

MURRIETA AREA FOCUSED MUNICIPAL SERVICES REVIEW  
FUNDING PARTICIPATION AGREEMENT

This Agreement, made and entered into this 20<sup>th</sup> day of February, 2019, by and between the Riverside Local Agency Formation Commission (herein referred to as "LAFCO"), a public agency established by the State Legislature pursuant to the Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 et seq.), and the following four local public agencies: Western Municipal Water District, Eastern Municipal Water District, Rancho California Water District and the City of Murrieta (herein collectively referred to as the "Funding Participants"). LAFCO and the Funding Participants are collectively referred to herein as the "Parties".

WHEREAS, the Funding Participants have demonstrated the need for a detailed analysis of water service in a portion of the City of Murrieta and nearby areas, as generally depicted in Exhibit "A" (herein referred to as the "Study Area").

WHEREAS, the Funding Participants have requested LAFCO to conduct or oversee such water service analysis.

WHEREAS, LAFCO has determined that it would be appropriate to conduct a focused municipal service review (MSR) of water service in the Study Area and has issued a Request for Proposals (RFP) for consulting services to prepare the MSR, the Scope of Work for which is attached to this Agreement as Exhibit "B".

WHEREAS, the Funding Participants, by previous correspondence to LAFCO, have tentatively agreed to fund the entire cost of the analysis, which is attached to this Agreement as Exhibit "C".

WHEREAS, LAFCO requires execution of a formal funding agreement between the Parties prior to entering into a professional services agreement with a consultant to perform the required focused MSR in the Study Area.

NOW THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. The Funding Participants shall be responsible for one hundred (100) percent of the cost of consulting services required to prepare the MSR. Each of the four members of the Funding Participants shall be responsible for twenty-five (25) percent of the cost, not to exceed \$255,862.
2. INITIAL DEPOSIT: Upon execution of this Agreement by all parties and within 30 days of notification by the LAFCO Executive Officer that a professional services agreement with a consulting firm has been executed, each Funding Participant shall remit to LAFCO \$20,000.
3. ADDITIONAL DEPOSIT: Within 30 days of notification by the LAFCO Executive Officer that 70 percent of the originally remitted funds have been disbursed, each Funding Participant shall remit to LAFCO an additional \$20,000.
4. FINAL PAYMENT: Within 30 days of notification by the LAFCO Executive Officer that additional funds are needed to complete the analysis, each Funding Participant shall remit to LAFCO the amount requested by the Executive Officer; however, in no event shall the sum of the amounts requested pursuant to this Paragraph and Paragraphs 2. and 3. exceed the obligation of each Funding Participant as specified in Paragraph 1.
5. REMAINING FUNDS: Any funds remaining after the completion of the MSR and acceptance by LAFCO shall be returned to the Funding Participants in proportion to their respective obligations.
6. STUDY MANAGEMENT AND SELECTION OF CONSULTANT: It is understood and agreed by the Funding Participants that LAFCO has the sole discretion to select the consultant firm to conduct the focused MSR pursuant to LAFCO's own RFP process. The LAFCO Executive Officer, or other party designated by LAFCO, shall manage the consultant analysis at its sole discretion; however, the Executive Officer or designee may seek input from the Funding Participants.
7. TERM OF AGREEMENT: The term of this Agreement shall be from the date of

1 execution of this Agreement and continue in effect through December 31, 2019,  
2 unless terminated as specified in Paragraph 9.

3 8. EXTENSION OF TERM: This Agreement may be extended for up to two additional  
4 three-month periods, in succession, by mutual consent of all parties. Such extension  
5 shall not require action of the governing board of LAFCO. In no event shall this  
6 Agreement be extended past June 30, 2020 without a new Agreement, or an  
7 amendment to this Agreement that specifically extends the term of this Agreement.

8 9. INDEMNIFICATION: Funding Participants shall, jointly and severally, indemnify  
9 and hold LAFCO, its Commissioners, officers, and employees, free and harmless  
10 from any liability whatsoever, based or asserted upon any services provided by  
11 LAFCO, its officers, agents, employees, or subcontractors, arising out of or in any  
12 way relating to this Agreement, for property damage, bodily injury or death, or any  
13 other element of damage of any kind or nature whatsoever and resulting from any  
14 reason whatsoever arising from the performance of LAFCO its officers, agents,  
15 employees or subcontractors arising from the preparation of the focused MSR as  
16 described in this Agreement. Funding Participants shall, jointly and severally,  
17 defend at their sole expense, including but not limited to reasonable attorney fees and  
18 costs, LAFCO, its Commissioners, officers, and employees, in any legal action or  
19 claim of any kind based upon such alleged negligent acts, errors, or omissions. The  
20 indemnification and defense provisions of this section shall remain in effect  
21 following termination of this Agreement.

22 10. TERMINATION: This Agreement may only be terminated by mutual agreement of  
23 LAFCO and all Funding Participants.

24 11. ADMINISTRATION: The LAFCO Executive Officer (or designee) shall administer  
25 this Agreement on behalf of LAFCO.

26 12. JURISDICTION, VENUE: This Agreement is to be construed under the laws of the  
27 State of California. The Parties agree to the jurisdiction and venue of the appropriate  
28 courts in the County of Riverside, State of California.

13. NOTICES: All correspondence and notices required or contemplated by this Agreement shall be delivered to the respective parties at the addresses set forth below and are deemed submitted one (1) day after their deposit in the United States Mail, postage prepaid:

Executive Officer	Craig Miller, General Manager
Riverside Local Agency Formation Commission	Western Municipal Water District
6216 Brockton Ave, Suite. 111-B	14205 Meridian Pkwy.
Riverside, California 92506	Riverside, California 92518

Ivan Holler, Asst City Manager	Paul Jones, General Manager
City of Murrieta	Eastern Municipal Water District
1 Town Square	P.O. Box 8300
Murrieta, California 92562	Perris, California 92572

Jeff Armstrong, General Manager  
Rancho California Water District  
42135 Winchester Rd.  
Temecula, California 92590

14. WAIVER: Any waiver by LAFCO of any breach of any one or more of the terms of this Agreement shall not be construed to be a waiver of any subsequent or other breach of the same or of any other term thereof. Failure on the part of LAFCO to require exact, full and complete compliance with any terms of this Agreement shall not be construed as in any manner changing the terms hereof, or stopping LAFCO from enforcement hereof.

15. ALTERATION: No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto, and no oral



1 understanding or agreement not incorporated herein shall be binding on any of the  
2 parties hereto.

3 16. SEVERABILITY: If any provision in this Agreement is held by a court of competent  
4 jurisdiction to be invalid, void or unenforceable, the remaining provisions will  
5 nevertheless continue in full force without being impaired or invalidated in any way.

