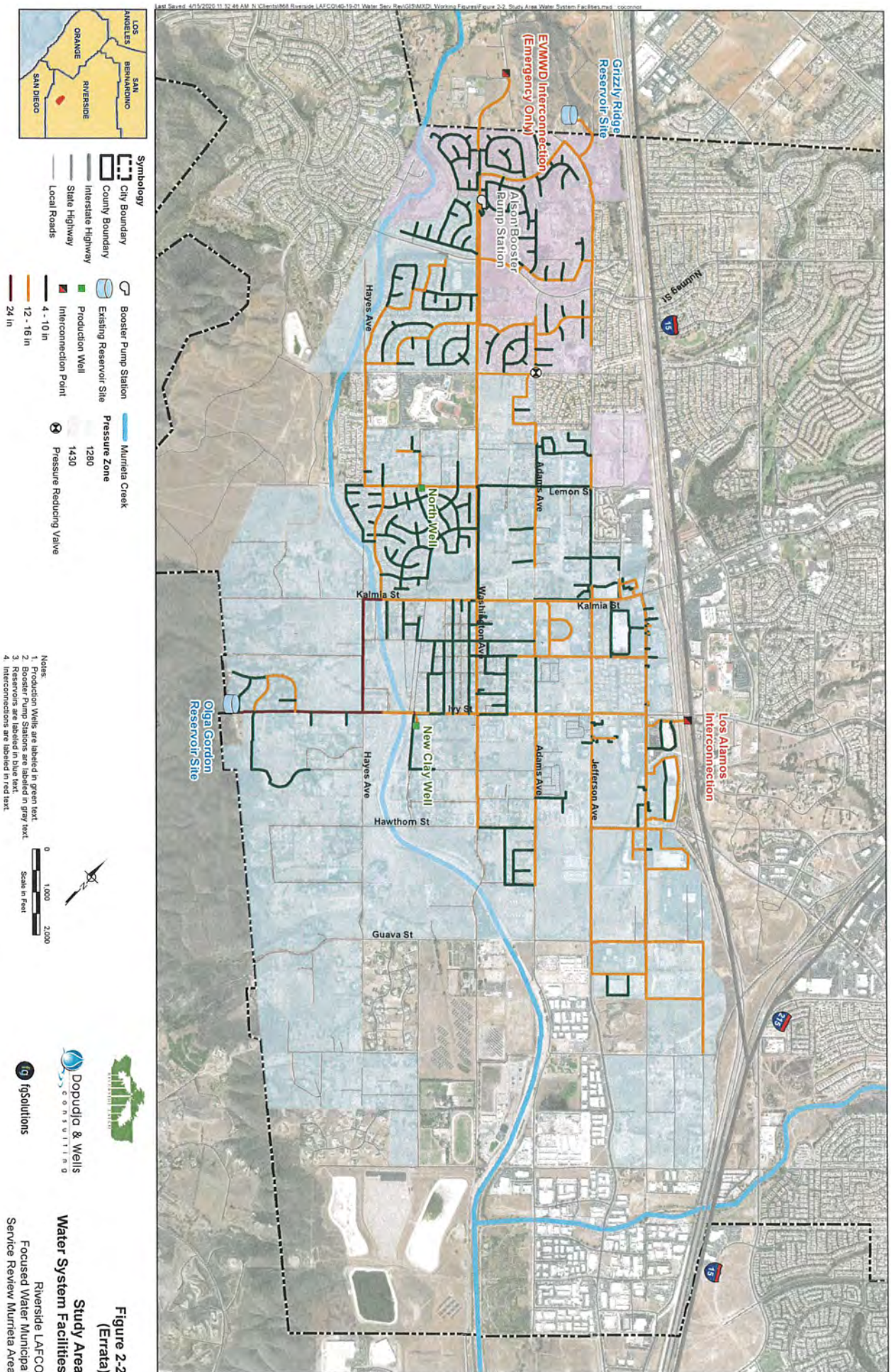
Legend

- City Boundary
- Rancho California Water District Retail
- Eastern Municipal Water District Retail
- EMWD Wholesale Water&Trunk Sewer Service(No Retail)
- WMWD Retail & Wholesale Water and Sewer Service
- Elsinore Valley Municipal Water District
- Islands-Not within any water district
- Murrieta Study Area



FIGURE 2-1
as of 01/28/2021

This map is a public resource of general information. The City of Murrieta makes no warranty, representation or guaranty as to the content, accuracy, or completeness of the map information provided herein. City of Murrieta is not responsible for any claims, losses or damages resulting from the use of this map.



