

- **Board of Directors**
Executive Committee

January 14, 2003 Board Meeting

8-4

Subject

Grant conditional approval for the 72nd Fringe Area Annexation to Eastern MWD and Metropolitan; and adopt resolution of intention to impose water standby charge

Description

Eastern Municipal Water District requests conditional approval for the 72nd Fringe Area Annexation, concurrently to Eastern and Metropolitan Water District of Southern California. The total area for annexation is 26.53 acres, of which 0.51 acre is for road right-of-way. The property is located in the city of Murrieta, south of Murrieta Hot Springs Road, just east of the I-215 freeway interchange. The development plan for this vacant territory consists of a 137-unit single-family residential development. Prior to completion of the annexation, Eastern will pay a fee of \$95,029.20, if the annexation is completed prior to December 31, 2003, or if completed later, at the then current annexation charge rate. The projected annual water demand on Metropolitan is approximately 83 acre-feet per year. Eastern also requests that Metropolitan impose a water standby charge within the proposed annexing territory. See [Attachment 1](#) for the detailed report.

Policy

Territory may be annexed to Metropolitan upon terms and conditions fixed by the Board and in accordance with Chapter 1, Article 1, § 350 through § 356 of Metropolitan's Act and Division III, § 3100(b) of its Administrative Code.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action, i.e., grant conditional approval for the annexation and adopt the resolution of intention to impose water standby charges, is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378 (b)(4) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines). Prior to formal approval of the annexation and water standby charges from the Board, CEQA documentation will be prepared by the Lead Agency and processed in accordance with CEQA and the State CEQA Guidelines. As the Responsible Agency, Metropolitan's Board will then review and consider the CEQA documentation before taking action.

The CEQA determination is: Determine that the proposed action is not subject to the provisions of CEQA pursuant to Sections 15378(b)(4) and 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and

- a. Grant conditional approval for the 72nd Fringe Area Annexation, concurrently to Eastern and Metropolitan, conditioned upon receipt in full of annexation fee of \$95,029.20 to Metropolitan, if completed by December 31, 2003, or if completed later, at the then current annexation charge rate (**Attachment 1**);
- b. Approve Eastern’s proposed plan for Implementing Water Use Efficiency Guidelines (**Attachment 2**); and
- c. Adopt the Resolution of Intention to Impose Water Standby Charge within the proposed annexation territory, substantially in the form of **Attachment 3**.

Fiscal Impact: Receipt of annexation fee (\$95,029.20) and water sales revenue from newly annexed territory

Option #2


Decline 72nd Fringe Area Annexation

Fiscal Impact: Unrealized annexation fees and water sales revenue from non-annexed territory

Staff Recommendation

Option #1

	12/3/2002
_____ Roy L. Wolfe Manager, Corporate Resources	Date

	12/10/2002
_____ Ronald R. Gastelum Chief Executive Officer	Date

Attachment 1 – Detailed Report – Eastern 72nd Fringe Area Annexation

Attachment 2 – Plan for Implementing Water Use Efficiency Guidelines

Attachment 3 – Resolution

Detailed Report

Background

Eastern Municipal Water District has requested conditional approval for the 72nd Fringe Area Annexation, concurrently to Metropolitan Water District of Southern California and Eastern. The 26.53-acre annexation territory, shown on the attached legal description and map, is located south of Murrieta Hot Springs Road along Jackson Avenue east of Interstate 215 in the City of Murrieta. The territory is currently vacant, although once annexed, the development plan consists of 137 single-family residential units with 2.28 acres remaining open space. Projected development plans under Tentative Tract No. 30802 have been submitted to the City of Murrieta. It is anticipated that development will occur within the next 2 to 5 years. The total estimated water demand for this project is approximately 83 acre-feet per year, will come from Metropolitan through Eastern.

Pursuant to Section 3107 of Metropolitan's Administrative Code, Eastern has submitted an acceptable Plan for Implementing Water Use Efficiency Guidelines for this project (Attachment 2).

The annexation charge has been calculated pursuant to Section 3300 of Metropolitan's Administrative Code. Utilizing the current rate of \$3,460 per net acre and the sum of \$5,000 for processing costs, the annexation charge is \$95,029.20, if completed by December 31, 2003. The \$5,000 processing charge has been paid. If the annexation is completed after December 31, 2003, the annexation charge will be calculated based on the then current annexation rate.