6 17. ENTIRE AGREEMENT: This Agreement constitutes the entire agreement between  
7 the parties hereto with respect to the subject matter hereof and all prior or  
8 contemporaneous agreements of any kind or nature relating to the same shall be  
9 deemed to be merged herein. Any modifications to the terms of this Agreement must  
10 be in writing and signed by the parties herein.

11 18. INTERPRETATION: Any ambiguity in this Agreement shall not be interpreted  
12 against the drafter of the Agreement. In the event there is a conflict between any  
13 exhibits to the Agreement and the provisions of the Agreement, the provisions of the  
14 Agreement shall prevail.

15 19. COUNTERPARTS: This Agreement may be executed in one or more counterparts  
16 and when a counterpart shall have been signed by each party hereto, each shall be  
17 deemed an original, but all of which constitute one and the same instrument.

18 20. AUTHORITY TO EXECUTE. The persons executing this Agreement on behalf of  
19 the parties warrant and represent that they have the authority to execute this  
20 Agreement on behalf of their respective agency and warrant and represent that they

21 //

22 //

23 //

24 //

25 //

26 //

27 //

28 //

1 have the authority to bind their respective agency to the performance of its  
2 obligations hereunder.

3 //

4 IN WITNESS WHEREOF, the parties hereto have caused their duly appointed representatives to  
5 execute this Agreement.

6 //

7 Riverside Local Agency Formation Commission

City of Murrieta

8

9

10 Print Name:

Print Name:

11 Title:

Title:

12 Date:

Date:

13 //

14 //

15 Rancho California Water District

Western Municipal Water District

16

17

18 Print Name:

  
Print Name: Craig Miller

19 Title:

Title: General Manager

20 Date:

Date: 1/10/19

21 //

22 //

23 Eastern Municipal Water District

24

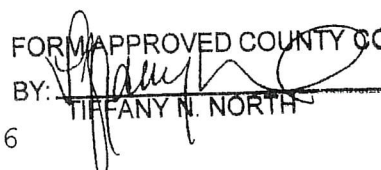
25

26 Print Name:

27 Title:

28 Date:

FORM APPROVED COUNTY COUNSEL

BY:   
TIFFANY N. NORTH

12/27/18  
DATE

1 have the authority to bind their respective agency to the performance of its  
2 obligations hereunder.

3 //

4 IN WITNESS WHEREOF, the parties hereto have caused their duly appointed representatives to  
5 execute this Agreement.

6 //

7 Riverside Local Agency Formation Commission City of Murrieta  
8  
9

10 Print Name: Print Name:  
11 Title: Title:  
12 Date: Date:

13 //

14 //

15 Rancho California Water District Western Municipal Water District  
16  
17

18 Print Name: Print Name:  
19 Title: Title:  
20 Date: Date:

21 //

22 //

23 Eastern Municipal Water District  
24  
25

26 Print Name: Paul D. Jones II  
27 Title: General Manager  
28 Date: 1.14.19

FORM APPROVED COUNTY COUNSEL  
BY: Tiffany N. North 12/27/18  
DATE

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2 obligations hereunder.

3 //

4 IN WITNESS WHEREOF, the parties hereto have caused their duly appointed representatives to  
5 execute this Agreement.

6 //

7 Riverside Local Agency Formation Commission

City of Murrieta

8

9

10 Print Name:

Print Name: Kim Summers

11 Title:

Title: City Manager

12 Date:

Date: 1/29/19

13 //

14 //

15 Rancho California Water District

Western Municipal Water District

16

17

18 Print Name:

Print Name:

19 Title:

Title:

20 Date:

Date:

21 //

22 //

23 Eastern Municipal Water District

24

25

26 Print Name:

27 Title:

28 Date:

FORM APPROVED COUNTY COUNSEL  
BY: Tiffany N. North 12/27/18  
Tiffany N. North DATE

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2 obligations hereunder.

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5 execute this Agreement.

6 //

7 Riverside Local Agency Formation Commission

City of Murrieta

8

9

10 Print Name:

Print Name:

11 Title:

Title:

12 Date:

Date:

13 //

14 //

15 Rancho California Water District

Western Municipal Water District

16

17

18 Print Name: Jeff D. Armstrong

Print Name:

19 Title: General Manager

Title:

20 Date: February 5, 2019

Date:

21 //

22 //

23 Eastern Municipal Water District

24

25

26 Print Name:

27 Title:

28 Date:

FORM APPROVED COUNTY COUNSEL

BY:  12/27/18  
TIFFANY N. NORTH DATE

1 have the authority to bind their respective agency to the performance of its  
2 obligations hereunder.

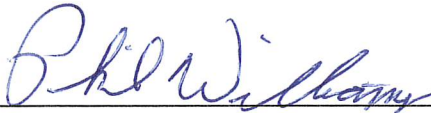
3 //

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5 execute this Agreement.

6 //

7 Riverside Local Agency Formation Commission

City of Murrieta

8   
9 \_\_\_\_\_

10 Print Name: Phil Williams

Print Name:

11 Title: Chair

Title:

12 Date: 2/20/2019

Date:

13 //

14 //

15 Rancho California Water District

Western Municipal Water District

16

17 \_\_\_\_\_

18 Print Name:

Print Name:

19 Title:

Title:

20 Date:

Date:

21 //

22 //

23 Eastern Municipal Water District

24

25 \_\_\_\_\_

26 Print Name:

27 Title:

28 Date:

FORM APPROVED COUNTY COUNSEL

BY:  12/27/18  
TIFFANY N. NORTH DAY

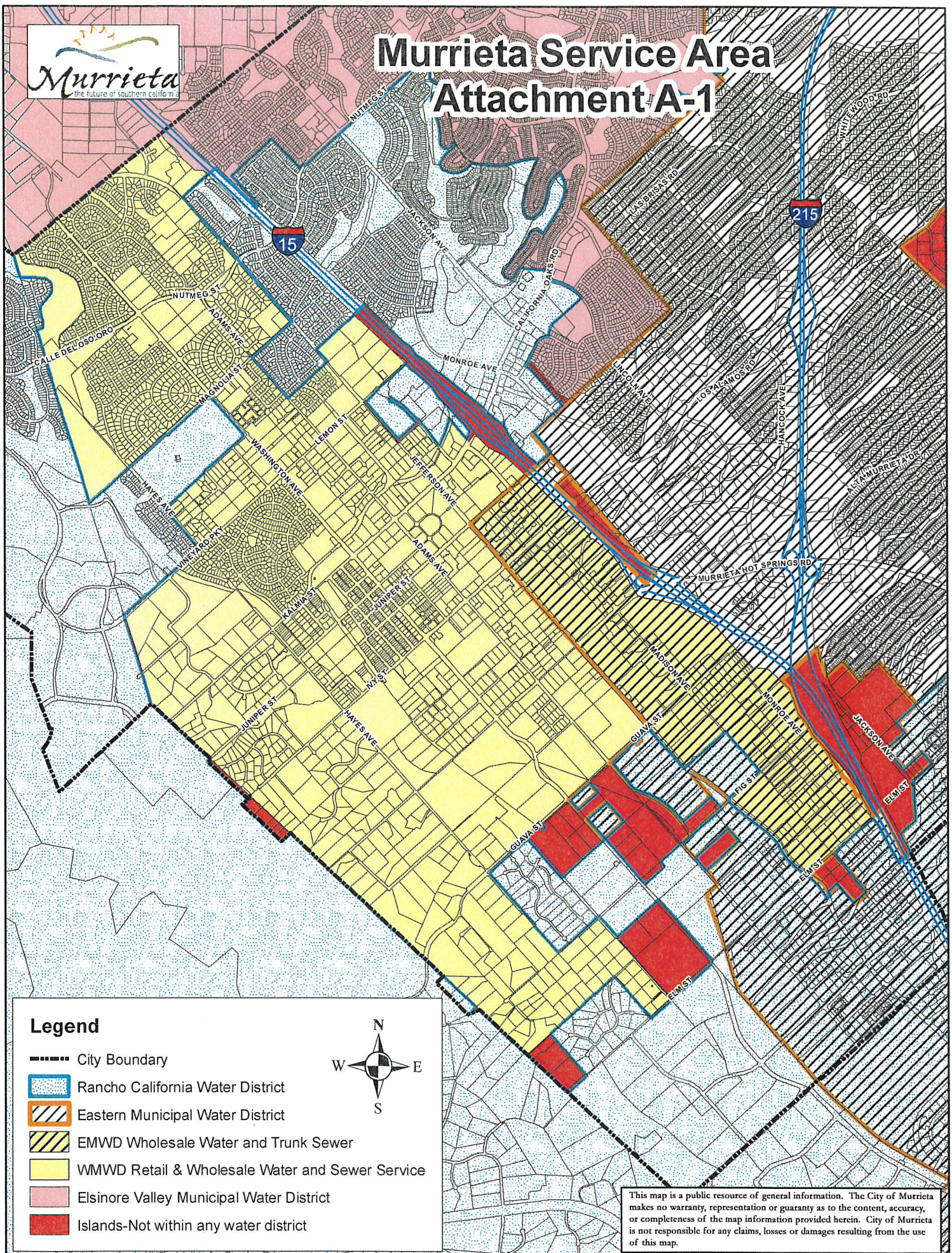
**Exhibit A**

**Study Area Maps**





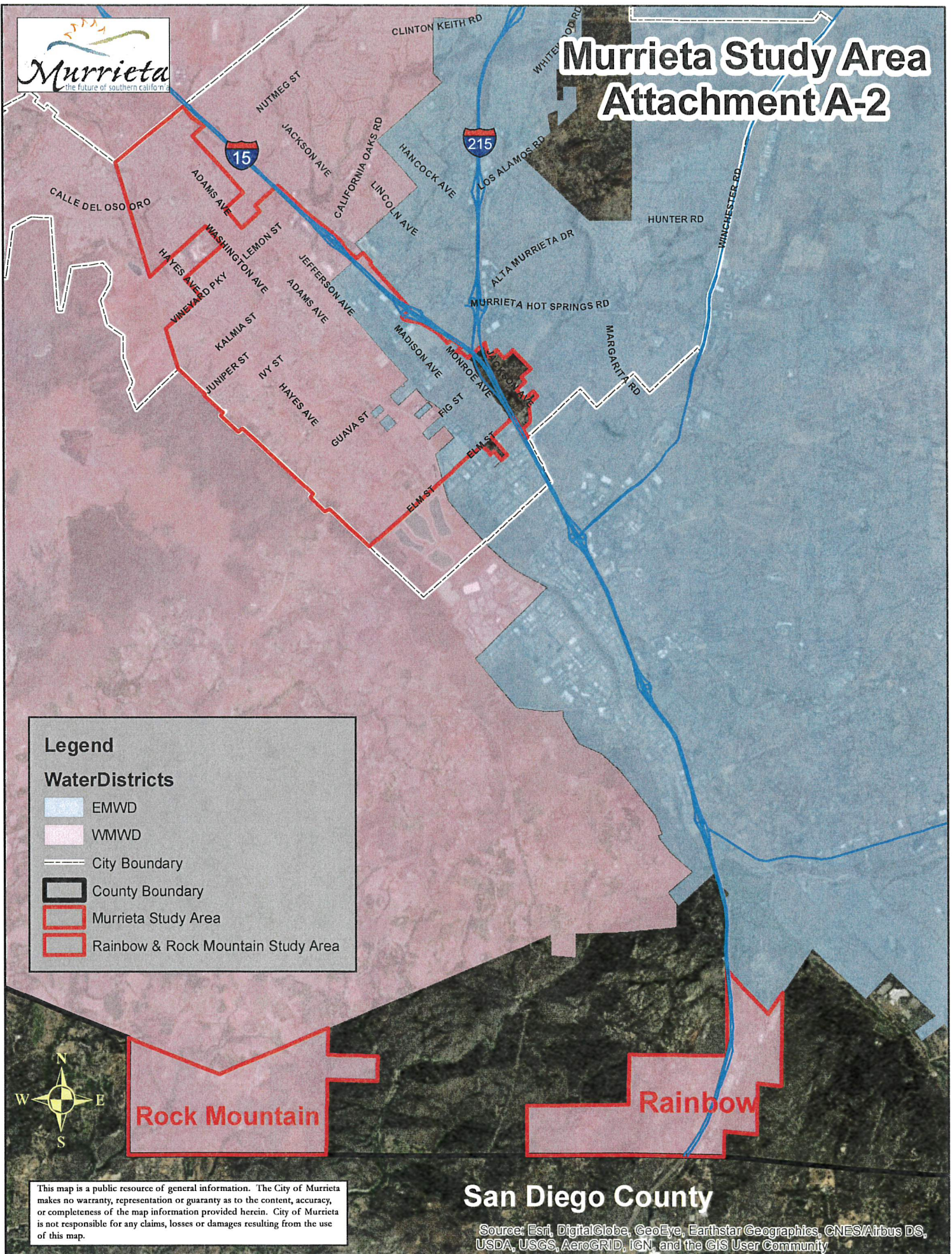
# Murrieta Service Area Attachment A-1







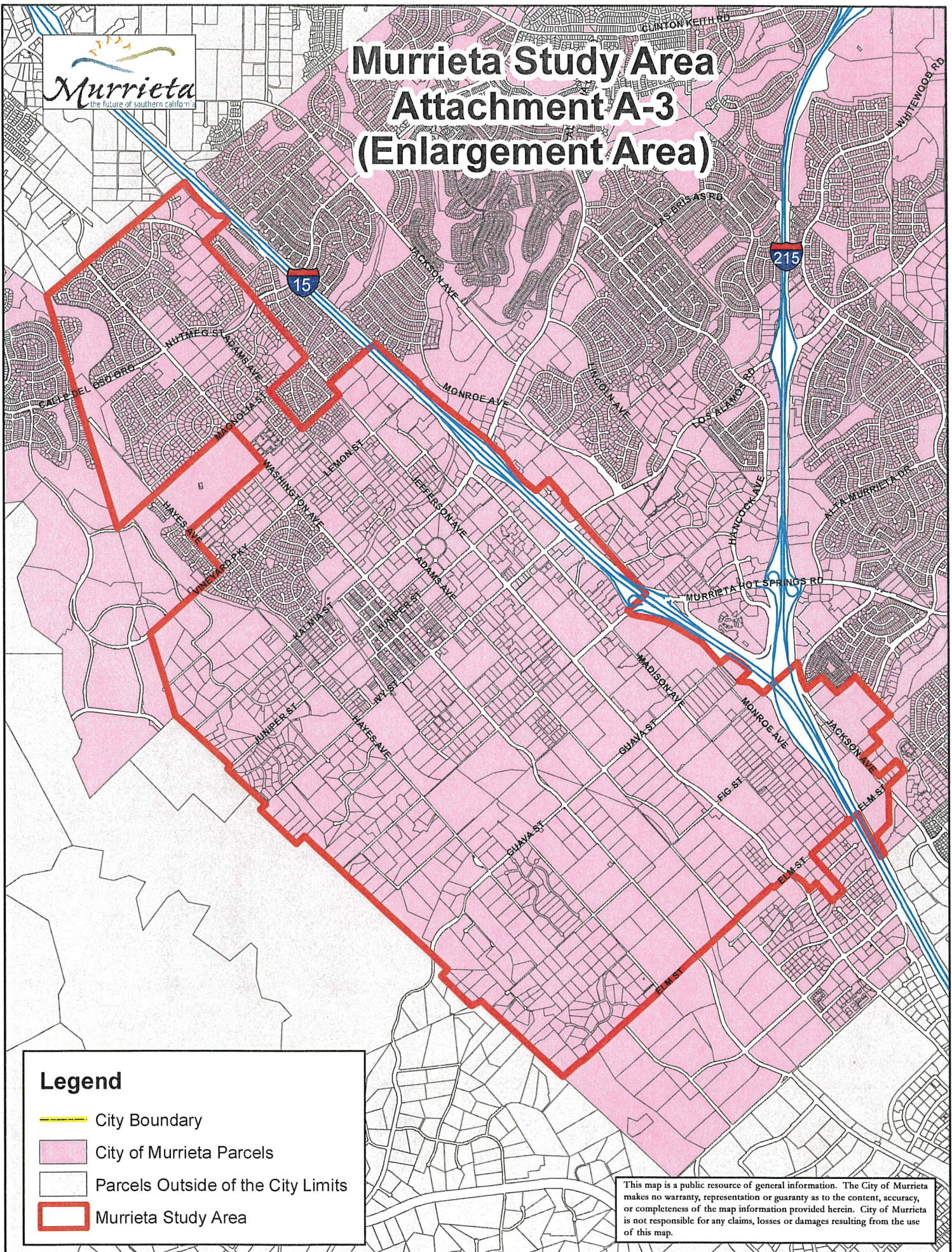
# Murrieta Study Area Attachment A-2







# Murrieta Study Area Attachment A-3 (Enlargement Area)



## Legend

- City Boundary
- City of Murrieta Parcels
- Parcels Outside of the City Limits
- Murrieta Study Area

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.



## **Exhibit B**

### **Scope of Work**

1. Scope of Work – West Yost Associates Proposal
2. Scope of Work – Request for Proposals



# Scope of Work

## Task 1. Project Management and Meetings.

**Task 1a.** Project Management. Project Management activities include monthly invoice and status update preparation, along with miscellaneous correspondence with Riverside LAFCO and local water purveyors.

**Task 1b.** Meetings. Our team anticipates attending five meetings with Riverside LAFCO and the local water purveyors during the project.

**Meeting 1.** Kick-off meeting. We will facilitate the kick-off meeting. Attendees are expected to include Riverside LAFCO and the local water purveyors and the City of Murrieta. The purposes of the kickoff meeting will be to:

- Review the scope, schedule, and budget.
- Solicit input from the water purveyors regarding what they each need to see in a successful FWMSR.
- Review proposed methodology for the Supply/Infrastructure Analysis and the Finance/Operations/Service/Cost Analysis.
- Review and obtain concurrence on boundary conditions/limiting assumptions for the project.
- Discuss potential criteria for decision making