**Figure 2-2
(Errata)**

**Study Area
Water System Facilities**
Riverside LAFCO
Focused Water Municipal
Service Review Murrieta Area

Attachment I

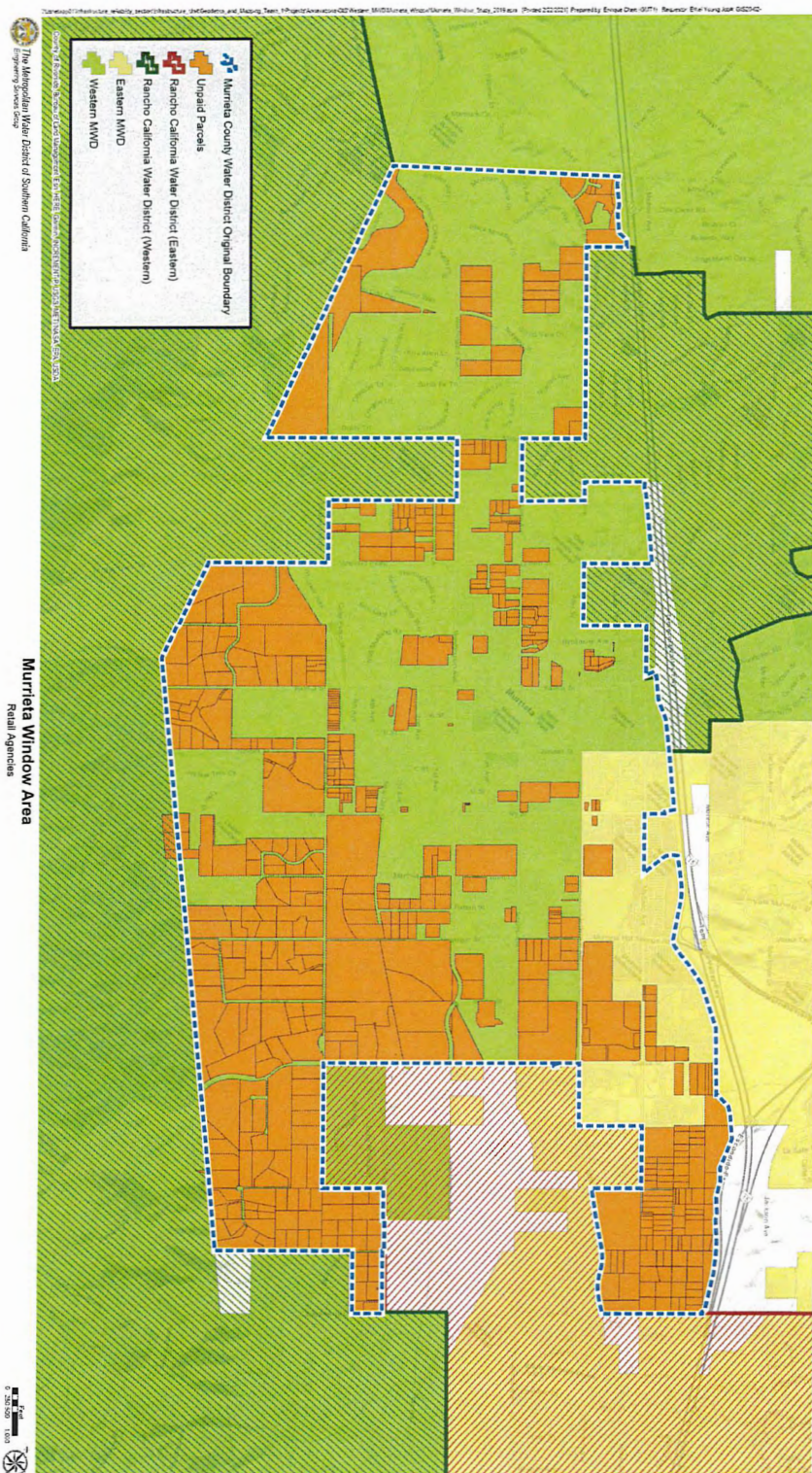