Completion of this annexation will be subject to such terms and conditions as may be fixed by the Board in granting final consent to such annexation. Eastern has requested that Metropolitan impose water standby charges within the annexation territory at the rate of \$6.94 per acre or per parcel of less than one acre (the rate at which water standby charges are presently levied in other portions of Eastern). Under the requirements of Article XIII D of the California Constitution (Proposition 218), such charges must be treated as new assessments, subject to approval by the property owners in the area to be annexed through mailed ballot proceedings. Attachment 3 is the form of resolution of Intention to Impose Water Standby Charge, which, if adopted by the Board, will authorize the Executive Secretary to mail notices to the property owners. The notices to property owners will include ballots which the property owners will be asked to mark and return. Ballots will be tabulated at a public hearing on the assessments scheduled to commence on March 12, 2003, or such other date as the Board shall determine, and unless a majority of those ballots received from property owners (weighted according to the proportionate obligation of each property) protest the charges, imposition of the water standby charges in the annexed area may be considered by the Board concurrently with final approval of annexation.

ANNEXATION TO
EASTERN MUNICIPAL WATER DISTRICT

ANNEX. NO. TO FRINGE AREA NO.

IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, BEING A PORTION OF LOT 132 OF THE LANDS OF THE TEMECULA LAND AND WATER COMPANY AS SHOWN BY MAP FILED IN BOOK 8 PAGE 359 OF MAPS RECORDS OF THE RECORDER OF SAN DIEGO COUNTY, CALIFORNIA, LYING IN A PORTION OF SECTION 22, T.7S., R.3W., S.B.M. DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTERLINE INTERSECTION OF JACKSON AVENUE AND FIG STREET AS SHOWN ON SAID MAP OF THE TEMECULA LAND AND WATER COMPANY MAP;

THENCE N.48°16'04"E. ALONG SAID CENTERLINE OF FIG STREET, A DISTANCE OF 659.76 FEET TO THE TRUE POINT OF BEGINNING;

THENCE N.41°40'12"W. A DISTANCE OF 660.03 FEET TO A POINT IN THE CENTERLINE OF WALTON WAY AS SHOWN ON PARCEL MAP NO. 16245 RECORDED IN BOOK 90 PAGE 34 OF PARCEL MAPS RECORDS OF THE RECORDER OF RIVERSIDE COUNTY CALIFORNIA;

THENCE S.48°16'04"W. ALONG SAID CENTERLINE, A DISTANCE OF 564.29 FEET TO A POINT OF INTERSECTION IN SAID CENTERLINE OF JACKSON AVENUE, SAID POINT BEING IN A NON-TANGENT CURVE, CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 2400.00 FEET;

THENCE NORTHWESTERLY ALONG SAID CENTERLINE OF JACKSON AVENUE AND ALONG THE ARC OF SAID CURVE FROM AN INITIAL RADIAL LINE BEARING S.64°32'42"W., A DISTANCE OF 731.10 FEET THROUGH A CENTRAL ANGLE OF 17°27'13" TO A POINT OF INTERSECTION IN THE NORTHWESTERLY LINE OF SAID LOT 132;

THENCE N.48°16'04"E., ALONG SAID NORTHWESTERLY LINE , A DISTANCE OF 916.94 FEET, TO A POINT OF INTERSECTION IN THE CENTERLINE OF LINCOLN AVENUE (VACATED), ALSO BEING THE NORTHEASTERLY LINE OF SAID LOT 132;

THENCE S.41°40'12"E. ALONG SAID CENTERLINE AND NORTHEASTERLY LINE OF SAID LOT 132, A DISTANCE OF 1320.05 FEET, TO A POINT OF INTERSECTION IN SAID CENTERLINE OF FIG STREET;

THENCE S48°16'04"W., ALONG SAID CENTERLINE OF FIG STREET, ALSO BEING THE SOUTHEASTERLY LINE OF SAID LOT 132, A DISTANCE OF 659.76 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 26.53 ACRES, MORE OR LESS.

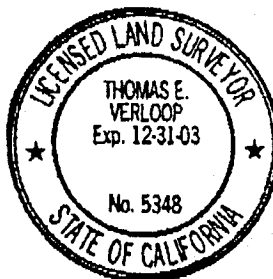
REVIEWED BY
THE METROPOLITAN WATER
DISTRICT OF SOUTHERN CALIFORNIA
TITLE ENGINEERING TEAM

DATE: 10-10-2002 *pm*

EXHIBIT "B" ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF.