The kickoff meeting will include a public session to receive input from existing customers, landowners and developers. The meeting will be meeting hosted by LAFCO at a location to be determined, possibly Murrieta City Hall. We anticipate the kickoff meeting with public input session will occur on the same day.

**Meeting 2.** Review Draft Supply/Infrastructure Analysis.

- Review the draft results of Task 3 (Supply/Infrastructure Analysis).
- Solicit feedback from the local water purveyors regarding the methodology and results of Task 3.

**Meeting 3.** Review Draft Finance/Operations/Service/Cost Analysis

- Review the draft results of Task 4 (Finance/Operations/Service/Cost Analysis)
- Solicit feedback from the local water purveyors regarding the methodology and results of Task 4.

**Meeting 4.** Review draft FWMSR Results

**Meeting 5.** Present FWMSR Results to Riverside LAFCO Board

### Task 1 Deliverables:

Attendance, facilitation, and presentation at five project meetings.

## Task 2. Data Gathering and Document Review

West Yost has reviewed the list of available documents provided in the RFP Attachment C. Not only is West Yost already in possession of these documents, we have already thoroughly reviewed and used these documents during the completion of the recent Murrieta Service Area Water Master Plan Update. West Yost is very familiar with the infrastructure and operations of the Murrieta Service Area,



**RELATIONSHIP  
TO PROPOSAL  
REQUIREMENTS  
OUTLINE ON RFP  
PAGES 6 AND 7**

This section describes the Scope of Work (including suggested changes to the RFP's Draft Scope of Services) required under Item 4 of the Proposal Requirements, along with the Deliverables associated with Item 6 of the Proposal Requirements.

as well as with the performance and design standards that are applicable to all of Western's service areas. This familiarity will allow West Yost to hit the ground running with no learning curve.

West Yost will also prepare a supplemental data request for any additional outstanding data, such as financial data, rate structures, staffing, operations and maintenance, etc..

