

- **Board of Directors**

October 14, 2003 Board Meeting

8-10

Subject

Grant conditional approval for the 44th Fringe Area Annexation to Western Municipal Water District and Metropolitan; and adopt resolution of intention to impose water standby charge

Description

The Western Municipal Water District (Western) has requested conditional approval for the 44th Fringe Area Annexation, concurrently to Western and The Metropolitan Water District of Southern California (Metropolitan). The total area for annexation is 15 acres of which 1.23 acres are for road right-of-way. The property is located in Riverside County, within the city of Murrieta, north of Nutmeg Street and west of Jackson Avenue and is currently vacant. This property is proposed for commercial use and is presently zoned for commercial by the city of Murrieta. Prior to completion of the annexation, Western will pay a fee of \$52,644.20 if the annexation is completed prior to December 31, 2003, or if completed later, at the then current annexation charge rate. The property's projected annual water demand on Metropolitan is approximately 25.2 acre-feet per year. Western also requests that Metropolitan impose water standby charges within the proposed annexing territories. 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 actions are not defined as a project under CEQA because they involve the creation of government funding mechanisms or other government fiscal activities that do not involve any commitment to any specific project that 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 actions in question may have a significant effect on the environment, the proposed actions are 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 further action.

The CEQA determination is: Determine that the proposed actions are 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 44th Fringe Area Annexation, concurrently to Western and Metropolitan, conditioned upon receipt in full of annexation fee of \$52,644.20 to Metropolitan if completed by December 31, 2003, or if completed later, at the then current annexation charge rate, and in compliance with those terms and conditions fixed upon final request for approval pursuant to Administrative Code § 3100 et seq. (**Attachment 1**);
- b. Approve Western’s proposed Plan for Implementing Water Use Efficiency Guidelines (**Attachment 2**); and
- c. Adopt 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 \$52,644.20 for the 44th Fringe Area and water sales revenue from newly annexed territory

Option #2


Decline 44th Fringe Area Annexation

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

Staff Recommendation

Option #1

	9/5/2003
Roy L. Wolfe Manager, Corporate Resources	Date

	9/15/2003
Brian G. Thomas for Ronald R. Gastelum Chief Executive Officer	Date

Attachment 1 – Detailed Report

Attachment 2 – Plan For Implementing Water Use Efficiency Guidelines

Attachment 3 – Resolution of Intention to Impose Standby Charges and Supplement I