THIS DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION.

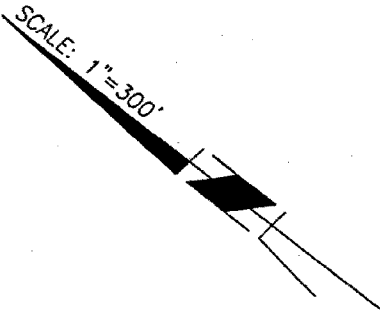
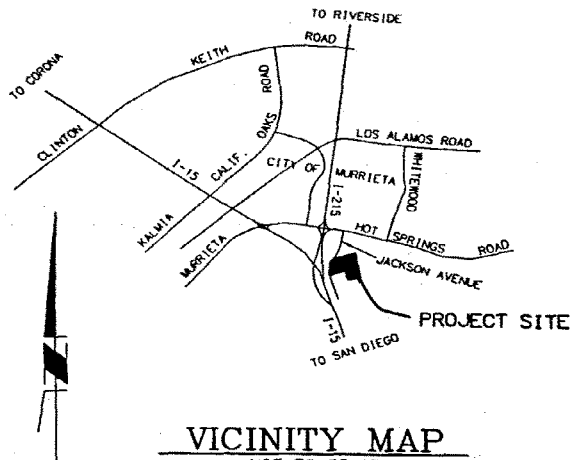

THOMAS E. VERLOOP, PLS 5348
MY LICENSE EXPIRES 12/31/03



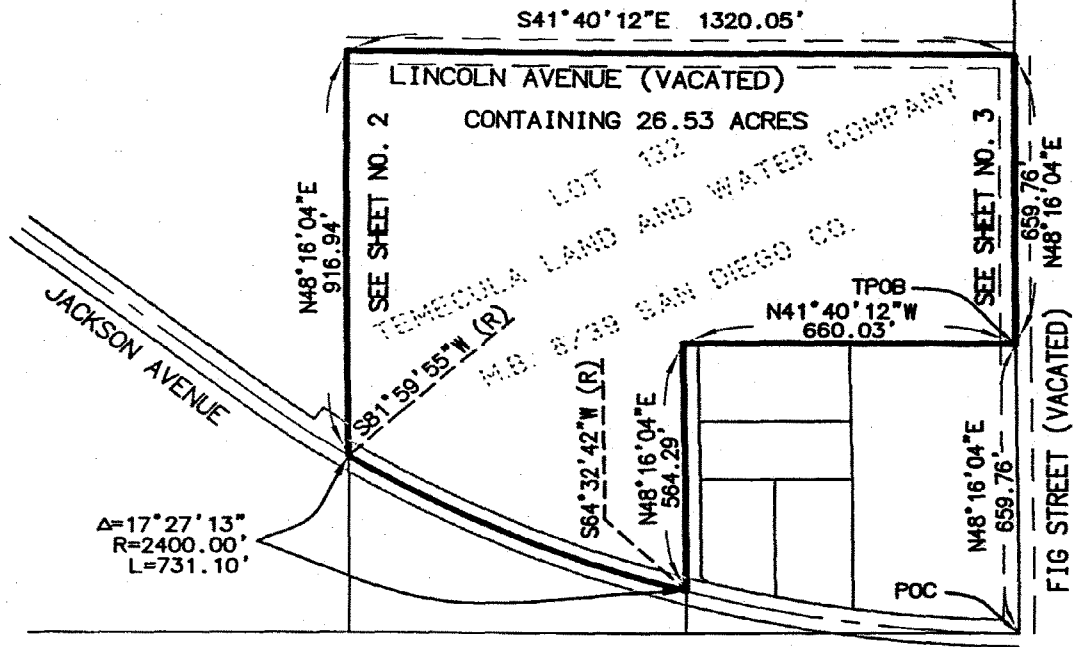
REVIEWED BY
THE METROPOLITAN WATER
DISTRICT OF SOUTHERN CALIFORNIA
TITLE ENGINEERING TEAM

DATE: 10-10-2002 pmo

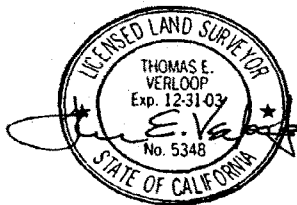
EXHIBIT B
L.A.F.CO. 2002-



VICINITY MAP
NOT TO SCALE



INDEX MAP



REVIEWED BY
THE METROPOLITAN WATER
DISTRICT OF SOUTHERN CALIFORNIA
TITLE ENGINEERING TEAM

DATE: 10-10-2002 pma

SHEET 1 OF 3 SHEET

ANNEXATION NO. _____
TO E.M.W.D.