### Task 3. Supply/Infrastructure Analysis

West Yost will complete the following tasks specified in Attachment B of the RFP:

- Evaluate existing and future water demands for residential, commercial, industrial, and institutional uses in the Study Area based on the City's adopted General Plan and Downtown Specific Plan. This should include those portions of the Study Area that are currently served by private wells that may require municipal water service in the future.
- Evaluate existing water supply sources and production capacity, water quality, reliability and cost. Existing sources of municipal water supply includes both wells and imported water.
- Determine the capacity and condition of existing water transmission and distribution system facilities and storage reservoirs to accommodate current and future demands. The condition of the existing above ground system facilities will be made through visual observations. The condition of the existing below ground systems facilities will consider the age of the facilities and remaining useful life.
- Determine municipal water system operating capabilities such as pressure and fire flow. Fire flow should be based on the requirements published by Murrieta Fire and Rescue.
- Determine the additional water supply needs (if any) for future development in the Study Area based on the City's adopted General Plan and Downtown Specific Plan. This should include the analysis listed above for lands that are currently served by private wells but that may require municipal water service where further subdivision occurs to the extent allowed by the General Plan. In addition, where four-story mixed-use development is allowed in the Downtown Specific Plan the analysis should include fire flow rates for development at that

intensity. Include recycled water for non-potable uses if available.

- Determine the future requirements for transmission, distribution and storage infrastructure based on the City's adopted General Plan and Downtown Specific Plan based on the future demand analysis listed above. Future infrastructure requirements should include the replacement or refurbishment of any existing, sub-standard infrastructure.
- Analyze the available water supply sources, and transmission, distribution, and storage capacity of adjacent agencies, including the RCWD, EMWD, and EVMWD and determine whether they are adequate to serve both the existing and future needs of the Study Area. Any discrepancies in sizing or design criteria between the agencies should be noted in the analysis.
- Develop a preferred water system infrastructure plan to serve existing and future water demands in the Study Area. Preferred water system infrastructure plan shall consider integration and alignment with areas surrounding Study Area including accommodation of service area "islands" or "holes" located in vicinity of Study Area.

West Yost will also complete the following additional items:

- Review existing available information, reports, and analyses provided by Riverside LAFCO and the local water purveyors and advise Riverside LAFCO which components of the above tasks are already complete.
- Incorporate existing available information into the analyses that is part of this task.

#### Task 3 Deliverables:

A combination of maps, exhibits, engineering calculations, and reports to adequately respond to the task described above.

### Task 4. Finance/Operations/Service/Cost Analysis

Our West Yost team will complete the following tasks specified in Attachment B of the RFP:

- Provide a financial analysis of water supply and infrastructure costs to serve existing needs and future development. Such an analysis should





also address the cost of existing infrastructure replacement and/or refurbishment as required.

- Research infrastructure financing capabilities, mechanisms, and costs. Document operation and maintenance costs and accompanying rates and charges for residential, commercial, industrial and institutional customers. A cost of service analysis will be necessary for each prospective agency that may be considered to assume the responsibilities of retail water service for Western's Murrieta Division. Western completed a cost of service study specific to the Murrieta Division in 2017 and will make the report available to the selected consultant.
- Evaluate the Districts' ability to respond to emergency repairs and customer calls for service.

Our West Yost team will also complete the following additional items:

- Define boundary conditions and policy assumptions that will govern Task 4, including
  - Confirming that each agency will provide the same level of service that it does for its other customers (which may differ by agency).
  - Confirming that the rate schedule charged by each agency would be the same in the Study Area compared with the rate schedule charged to its other retail customers.
  - Confirming that the Study Area does not have to be financially self-supporting, which would make the previous policy assumption possible.
- Using the cost of service analyses for each prospective agency, estimate the change in water rates for each prospective agency if the Study Area(s) are assumed.
- Estimate monthly water bills for an example residential and commercial customer under each prospective agency.

Our analysis will consider Rancho California WD's ad valorem tax and a scenario where the ad valorem tax is not applicable to newly acquired areas. Our analysis will also consider other current assessments applicable to other water districts.

The West Yost team also suggests that evaluation of an area-specific Development Impact Fee (DIF) is warranted. Such a DIF may provide a method of paying for the growth-related infrastructure while

minimizing financial impacts to existing customers. This could be a factor that would promote a policy objective of "growth pays for growth", which would address concerns of existing customer related to financial impacts of changing service providers.

After the determination of infrastructure cost requirements for each of the Districts in the Murrieta sub-area, West Yost will work with each District to establish an estimate or range for development impact fees/connection fees for the sub-area. If LAFCO, after consultation with the Districts, determines additional or more detailed analysis of such fees is warranted, an amendment to the Professional Services Agreement will be required. No fee analysis will be required for the Rock Mountain and Rainbow sub-areas.

If it became necessary, the following two additional subtasks, which are not included in our budget, could be considered by Riverside LAFCO:

Complete high-level Development Impact Fee calculations specific to the Study Area. These calculations would not be of sufficient precision to be implemented but would be used to assess how much capital project funding could be provided by Development Impact Fees in lieu of water rates.

Complete a sensitivity analysis related to the amount and timing of future development, to identify the effect of development rates on Development Impact Fee revenues and rate revenues. This sensitivity analysis will provide a risk assessment on the dependency on growth in the Study Area after the infrastructure is installed.

#### **Task 4 Deliverables:**

A combination of reports and calculations to adequately respond to the task described above.

#### **Task 5. Service Area Boundaries Analysis**

West Yost will complete the following tasks specified in Attachment B of the RFP:

- Review and recommend logical water agency service areas and sphere of influence boundaries and eliminate any "island" or "holes" in and adjacent to the Study Area.
- Where feasible, align retail water and sewer service areas.
- As needed, identify where annexation of specific areas into the Metropolitan Water District of



Southern California is required to allow access to imported water as well as the required annexation fees needing to be paid by property owners.

**Task 5 Deliverables:**

A combination of maps, exhibits, and reports and calculations to adequately respond to the task described above.

## **Task 6. Summary Report and Recommendations**

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At the end of our analysis, West Yost will provide a Summary Report and recommendation(s) based on the information derived from the tasks describe above as to which agency or agencies would be the best long-term water service provider for lands contained within the Study Area. The analysis and recommendations must take into consideration the impacts on owners of vacant land, developers, and existing customers.

**Task 6 Deliverables:**

Draft, final draft, and final Summary Reports. Draft and final draft copies will be provided in electronic form only. The final Summary Report will be provided in electronic form and six hard copies will also be provided.

## Cost

### Anticipated Project Cost

The table in the following page summarizes our fee to provide the services described in the Riverside LAFCO's RFP, subject to the assumptions indicated in the table.

As mentioned earlier, unique assignments such as this one require involvement of highly qualified and experienced professional staff to provide the most supportable analyses and work products that will withstand public scrutiny. While our deep experience in developing public-private partnerships for water utilities has allowed us to create some efficiencies that we have incorporated in our cost proposal, we also remain open to discussions with Riverside LAFCO regarding our proposed scope and budget.



RELATIONSHIP  
TO PROPOSAL  
REQUIREMENTS  
OUTLINE ON RFP  
PAGES 6 AND 7

This section contains the  
information called for in Item 7  
of the Proposal Requirements.





