

July 19, 1999

To: Board of Directors (Executive Committee--Action)

From: General Manager _____

Submitted by: Gary M. Snyder
Chief Engineer _____

Subject: Murrieta Window Area Annexation Agreements

RECOMMENDATION

It is recommended that the General Manager be authorized to enter into agreements with Metropolitan’s member public agencies and subagencies to annex the Murrieta Window Area in accordance with the terms and conditions set forth in this letter and in form approved by the General Counsel.

EXECUTIVE SUMMARY

The Murrieta Window Area comprises approximately 4,860 acres in southwestern Riverside County on both sides of the boundary between the Eastern and Western Municipal Water Districts. It is primarily served by the Murrieta County Water District (Murrieta) as to 3,520 acres, but also includes areas within the Rancho California Water District and the Elsinore Valley Municipal Water District. Metropolitan processes several annexations per year for smaller parcels within the Window Area as development occurs. Western and Murrieta, with the support of Eastern and the other affected local purveyors, have requested annexation to avoid the multiplicity of annexation proceedings and attendant costs in future years. Under the proposed agreement, the entire service area of Murrieta would be immediately annexed to Metropolitan, but only those portions for which the annexation charge has been paid will be eligible to receive Metropolitan water. That charge will be paid for approximately 600 acres upon annexation and the then current charge will be paid for additional acreage as it physically connects to the system which can deliver imported supplies. The entire Murrieta service area would be immediately subject to Metropolitan’s ad valorem property tax levies. Separate agreements are contemplated for those portions of the Window Area within the Rancho California Water District and the Elsinore Valley Municipal Water District on the same basis.

DETAILED REPORT

Metropolitan has a large window area located in southwestern Riverside County. This area, the “Murrieta Window Area,” as graphically displayed on the attached map, comprises approximately 4,860 acres. This window area extends into the service areas of both the Eastern and Western

Municipal Water Districts and within each member public agency there are multiple local water purveyors.

The General Managers of the Western Municipal Water District and Murrieta County Water District have requested consideration of annexing the entire approximately 3,520 acre service area not currently within Metropolitan's service area. Murrieta serves only groundwater to its customers and currently enjoys a plentiful supply. As the growth rate increases, however, imported supplies may be necessary. In 1988, Murrieta formed a Community Facilities District ("CFD 88-1") to build water and sewer facilities. The CFD 88-1 was authorized to sell bonds, a portion of which was included to pay the cost of annexing to Western and Metropolitan. Authorization to enter into agreements for annexation will begin the process to sell the bonds to pay for the first estimated 600 acres of this annexing area.

Ordinarily, under Metropolitan's Administrative Code Section 4200, an annexing area qualifies for water service immediately. However, under this arrangement, only those portions for which the annexation charge has been paid are eligible to receive Metropolitan water. Those areas become eligible at such time as the then current fees are paid. The purpose of allowing inclusion within Metropolitan, without coincident water service, is to avoid a multiplicity of applications over an extended period and the attendant processing fee. The proposed terms for annexation include the following:

1. Metropolitan water will be served only to areas where the then current annexation fee has been paid prior to delivery of water. However, the entire annexing area will immediately be subject to imposition of Metropolitan's ad valorem property taxes ("Ad Valorem Tax").
2. To be eligible for water service from Metropolitan's imported supplies in any portion of the annexing area, a request shall be made in writing by the local water purveyor to Metropolitan, and also approved on behalf of the member public agency overlying the area.
3. The applicable annexation charge will be Metropolitan's then current annexation charge, pursuant to Metropolitan's Administrative Code Section 3300.
4. Credit against the annexation charge can be received by the property owner with proof of payment of Metropolitan's Ad Valorem Tax, together with interest at the weighted annual average yield on Metropolitan's invested funds during the same period, when requesting water service.
5. If the member public agency opts to collect the Readiness to Service Charge by way of a standby charge, it shall collect and forward signed ballots necessary to comply with Proposition 218 to levy standby charges at the time water service is requested. Metropolitan will process the standby charge requests annually at a date which conforms with the renewing of Metropolitan's Readiness-to-Service Charge.
6. This Agreement will terminate 25 years after its effective date, at which time the entire annexing area must be eligible to receive Metropolitan water. In the event applicable fees have not been paid for the entire annexing area by the termination date or other provisions for payment made and approved by Metropolitan, it is agreed that those areas are subject to detachment from Metropolitan as of that date, upon appropriate application by the

affected member public agency to the Local Agency Formation Commission. Affected member public agency will make such application upon Metropolitan's request at local agency expense.

7. The area will not qualify for participation in Metropolitan's local storage and resource programs, unless and until the entire annexing area is eligible to receive Metropolitan water.
8. Completion of the annexation will be subject to such terms and conditions as may be fixed by the Board in granting formal consent to such annexation.

Approval of this recommendation will allow the affected agencies to create a means to avoid a multiplicity of applications over an extended time period and close an existing window area in Metropolitan's service area pursuant to Administration Code Section 3201.

ESY/bm:rev6

Attachment 8-8d

**The following page is an attachment to
Board Letter 8-8d**