PLANNING ■ DESIGN ■ CONSTRUCTION

27555 YNEZ ROAD, SUITE 400
TEMECULA, CALIFORNIA 92591-4679
909.676.8042 • FAX 909.676.7240 • www.RBF.com

AUGUST 23, 2002

SCALE
1"=300'

JOB NO.
15100584-M

H:\DATA\15100584\CADD\MAPPING\584E\X001.DWG 10/10/02 9:22 am

**PLAN FOR IMPLEMENTING WATER USE EFFICIENCY GUIDELINES
FOR EASTERN MUNICIPAL WATER DISTRICT'S
72nd FRINGE AREA ANNEXATION (FIELDSTONE) TO THE
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

General Description of Annexing Area

The area proposed for annexation is located in the City of Murrieta and consists of 26.53 gross acres planned for single family residential development. The project is located south of Murrieta Hot Springs Road, just east of the I-215 freeway interchange.

Description: Fieldstone Murrieta, LLC is planning to develop the subject project into 137 single family residential units with 2.28 acres remaining open space. Project development plans under Tentative Tract No. 30802 have been submitted to the City of Murrieta. It is anticipated that development will occur within the next 2 to 5 years.

Annual Water Use

The projected total average day demand in the annexation area will be about 0.074 MGD or 83 AFY. The annexation area will receive water from Metropolitan Water District of Southern California (MWD) via a EMWD/MWD (EM) connection in the French Valley. 100% of the project's water demand will be supplied imported water via this EM connection. The demands on MWD will be minimized by incorporating various conservation measures discussed in the section below titled, "Best Management Practices".

Peak Water Use

The projected maximum day demand in the annexation area is estimated to be about 148,000 gallons, based on a peaking factor of 2 times average daily demand. The maximum demand on MWD will be minimized with the operation of local storage facilities.

Recycled Wastewater

EMWD has an aggressive program to promote the use of recycled water. At the present time, about 34,000 AFY of recycled water is produced and stored or sold for agricultural, landscaping, and golf course irrigation. Additional uses are planned as the recycled water distribution system is expanded. EMWD has adopted a water recycling program (Ordinance 68) designed to expand the use of recycled water. One salient part of the ordinance requires, to the extent practical, the use of recycled water for greenbelt irrigation, agricultural irrigation, industrial processes, commercial uses, landscape or recreation impoundments, wildlife habitat, and groundwater recharge. EMWD has a full-

time staff dedicated to provide technical support in promoting the use of these supplies.

EMWD's nearest recycled water facility is located in Winchester Road approximately 1.7 miles south of the subject project. Landscaped areas exceeding one acre will be irrigated with recycled water or other non-potable supplies when available. If applicable, and to the extent practicable, recycled wastewater or other non-potable supplies will be used for industrial processes. If such supplies do not presently exist, a dual distribution system shall be constructed to accommodate such supplies when they become available.

Best Management Practices

Water conservation is a long-term goal for EMWD. EMWD's water conservation programs encourage and support the efficient use of water resources by maximizing local resources, minimizing reliance on imported water, and promoting efficient water management practices. At least one model home constructed in each new development within the annexed area will demonstrate a water conserving landscape. EMWD's water conservation programs draws on support from several areas. EMWD's Water Conservation staff provide high visibility in the community in providing customer assistance, home evaluations, participation at local community festivals and educational landscaping seminars/workshops. Home conservation kits and literature, including periodic bill stuffers are also provided. EMWD's Education Program, whose goal is to foster understanding of water and wastewater issues and to promote wise water use among the future leaders of our community, impacted over 45,000 students in grades K-12 last year. A Community Relations staff incorporates conservation messages in press releases, speeches and other customer messages. EMWD also has an active landscape demonstration program and provides financial support for the local Resource Conservation District in making efficient evaluations available for commercial and agricultural customers.