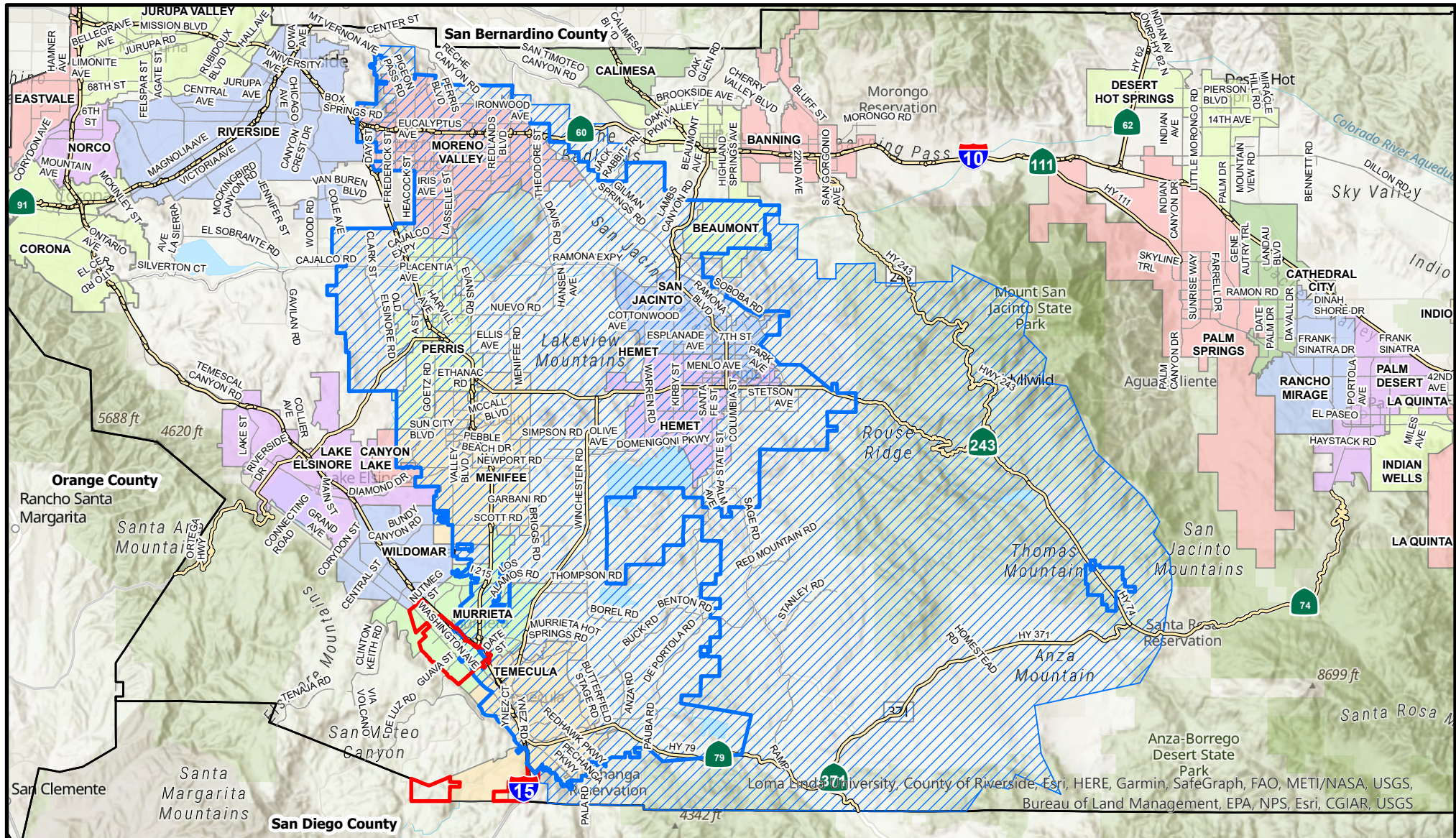
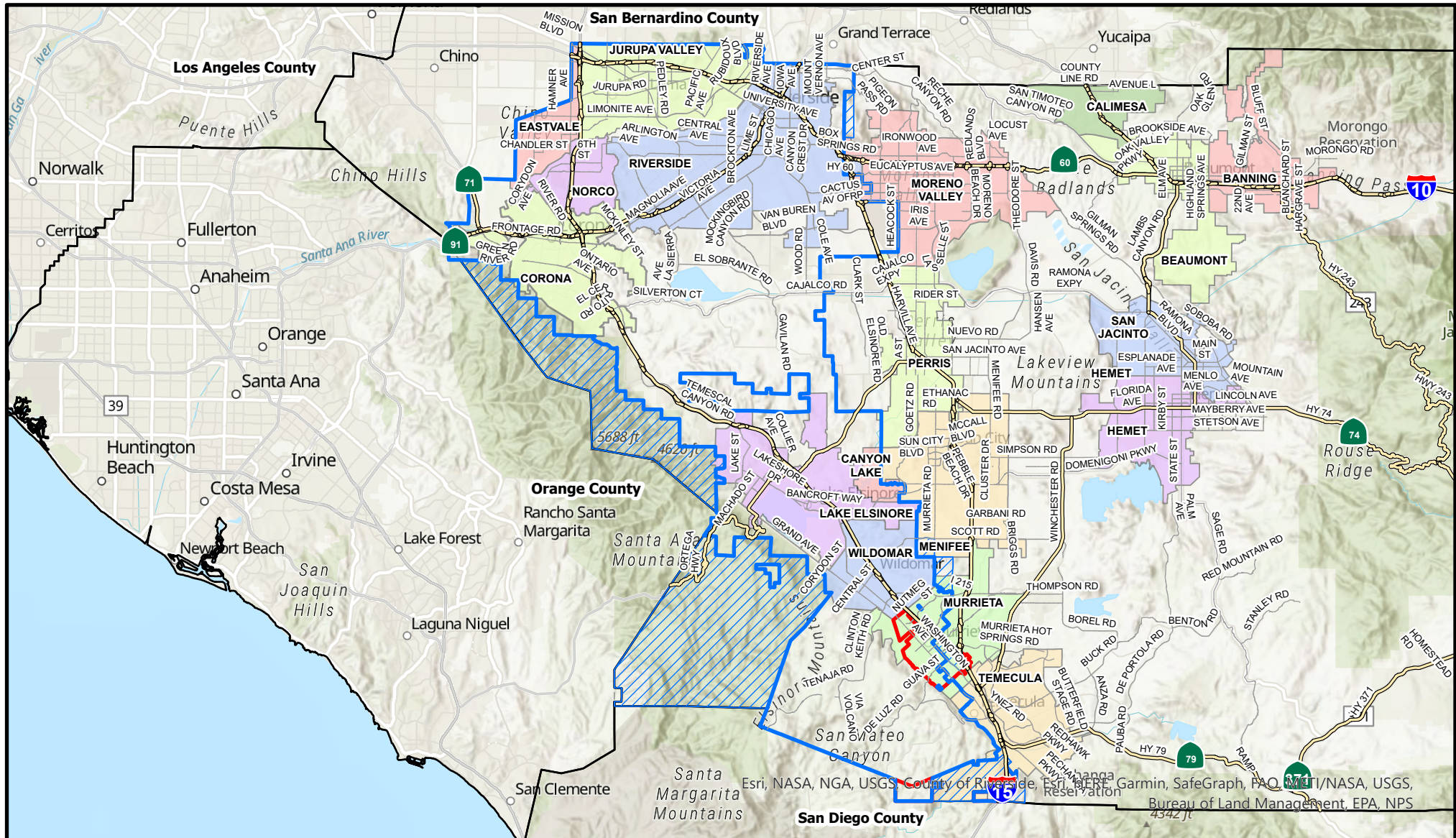