## West Yost Fee Table

West Yost Associates	PVP \$285 Dopudja	EM/SM/GM II \$274 Smith	EM/SM/GM II \$274 Boissavain	PE/PS/PG I \$240 Mulligan	PE/PS/PG II \$254 Savovic	PE/PS/PG I \$240 Wells	SE/SS/SG II \$225 Whalley	PE/PS/PG I \$240 Girtz	ESG I \$154 Connell	ADM IV \$131	Hours	Fee	Sub. FGS	Sub. w/ mark-up 10%	Other Direct	Total Costs
PROJECT: SCE Evaluations Phase 1													DETAILED			
<b>Task 1 Project Management/QA/QC</b>																
1.1 Project Management/QA/QC	28	16		16		16				8	84	\$ 21,092	\$ 3,400	\$ 3,740		\$ 24,832
1.2 LAFCO Meeting #1	12					8			4		24	\$ 5,956	\$ 4,300	\$ 4,730		\$ 10,686
1.3 LAFCO Meeting #2	6					4			2		12	\$ 2,978	\$ 2,500	\$ 2,750		\$ 5,728
1.4 LAFCO Meeting #3	6					4			2		12	\$ 2,978	\$ 2,500	\$ 2,750		\$ 5,728
1.5 LAFCO Meeting #4	6					4			2		12	\$ 2,978	\$ 2,500	\$ 2,750		\$ 5,728
1.6 LAFCO Meeting #5	6					4			2		12	\$ 2,978	\$ 2,500	\$ 2,750		\$ 5,728
<b>Subtotal, Task 1 (hours)</b>	<b>64</b>	<b>16</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>8</b>	<b>166</b>					
<b>Subtotal, Task 1 (\$)</b>	<b>\$ 16,240</b>	<b>\$ 4,384</b>		<b>\$ 3,840</b>		<b>\$ 9,600</b>			<b>\$ 1,848</b>	<b>\$ 1,048</b>		<b>\$ 38,960</b>	<b>\$ 17,700</b>	<b>\$ 19,470</b>		<b>\$ 68,430</b>
<b>Task 2 Data Gathering</b>																
2.1 Data Gathering	6		2		12	8	8		16		52	\$ 11,490	\$ 3,600	\$ 3,960		\$ 15,450
<b>Subtotal, Task 2 (hours)</b>	<b>6</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>12</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>52</b>					
<b>Subtotal, Task 2 (\$)</b>	<b>\$ 1,710</b>		<b>\$ 648</b>		<b>\$ 3,048</b>	<b>\$ 1,920</b>	<b>\$ 1,800</b>		<b>\$ 2,464</b>			<b>\$ 11,490</b>	<b>\$ 3,600</b>	<b>\$ 3,960</b>		<b>\$ 15,450</b>
<b>Task 3 Supply/Infrastructure Analysis</b>																
3.1 Hydraulic Analysis			24			48	64		108		244	\$ 49,128				\$ 49,128
3.2 Condition Analysis	4				32	8			32	4	80	\$ 16,640				\$ 16,640
<b>Subtotal, Task 3 (hours)</b>	<b>4</b>	<b>0</b>	<b>24</b>	<b>0</b>	<b>32</b>	<b>56</b>	<b>64</b>	<b>0</b>	<b>140</b>	<b>4</b>	<b>324</b>					
<b>Subtotal, Task 3 (\$)</b>	<b>\$ 1,140</b>		<b>\$ 6,576</b>		<b>\$ 8,128</b>	<b>\$ 13,440</b>	<b>\$ 14,400</b>		<b>\$ 21,560</b>	<b>\$ 524</b>		<b>\$ 65,768</b>				<b>\$ 65,768</b>
<b>Task 4 Finance/Operations/Service/Cost Analysis</b>																
4.1 Financial and operational analysis of costs to serve existing/future development	8				48		12	16		8	92	\$ 22,060	\$ 6,000	\$ 6,600		\$ 28,660
4.2 Research infrastructure financing capabilities, mechanisms, and costs	4									4	8	\$ 1,664	\$ 4,800	\$ 5,280		\$ 6,944
4.3 Cost of service analysis for each water purveyor, for each service area	4									4	8	\$ 1,664	\$ 16,800	\$ 18,460		\$ 20,144
4.4 Evaluate ability to respond to emergency repairs/customer service calls	4						24			4	32	\$ 7,064	\$ 4,200	\$ 4,620		\$ 11,684
4.5 Define boundary conditions and policy assumptions	8									4	12	\$ 2,804				\$ 2,804
4.6 Prepare example monthly water bills	4									4	8	\$ 1,664	\$ 2,600	\$ 2,860		\$ 4,524
4.7 High-level DIF calculation	4									4	8	\$ 1,664				\$ 1,664
4.8 Sensitivity analysis	4									4	8	\$ 1,664				\$ 1,664
<b>Subtotal, Task 4 (hours)</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48</b>	<b>0</b>	<b>36</b>	<b>16</b>	<b>0</b>	<b>36</b>	<b>176</b>					
<b>Subtotal, Task 4 (\$)</b>	<b>\$ 11,400</b>				<b>\$ 12,192</b>		<b>\$ 8,100</b>	<b>\$ 3,840</b>		<b>\$ 4,716</b>		<b>\$ 40,248</b>	<b>\$ 34,400</b>	<b>\$ 37,840</b>		<b>\$ 78,088</b>
<b>Task 5 Service Area Boundaries Analysis</b>																
5.1 Service Area Boundaries Analysis	16					20			8	4	48	\$ 11,116	\$ 2,800	\$ 3,080		\$ 14,196
<b>Subtotal, Task 5 (hours)</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>4</b>	<b>48</b>					
<b>Subtotal, Task 5 (\$)</b>	<b>\$ 4,560</b>					<b>\$ 4,800</b>			<b>\$ 1,232</b>	<b>\$ 524</b>		<b>\$ 11,116</b>	<b>\$ 2,800</b>	<b>\$ 3,080</b>		<b>\$ 14,196</b>
<b>Task 6 Summary Report and Recommendation</b>																
6.1 Summary Report and Recommendation	8		2		2	20	2	2	24	8	68	\$ 13,810	\$ 9,200	\$ 10,120		\$ 23,930
<b>Subtotal, Task 6 (hours)</b>	<b>8</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>20</b>	<b>2</b>	<b>2</b>	<b>24</b>	<b>8</b>	<b>68</b>					
<b>Subtotal, Task 6 (\$)</b>	<b>\$ 2,280</b>		<b>\$ 548</b>		<b>\$ 508</b>	<b>\$ 4,800</b>	<b>\$ 450</b>	<b>\$ 480</b>	<b>\$ 3,696</b>	<b>\$ 1,048</b>		<b>\$ 13,810</b>	<b>\$ 9,200</b>	<b>\$ 10,120</b>		<b>\$ 23,930</b>
<b>TOTAL (hours)</b>	<b>138</b>	<b>16</b>	<b>28</b>	<b>16</b>	<b>54</b>	<b>144</b>	<b>110</b>	<b>18</b>	<b>200</b>	<b>60</b>	<b>824</b>					
<b>TOTAL (\$)</b>	<b>\$ 39,330</b>	<b>\$ 4,384</b>	<b>\$ 7,672</b>	<b>\$ 3,840</b>	<b>\$ 23,876</b>	<b>\$ 34,560</b>	<b>\$ 24,750</b>	<b>\$ 4,320</b>	<b>\$ 30,800</b>	<b>\$ 7,860</b>		<b>\$ 181,392</b>	<b>\$ 67,700</b>	<b>\$ 74,470</b>		<b>\$ 255,862</b>