EMWD is a signatory to the Memorandum of Understanding Regarding Urban Water Conservation in California, an agreement formulated in cooperation with the State Department of Water Resources and the State Water Conservation Coalition. As a signatory, EMWD has, as manifested in the attached list of "Completed Programs," and will continue to, implement water conservation measures referred to as Best Management Practices, or BMPs. To the extent practicable to do so and within the limits of the authority and jurisdiction, EMWD intends to comply with the BMPs attached hereto as Exhibit A, as a part of its continuing water conservation efforts.

Interruption of Service

Through the use of local storage and groundwater well production, EMWD would be able to sustain an average annual 7-day interruption in service from MWD.

Compliance

To the extent practicable, the following Agencies and property owners will assure compliance with the provisions of MWD's Water Use Efficiency Guidelines as indicated in MWD's Administrative Code Section 3107 and shall report to MWD regarding such compliance.

EASTERN MUNICIPAL WATER DISTRICT

By: _____
Anthony J. Pack, General Manager

Date: _____

ATTACHMENT "A"
URBAN CONSERVATION BEST MANAGEMENT PRACTICES

1. Water Survey Programs for Single-Family Residential and Multi-Family Residential Customers.
2. Residential Plumbing Retrofit
3. System Water Audits, Leak Detection, and Repair
4. Metering and Commodity Rates for all New Connections and Retrofit of Existing Connections
5. Large Landscape Conservation Programs and Incentives
6. High-efficiency Washing Machine Rebate Programs
7. Public Information Programs
8. School Education programs
9. Conservation Programs for Commercial, Industrial, and Institutional Accounts
10. Wholesale Agency Assistance Programs
11. Conservation Pricing
12. Conservation Coordinator
13. Water Waste Prohibition
14. Residential Ultra Low Flow Toilet Replacement Programs

RESOLUTION

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
GIVING NOTICE OF INTENTION TO
IMPOSE WATER STANDBY CHARGES
CONTINGENT UPON ANNEXATION

WHEREAS, at the meeting of the Board of Directors (“Board”) of The Metropolitan Water District of Southern California (“Metropolitan”) on December 14, 1993, the Board approved the rate structure and additional revenue sources described in the board letter on the Financial Structure Study, dated December 1, 1993, including a readiness-to-serve charge;

WHEREAS, pursuant to Section 134.5 of the Metropolitan Water District Act (the “Act”), a readiness-to-serve charge may be collected as an availability service charge from the member public agencies within Metropolitan, or may be imposed as a water standby charge against individual parcels within Metropolitan;

WHEREAS, under the Act, the water standby charge may be imposed on each acre of land or each parcel of land less than an acre within Metropolitan to which water is made available for any purpose by Metropolitan, whether the water is actually used or not;

WHEREAS, certain member public agencies of Metropolitan including Eastern Municipal Water District (“Eastern”) have requested the option to provide collection of all or a portion of their readiness-to-serve charge obligation through a Metropolitan water standby charge imposed on parcels within those member agencies;

WHEREAS, the owner of the parcel identified in the attached Engineer’s Report, dated October 2002 (the “Engineer’s Report”) has applied for annexation into Eastern and Metropolitan;

WHEREAS, upon annexation, Metropolitan water will be available to such properties and such parcels will receive the benefit of the projects provided in part with proceeds of Metropolitan water standby charges, as described in the Engineer’s Report; and

WHEREAS, Eastern has requested that Metropolitan impose water standby charges on such properties at the rate specified in the Engineer’s Report and provided herein, following annexation of such properties into Metropolitan;

NOW THEREFORE, the Board of Directors of The Metropolitan Water District of Southern California does hereby resolve, determine and order as follows:

Section 1. That notice is hereby given to the public and to each member public agency of The Metropolitan Water District of Southern California of the intention of Metropolitan’s Board to consider and take action at its meeting to be held on March 12, 2003, or such other date as

the Board shall determine, on the Chief Executive Officer's (CEO) recommendation to impose a water standby charge for fiscal year 2002/03 on the properties described in the Engineer's Report attached hereto as Attachment "A" and incorporated herein by reference. A registered professional engineer certified by the state of California prepared the Engineer's Report.

Section 2. That the proposed water standby charge per acre of land, or per parcel of land less than an acre, as shown in the Engineer's Report, shall be \$6.94, which is equal to the amount of Metropolitan's existing standby charge on other properties located within the territory of Eastern. The Engineer's Report separates the special benefits from the general benefits and identifies each of the parcels on which a special benefit is conferred. No charge on any parcel shall exceed the reasonable cost of the proportional special benefit conferred on that parcel.