Detailed Report

44th Fringe Area Annexation

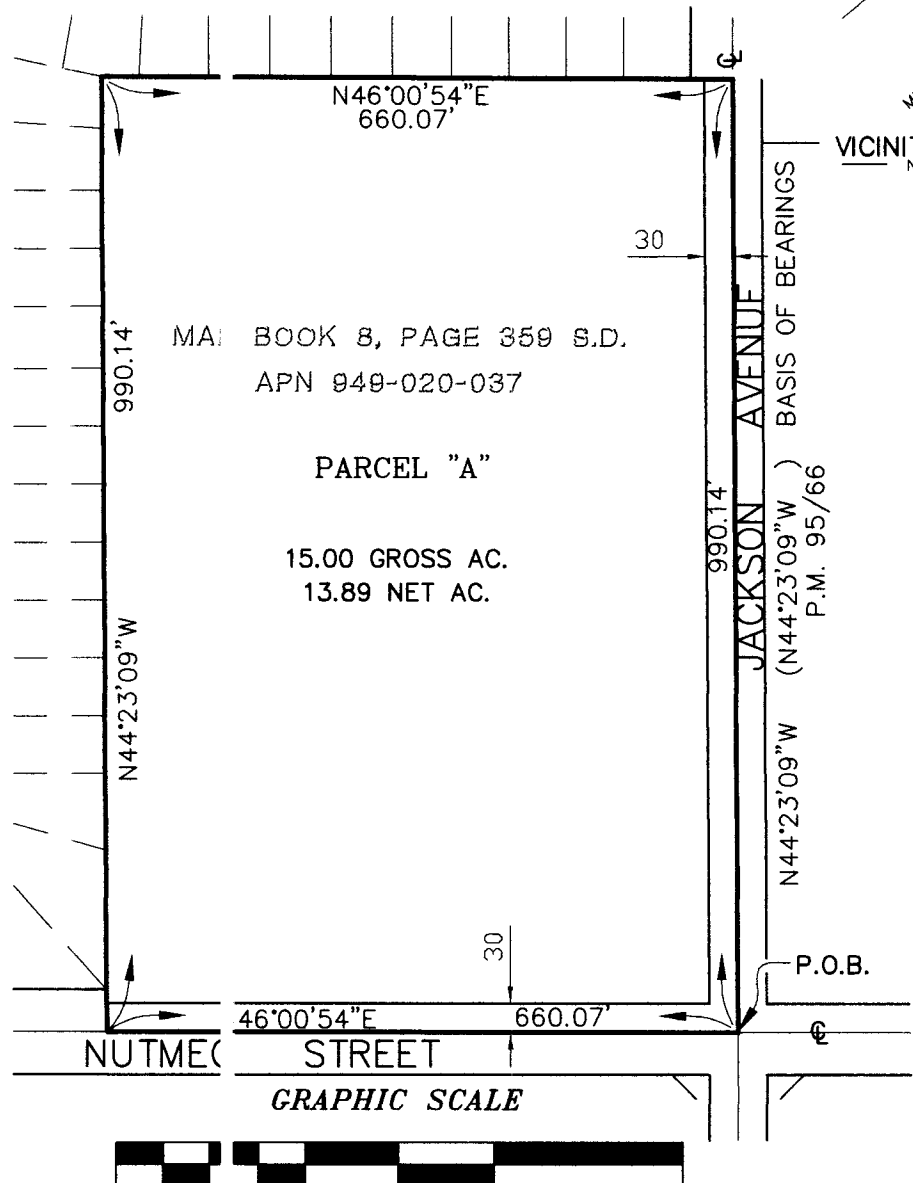
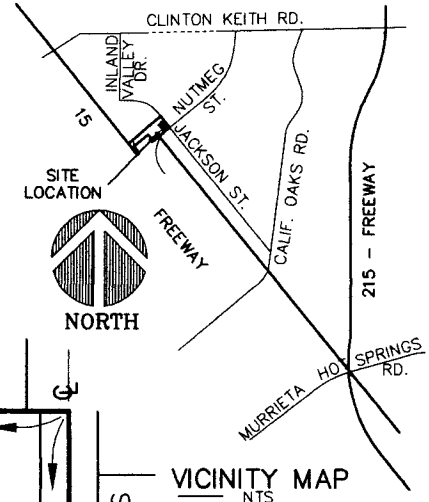
The Western Municipal Water District (Western) has requested conditional approval for the 44th Fringe Area Annexation, concurrently to Western and The Metropolitan Water District of Southern California (Metropolitan). The total area for annexation is 15 acres of which 1.23 acres are for road right-of-way, shown on the attached legal description and map. The property is located in Riverside County, within the city of Murrieta, north of Nutmeg Street and west of Jackson Avenue. The property is currently vacant. The proposed use of this property is commercial and is presently zoned for commercial by the city of Murrieta. Prior to completion of the annexation, Western will pay a fee of \$52,644.20 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 25.2 acre-feet per year through Western.

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

The annexation charge has been calculated pursuant to § 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 \$52,644.20, if completed by December 31, 2003. The \$5,000 processing charge has already 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. Western has requested that Metropolitan impose water standby charges within the annexation territory at the rate of \$9.23 per acre or per parcel of less than one acre which is the current rate that water standby charges are levied in other portions of Western's service area. 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 that the property owners will be asked to mark and return. The ballots are weighted according to the proportionate obligation of each property. These ballots will be tabulated at a public hearing on the assessments scheduled to commence on December 9, 2003, or such other date as the Board shall determine. Imposition of the water standby charges in the annexed area will be imposed concurrently with final board approval of the annexation unless a majority of those ballots received from property owners protest the charges.

