



September 20, 2021

Gary Thompson  
Executive Officer  
**RIVERSIDE LAFCO**  
6216 Brockton Avenue, Suite 111-B  
Riverside, CA 92506

**SUBJECT: REGIONAL DISCUSSION**

Dear Mr. Thompson:

On behalf of the Board of Directors of the Rancho California Water District (Rancho Water), I would like to extend our gratitude to the Riverside County Local Area Formation Commission (LAFCO) for its effort in conducting the Municipal Services Review (MSR) for the Murrieta Service Area (MSA). Beyond the narrow scope of the MSR, the process triggered a broader and open discussion amongst the regional agencies on how best to provide water services to the MSA. We believe that this collaboration is the true benefit of the Murrieta MSR process.

The Board of Directors of both the Western Municipal Water District (Western) and Rancho Water entered into a memorandum of understanding (MOU) last month to formally demonstrate our commitment to working together to find the best solution on behalf of the community in the MSA. The agencies are evaluating the ability to leverage available storage and distribution capacity in Rancho Water's system in order to avoid building redundant infrastructure, potentially expedite development, and mitigate costs for both current and future customers. This hybrid solution also allows Western to continue its legacy of excellent service with the MSA.

Finally, as a matter of record, we have presented in our written correspondence to LAFCO in March 2020 and again in February 2021, the operational cost for Rancho Water to serve the MSA is lower than presented in the study report. While we acknowledge and appreciate that it can be difficult to synthesize such a significant amount of information into a narrowly focused and limited MSR, the simplified operational assumptions used as the basis for the Rancho Water scenario do not reflect our costs—either to serve the MSA or within our own district. For the public, the simplified approach unintentionally biases the community's view and presents Rancho Water as the highest, rather than the lowest, cost option. Moreover, the responses to public comment did not state that Rancho Water does not concur with the assumptions presented within the study analysis.

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It is our understanding that analysis presented within the report will remain unchanged. However, we also understand that the Executive Director will be including information in his LAFCO board report acknowledging our differing analysis. We appreciate this gesture and would also request that LAFCO include the following information in the report:

- In conducting its financial review, the consultant based Rancho Water's analysis upon Western's operations and maintenance costs for the MSA. Rancho Water independently developed its own agency specific operating cost projections, which align with Rancho Water's current costs to serve its own service area. If the Rancho Water provided information had been used as the basis of the analysis, it would result in lower revenue requirements and water rates to serve the MSA than those presented within this MSR report.

Please feel free to contact me at (951) 296-6909 if you should have any questions or need any additional information.

Sincerely,

**RANCHO CALIFORNIA WATER DISTRICT**



Robert S. Grantham  
General Manager