## ATTACHMENT B

### Draft Scope of Services

The Consultant shall provide the technical expertise and administrative management to complete the FMSR for the “Study Area” shown in Attachments A-1, A-2 and A-3. The project consists of three distinct topic areas; 1) Supply / Infrastructure, 2) Finance / Operations / Service / Cost, and 3) Service Area Boundaries. A more detailed description of the project effort and the deliverables is provided below:

#### Data Gathering and Document Review

- Collect and review applicable water agency documents for relevant information about current services, facilities, and operations. Attachment C includes a list of anticipated documents that will be available for review.

#### Supply / Infrastructure Analysis

- Evaluate existing and future water demands for residential, commercial, industrial, and institutional uses in the Study Area based on the City’s adopted General Plan and Downtown Specific Plan. This should include those portions of the Study Area that are currently served by private wells that may require municipal water service in the future.
- Evaluate existing water supply sources and production capacity, water quality, reliability and cost. Existing sources of municipal water supply includes both wells and imported water.
- Determine the capacity and condition of existing water transmission and distribution system facilities and storage reservoirs to accommodate current and future demands. The condition of the existing above ground system facilities will be made through visual observations. The condition of the existing below ground systems facilities will consider the age of the facilities and remaining useful life.
- Determine municipal water system operating capabilities such as pressure and fire flow. Fire flow should be based on the requirements published by Murrieta Fire and Rescue.
- Determine the additional water supply needs (if any) for future development in the Study Area based on the City’s adopted General Plan and Downtown Specific Plan. This should include the analysis listed above for lands that are currently served by private wells but that may require municipal water service where further subdivision occurs to the extent allowed by the General Plan. In addition, where four-story mixed-use development is allowed in the Downtown Specific Plan the analysis should include fire flow rates for development at that intensity. Include recycled water for non-potable uses if available.
- Determine the future requirements for transmission, distribution and storage infrastructure based on the City’s adopted General Plan and Downtown Specific Plan based on the future demand analysis listed above. Future infrastructure

requirements should include the replacement or refurbishment of any existing, sub-standard infrastructure.

- Analyze the available water supply sources, and transmission, distribution, and storage capacity of adjacent agencies, including the Rancho California Water District (RCWD), Eastern Municipal Water District (EMWD), and Elsinore Valley Municipal Water District (EVMWD) and determine whether they are adequate to serve both the existing and future needs of the Study Area. Any discrepancies in sizing or design criteria between the agencies should be noted in the analysis.
- Develop a preferred water system infrastructure plan to serve existing and future water demands in the Study Area.
- Preferred water system infrastructure plan shall consider integration and alignment with areas surrounding Study Area including accommodation of service area “islands” or “holes” located in vicinity of Study Area.

### Deliverables

A combination of maps, exhibits, engineering calculations and reports to adequately respond to the tasks in the Supply / Infrastructure section above.

### Assumptions

The City of Murrieta will provide electronic and hard copies of the adopted General Plan and Downtown Specific Plan. EMWD, EVMWD, WMWD, RCWD will provide electronic maps of their respective, existing infrastructure facilities, as well as future master plans. Electronic copies of each agency’s hydraulic models will also be made available.

### Finance / Operations / Service / Cost Analysis

- Provide a financial analysis of water supply and infrastructure costs to serve existing needs and future development. Such an analysis should also address the cost of existing infrastructure replacement and/or refurbishment as required.
- Research infrastructure financing capabilities, mechanisms, and costs. Document operation and maintenance costs and accompanying rates and charges for residential, commercial, industrial and institutional customers. A cost of service analysis will be necessary for each prospective agency that may be considered to assume the responsibilities of retail water service for Western’s Murrieta Division. Western completed a cost of service study specific to the Murrieta Division in 2017 and will make the report available to the selected consultant.
- Evaluate the Districts’ ability to respond to emergency repairs and customer calls for service.

### Deliverables

A combination of reports and calculations to adequately respond to the tasks in the Finance / Operations / Service section above.

### Assumptions

EMWD, EVMWD, WMWD, RCWD will provide information describing any known deficiencies or deferred maintenance for infrastructure facilities as well as current rate structures for residential, commercial, industrial and institutional customers.

### Service Area Boundaries Analysis

- Review and recommend logical water agency service areas and sphere of influence boundaries and eliminate any “islands” or “holes” in and adjacent to the Study Area.
- Where feasible, align retail water and sewer service areas.
- As needed, identify where annexation of specific areas into the Metropolitan Water District of Southern California is required to allow access to imported water as well as the required annexation fees needing to be paid by property owners.

### Deliverables

A combination of maps, exhibits, and reports to adequately respond to the tasks in the Service Area Boundaries section above.

### Assumptions

LAFCO, EMWD, EVMWD, WMWD, RCWD will provide electronic files of existing boundaries and areas that have not been annexed into a water district.

### Summary Report and Recommendations-Deliverables

The Consultant will provide a Summary Report and recommendation(s) based on the information derived from the tasks described above as to which agency or agencies would be the best long-term water service provider for lands contained in the “Study Area.” The analyses and recommendations must take into consideration and describe the impacts on owners of vacant land, developers and existing customers. An electronic copy and six hard copies of the Summary Report are required.

## **Exhibit C**

### **Correspondence from Funding Participants**

1. City of Murrieta
2. Rancho California Water District
3. Western Municipal Water District
4. Eastern Municipal Water District



CITY OF MURRIETA

June 14, 2018

Mr. George Spiliotis, Executive Officer  
Riverside Local Agency Formation Commission  
3850 Vine Street, Suite 240  
Riverside, CA 92507-4277

**RFP for Focused Murrieta Municipal Service Review**

Dear Mr. Spiliotis,

The City of Murrieta is very supportive of having the Request for Proposals (RFP) for the Focused Murrieta Municipal Service Review (MSR) placed on the LAFCO agenda for June 28, 2018.

The City will also agree to help participate with funding for the MSR, subject to the final negotiated cost and approval by the City Council. We look forward to working with LAFCO and to hearing about the responses to the RFP.

Please feel free to contact me directly at (951) 461-6078 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Ivan Holler", is written over a horizontal line.