EVM WD
 EXHIBIT "A"
 LAFCO NO. 2001-
 COUNTY OF RIVERSIDE
 STATE OF CALIFORNIA



SCALE: 1" = 200'

OWNER

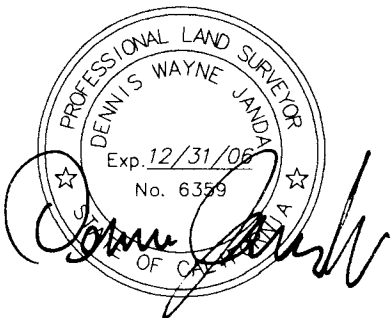
PALMILLA, LLC
 C/O BILL DENDY
 41975 WINCHESTER ROAD
 TEMECULA, CA 92590
 (909) 296-3103
 FAX (909) 296-3102

MAP BOOK 8, PAGE 359 S.D.
 APN 949-020-037

PARCEL "A"

15.00 GROSS AC.
 13.89 NET AC.

REVIEWED BY
 THE METROPOLITAN WATER
 DISTRICT OF SOUTHERN CALIFORNIA
 RIGHT OF WAY ENGINEERING TEAM
 DATE: 7-07-2003



HLC civil engineering

43533 RIDGE PARK DR., SUITE D (909) 506-4869 (909)506-4979 FAX
 Temecula, California 92590

EVMWD
 ANNEXATION EXHIBIT
 APN 949-020-037
 PALMILLA, LLC

EXHIBIT "A"

ANNEXATION INTO THE ELSINORE VALLEY MUNICIPAL WATER DISTRICT

LAFCO NO. 2001-_____

BEING THE NORTHEASTERLY 660 FEET OF THE SOUTHEASTERLY 990 FEET OF THAT PORTION OF THE MURRIETA PORTION OF THE TEMECULA RANCHO, AS DESCRIBED BY INSTRUMENT #230595, RECORDED JULY 18, 1995, IN OFFICIAL RECORDS OF RIVERSIDE COUNTY AS SHOWN BY MAP OF TEMECULA LAND AND WATER COMPANY, ON FILE IN BOOK 8 PAGE 359 OF MAPS, RECORDS OF SAN DIEGO COUNTY, CALIFORNIA.

PARCEL "A"

BEGINNING AT THE CENTERLINE INTERSECTION OF JACKSON AVENUE AND NUTMEG STREET, AS CALLED OUT ON PARCEL MAP BOOK 95, PAGE 66 RECORDED

THENCE ALONG SAID CENTERLINE NUTMEG STREET SOUTH $46^{\circ}00'54''$ WEST, A DISTANCE OF 660.07 FEET;

THENCE NORTH $44^{\circ}23'09''$ WEST, A DISTANCE OF 990.14 FEET;

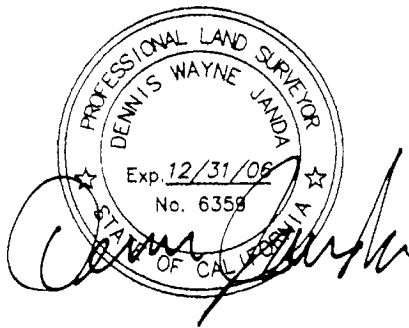
THENCE NORTH $46^{\circ}00'54''$ EAST, A DISTANCE OF 660.07 FEET TO A POINT ON SAID CENTERLINE OF JACKSON AVENUE;

THENCE ALONG SAID CENTERLINE OF JACKSON AVENUE SOUTH $44^{\circ}23'09''$ EAST, A DISTANCE OF 990.14 FEET TO THE POINT OF BEGINNING.