Section 3. That the proposed water standby charge, if imposed following completion of the proposed 72nd Fringe Area Annexation, shall be collected on the tax rolls, together with the *ad valorem* property taxes which are levied by Metropolitan for the payment of pre-1978 voter-approved indebtedness, or at Metropolitan's election may be billed directly to the property owners. Any amounts so collected shall be applied as a credit against Eastern's obligation to pay its readiness-to-serve charge. After such member agency's readiness-to-serve charge allocation is fully satisfied, any additional collections shall be credited to other outstanding obligations of such member agency to Metropolitan or future readiness-to-serve obligations of such agency.

Section 4. That the Executive Secretary is hereby directed to provide written notice of the proposed water standby charge by mail to the record owner of each property identified in the Engineer's Report not less than 45 days prior to the date of the public hearing identified in Section 5. Each notice shall be given in accordance with the requirements of Article XIII D, Section 4, of the California Constitution, and shall be in a form approved by the General Counsel. Each notice shall include an assessment ballot whereby the owner may indicate his or her name, reasonable identification of his or her parcel, and his or her support for or opposition to the proposed water standby charge. Each notice shall also include a description of the procedures for the completion, return and tabulation of ballots, which shall be in a form approved by the General Counsel.

Section 5. That the Board will meet in regular session at its meeting on March 12, 2003, or such other date as the Board shall determine, to hold a public protest hearing at which interested parties may present their views regarding the proposed water standby charges and the Engineer's Report. All written protests and comments presented at the hearings or received by the Executive Secretary on or before the conclusion of the public hearing which contain a description sufficient to identify the land owned by the landowners will be given due consideration by the Board before its final action on the proposed water standby charge, and all assessment ballots will be tabulated. If, upon the conclusion of the hearing, ballots submitted in opposition to the water standby charge (weighted according to the proportionate financial obligation of the affected property) exceed the ballots submitted in favor of the water standby charge, the water standby charge shall not be imposed.

Section 6. That imposition of the proposed water standby charges, if authorized by the Board following the public protest hearing, will be contingent upon completion of the concurrent annexation of 72nd Fringe Area Annexation to Metropolitan and Eastern. If water standby charges are approved and such annexation is not completed in time to permit imposition of standby charges for fiscal year 2002/03, Metropolitan may levy standby charges at the rate stated in this resolution beginning in a subsequent fiscal year.

Section 7. That in the event that the water standby charge, or any portion thereof, is determined to be an unauthorized or invalid fee, charge or assessment by a final judgment in any proceeding at law or in equity, which judgment is not subject to appeal, or if the collection of the water standby charge shall be permanently enjoined and appeals of such injunction have been declined or exhausted, or if Metropolitan shall determine to rescind or revoke the water standby charge, then no further standby charge shall be collected within the territory described in the Engineer's Report and Eastern shall pay its readiness-to-serve charge obligation to Metropolitan in full, as if imposition of such water standby charges had never been sought.

Section 8. That this Board finds that the intention to adopt proposed water standby charges provided in this Resolution is not defined as a project under the provisions of the California Environmental Quality Act (CEQA) and the State CEQA Guidelines, because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378 (b)(4) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines). Prior to formal approval of the annexation and water standby charges from the Board, CEQA documentation will be prepared by the Lead Agency and processed in accordance with CEQA and the State CEQA Guidelines. As the Responsible Agency, Metropolitan's Board will then review and consider the CEQA documentation before taking action.

Section 9. That the CEO is hereby authorized and directed to take all necessary actions to satisfy relevant statutes requiring notice by mailing or by publication.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of a resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California, at its meeting held on January 14, 2003.

Executive Secretary
The Metropolitan Water District
of Southern California

**Attachment to Resolution of Intention
to Impose Standby Charges**

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

ENGINEER'S REPORT

Supplement I

PROPOSED PROGRAM TO LEVY STANDBY CHARGES,

CALLEGUAS MUNICIPAL WATER DISTRICT

72ND FRINGE AREA ANNEXATION

October 2002

BACKGROUND

This report is a supplement to The Metropolitan Water District of Southern California (Metropolitan) Engineer's Report for the Program to Levy Readiness-To-Serve Charge, Including Local Option for Standby Charge During Fiscal Year 2002/03, dated December 2001, adopted by Metropolitan's Board on March 12, 2002 (Engineer's Report). A copy of the Engineer's Report is on file with the Board Secretary. Metropolitan collects a readiness-to-serve charge (RTS) as an availability of service charge from the member public agencies. Member public agencies may request that Metropolitan collect a portion of their RTS obligation through Metropolitan's water standby charge. This Supplement to the Engineer's Report satisfies the requirements of Proposition 218, the "Right to Vote on Taxes Act", approved by California voters November 5, 1996, which classifies standby charges as assessments on newly annexed property.