Ivan Holler, Assistant City Manager  
City of Murrieta



**Rancho  
Water**

June 14, 2018

RECEIVED  
RIVERSIDE LOCAL AGENCY  
FORMATION COMMISSION  
18 JUN 19 AM 9:50

George Spiliotis, Executive Officer  
LOCAL AGENCY FORMATION COMMISSION  
3850 Vine Street, Suite 240  
Riverside, CA 92507

**Board of Directors**

**Ben R. Drake**  
President

**Bill J. Wilson**  
Senior Vice President

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**Angel Garcia**

**Lisa D. Herman**

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**Eva Plajzer, P.E.**  
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Engineering and Operations

**Richard R. Aragon, CPFO**  
Assistant General Manager  
Chief Financial Officer/Treasurer

**Jason A. Martin**  
Director of Administration

**Eileen Dienzo**  
Director of Human Resources

**Andrew L. Webster, P.E.**  
Chief Engineer

**Kelli E. Garcia**  
District Secretary

**James B. Gilpin**  
Best Best & Krieger LLP  
General Counsel

**SUBJECT: FOCUSED WATER MUNICIPAL SERVICE REVIEW  
MURRIETA AREA**

Dear Mr. Spiliotis: *GEORGE*


Over the past few months the City of Murrieta (City) has lead an effort, in conjunction with the four Water Districts serving the City, to review retail water service in a portion of Murrieta (Study Area). As a result of these efforts, consensus was reached that a Municipal Service Review (MSR) performed by LAFCO would be the appropriate means to assess the most effective and efficient method of providing water service to the Study Area. A draft Request for Proposal (RFP) has been developed to engage a consultant to perform the MSR.

This letter serves as Rancho California Water District's (RCWD) support for the MSR effort and the RFP. RCWD is committed to participating in funding this study; however, this is conditioned on the final negotiated cost of the study and subject to RCWD's Board approval of a formal funding agreement.

RCWD looks forward to participating in this study. Please do not hesitate to contact me if you have any questions.

Sincerely,

**RANCHO CALIFORNIA WATER DISTRICT**

  
Jeff D. Armstrong  
General Manager

085.docx

Craig D. Miller  
General Manager

Robert Stockton  
Division 1

Thomas P. Evans  
Division 2

Brenda Dennstedt  
Division 3

Donald D. Galleano  
Division 4

S.R. "Al" Lopez  
Division 5



Securing Your Water Supply

June 20, 2018

Mr. George Spiliotis  
Executive Officer  
Local Agency Formation Commission (LAFCO)  
3850 Vine Street, Suite 110  
Riverside, CA 92507

**SUBJECT: Western Support for Focused Water Municipal Service Review – Murrieta Area**

Dear Mr. Spiliotis:

As you are aware, following LAFCO approval, the Murrieta County Water District's (MCWD) service area, its assets, permits, entitlements and obligations, were transferred to the Western Municipal Water District (Western) on November 27, 2005. Since completing the transfer, Western has focused on delivering high-quality water and wastewater service in a cost-effective manner to the residents and businesses in its Murrieta Division. Western has invested more than \$8 million in the Murrieta Division to increase reliability and sustain water quality throughout the area. Western takes the fiscal management of customer funds as earnestly as it does water quality and service. To insure that the rate payers in Murrieta are receiving the most effective service, Western supports the Municipal Service Review (MSR).

Western's financial participation in the proposed focused MSR in Murrieta is conditioned on all of the following:

- 1) The proportional financial support of the City of Murrieta
- 2) The proportional financial support of neighboring retail water agencies that elect to participate because of potential impacts on their existing customers
- 3) Western's approval of the final negotiated costs of the focused MSR
- 4) The execution of a formal cost sharing agreement between all funding entities

Although not a condition of Western's financial participation, Western's Board of Directors strongly encourages LAFCO to consider a thorough review of municipal services for the entire City of Murrieta, including a residential community known as The Colony located in the Cal Oaks area of Murrieta. As the



June 20, 2018

SUBJECT: Western Support for Focused Water Municipal Service Review – Murrieta Area

Page 2

City and its four retail water agencies are considering a cooperative effort to review Western's Murrieta Division, now might be the most appropriate and cost-effective time to conduct a more complete review of all water services within the City.

As previously stated, Western is supportive of any effort that results in increased water reliability, increased efficiency in water service, and/or lowers the cost of service for water customers.

Sincerely,

A handwritten signature in black ink, appearing to read "Craig D. Miller". The signature is fluid and cursive, with the first name "Craig" being more prominent.

**CRAIG D. MILLER**  
General Manager

cc: Kim Summers, City of Murrieta  
Ivan Holler, City of Murrieta  
Paul Jones, Eastern Municipal Water District  
Jeff Armstrong, Rancho California Water District  
John Vega, Elsinore Valley Municipal Water District



June 19, 2018

Mr. George Spillotis  
Executive Officer  
Local Agency Formation Commission  
3850 Vine Street, Suite 240  
Riverside, California 92507

**Subject: Proposed Focused Municipal Services Review for Water Service in the City of Murrieta**

Dear Mr. Spillotis:

Over the past several months, we have been working with the City of Murrieta, Western Municipal Water District (WMWD), Rancho California Water District (RCWD) and Elsinore Valley Municipal Water District (EVMWD) to collaboratively address water service issues in WMWD's Murrieta division.

As part of this process, the City and water agencies determined that the completion of a Focused Municipal Services Review (MSR) by the Local Agency Formation Commission (LAFCO) would be the best approach and provide needed guidance for determining the most effective and efficient method of providing long-term water service to this area. To complete this work, the City and the water agencies have developed a scope of work and Request for Proposals (RFP) for LAFCO to use to secure consultant services for the Focused MSR.

Eastern Municipal Water District (EMWD) supports the completion of the Focused MSR and believes it would be a valuable tool to help clarify future water infrastructure needs for the area and to assist with reconciling boundary issues, including service area islands. As such, EMWD is willing to fund a proportionate share of the Focused MSR subject to final negotiated costs and approval of our Board of Directors.

Board of Directors  
David J. Slawson, *President* Ronald W. Sullivan, *Vice President* Joseph J. Kuebler, CPA, *Treasurer* Philip E. Paule Randy A. Record

2270 Trumble Road • P.O. Box 8300 • Perris, CA 92572-8300  
T 951.928.3777 • F 951.928.6177 [www.emwd.org](http://www.emwd.org)

Mr. George Spiliotis  
June 19, 2018  
Page 2

We appreciate the Commission's willingness to consider this item and look forward to working with you on the completion of this important study.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul D. Jones II". The signature is stylized with a large, looped "P" and "J".

Paul D. Jones II  
General Manager

c: EMWD Board of Directors  
General Managers, EVMWD, RCWD and WMWD  
Ivan Holler, City of Murrieta