Figure 2-3-A
Supplement to Figure 2-3

Eastern Municipal Water District Service Area & Sphere of Influence







Western Municipal Water District Service Area & Sphere of Influence



Data Sources: County of Riverside; Districts, LAFCO

3.5 1.75 0 3.5 Miles



-  Murrieta Study Area
 Rock Mtn & Rainbow Study Areas
 Western Municipal Water District (WMWD) Service Area
 WMWD Sphere of Influence

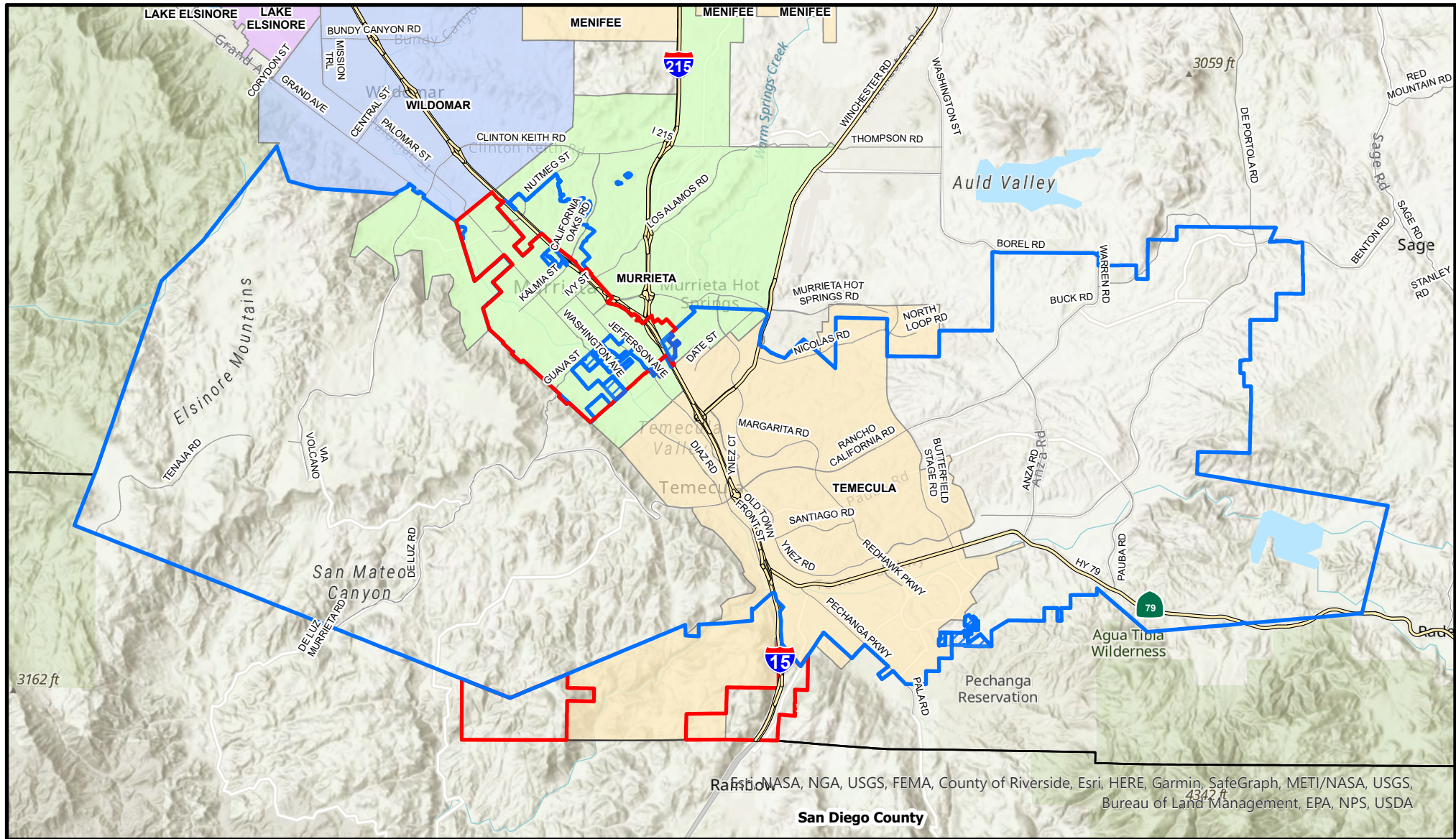
Author: Crystal M. Craig



Figure C-5 as of 6/24/21
WMWD
Service Area & SOI
Focused Water MSR
Murrieta Area

Water & Sewer
provided by District

Rancho California Water District Service Area & Sphere of Influence



Data Sources: County of Riverside; Districts, LAFCO

3.5 1.75 0 3.5 Miles



Figure C-6 as of 6/24/21
RCWD
Service Area & SOI
Focused Water MSR
Murrieta Area

Water & Sewer
 provided by District

- Murrieta Study Area
- Rock Mtn & Rainbow Study Areas
- Rancho California Water District (RCWD) Service Boundary
- RCWD Sphere of Influence

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