DESCRIPTION OF ANNEXING AREA

The Calleguas Municipal Water District (Calleguas) has requested that Metropolitan collect all or a portion of its RTS obligation through a Metropolitan water standby charge imposed on parcels within Calleguas's service area boundary. The owners of property constituting proposed 72nd Fringe Area Annexation have applied for annexation into Calleguas. Once the territory is annexed, Metropolitan water will be available to these parcels and these parcels will receive the benefit of the projects funded in part by Metropolitan water standby charges, as described in the Engineer's Report. Eastern has requested that Metropolitan impose water standby charges on this property at the rate specified in the Engineer's Report, following annexation of these properties into Metropolitan.

COST BENEFIT OF THE ANNEXING AREA

The property identified in this report has applied for annexation into Metropolitan. Consent by the property owners to Metropolitan's levying of an annual water standby charge in the amount of \$9.58 per acre, or \$9.58 per parcel of less than one acre, is a condition to annexation of this property into Eastern and Metropolitan.

The following table lists the parcel included in 72nd Fringe Area Annexation and the proposed water standby charge for fiscal year 2002/03.

Table A
Water standby charges for 72nd Fringe Area Annexation

<u>Parcel Number</u>	<u>Acres</u>	<u>Standby Charge (Fiscal Year 2002-03)</u>
910-020-020	25.42	\$ 176.42
Total	25.42	\$ 446.91

The estimated potential benefits of Metropolitan's water supply program that could be paid by a standby charge are approximately \$345 million for fiscal year 2002/03, as shown in Table 1 of the Engineer's Report. An average total standby charge of \$81.77 per acre of land or per parcel of less than one acre would be necessary to pay for the total potential program benefits within Metropolitan's service area. The Engineer's Report has estimated total benefits of this magnitude accrue to each acre of property and parcel within Metropolitan, as these properties are eligible to use water from the Metropolitan system. Because only properties located within Metropolitan's boundaries may receive water supplies from Metropolitan (except for certain contractual deliveries as permitted under Section 131 of the Metropolitan Water District Act), any benefit received by the public at large or by properties outside of the proposed area to be annexed is merely incidental.

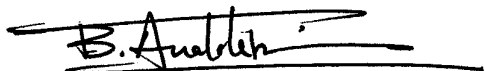
Table 5 of the Engineer's Report shows that the distribution of standby charge revenues from the various member agencies would provide revenue of approximately \$42 million for fiscal year 2002/03. This total amount is less than projected collections from the RTS charge. Metropolitan will use other revenue sources, such as water sales revenues, RTS revenues (except to the extent collected through standby charges, as described above), interest income, and revenue from sales of hydroelectric power, to pay for the remaining program benefits. Thus, the benefits of Metropolitan's investments in water conveyance, storage, distribution and supply programs far exceed the recommended standby charge, thus ensuring that no parcel within 72nd

Fringe Area Annexation is assessed water standby charges in excess of the reasonable cost of the proportional special benefit conferred on that parcel.

SUMMARY

The foregoing and the attached tables in the Engineer's Report describe the current benefits provided by the projects listed as mainstays to the water supply system for Metropolitan's service area. Calleguas has requested that a water standby charge be imposed on lands within 72nd Fringe Area Annexation as a credit against Calleguas's RTS obligation for fiscal year 2002/03, in the amount of \$9.58 per acre or parcel of less than one acre, to be levied by Metropolitan within Calleguas. The special benefits described in this Engineer's Report exceed the recommended charge. The water standby charges for parcels (identified in Table A above) within 72nd Fringe Area Annexation total \$176.42.

Prepared Under the Supervision of:



B. Anatole Falagan RCE 45669
Assistant Group Manager
Water Resources Management

Prepared Under the Supervision of:



Brian G. Thomas
Chief Financial Officer