SAID PARCEL IS DESCRIBED AS HAVING 15.00 AC MORE OF LESS

DATE: 30 JUNE 03

REVIEWED BY
THE METROPOLITAN WATER
DISTRICT OF SOUTHERN CALIFORNIA
RIGHT OF WAY ENGINEERING TEAM
DATE: 7-07-2003



DATE: SEPTEMBER 2002
PLAN FOR IMPLEMENTING WATER USE EFFICIENCY
GUIDELINES FOR WESTERN MUNICIPAL WATER DISTRICT'S
44th FRINGE ANNEXATION TO THE
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

General Description of Annexing Area:

This proposed reorganization includes the concurrent annexation of approximately 15 acres of land to Elsinore Valley Municipal Water District (EVMWD), Western Municipal Water District (WMWD) and the Metropolitan Water District of Southern California (MWD).

The property is located in the county of Riverside, city of Murrieta, north of Nutmeg Street and west of Jackson Avenue.

The present use of the land is vacant and uninhabited.

The proposed use of the property is commercial and is presently zoned for commercial by the city of Murrieta.

Annual Water Use:

The projected total water demand in the annexation area will be about 50.4 acre feet per year, with a projected average daily demand of 45,000 gallons per day. The annexation area will receive water from Elsinore Valley Municipal Water District, a sub-agency of MWD through the WMWD. Only half of EVMWD's supplies are imported MWD water, the remaining being supplied from local water sources.

Peak Water Use:

The projected maximum day demand in the annexation area is estimated to be about 78,750 gallons, based on a peaking factor of 1.75 times average daily flow. The peak demand on MWD will be minimized by the construction and operation of local storage and groundwater facilities, or local storage tanks and incorporating various conservation measures.

EVMWD has a current system storage capacity of 57 million gallons, 8 active wells and an additional well under construction. EVMWD's water supply master plan includes plans for developing additional local water wells to minimize peak demands on MWD. The Railroad Canyon Reservoir (Canyon Lake) impounds local runoff from the 750 square mile San Jacinto River Watershed. Canyon Lake holds-nearly-12,000 acre-feet of water.

Reclaimed Supplies:

WMWD promotes the use of reclaimed water by means of an active program involving its member agencies. In the event of the inclusion of industrial processes, decorative lakes or landscaped areas exceeding one acre within the annexation area, reclaimed water or non-potable water supplies shall be developed and used for such water requirements.

Reclaimed water sources are currently available on a limited basis from EVMWD for grading and construction purposes. Developers are encouraged to assess interim water sources such as private wells, treated wastewater discharges, etc.

EVMWD's water supply master plan includes the promotion of the use of reclaimed water and maximizing local water resources. When adequate supplies are available, a dual distribution system shall be constructed to deliver reclaimed supplies to landscaped areas.

Interruption of Service:

Adequate local storage, groundwater production capacity, one system interconnection with Lee Lake Water District, 12,000 acre feet of surface water storage in Canyon Lake in addition to a 9 MGD surface water filtration plant will enable EVMWD to sustain a seven-day interruption in service from MWD. In addition, groundwater production of non-potable water currently being used for construction water and irrigation purposes can be treated for potable use in an emergency.

Water Conservation:

Western's water conservation program draws on support from several areas. A garden specialist, an education specialist, a water conservation specialist, and other staff establish high visibility in the community to provide information and assistance on water resource conservation.

Western operates "Landscapes Southern California StyleSM", a unique conservation education garden at its headquarters office located at 450 Alessandro Boulevard in Riverside. The purpose of the garden is to assist in conserving California's water resources by increasing the public's acceptance, use of, and desire for water-efficient landscaping. More than 13,000 people each year take a self-guided tour of the site viewing more than 200 species of plants, landscape designs, and irrigation systems that contribute to water efficiency: garden staff is on-hand to help them solve their landscape problems with water-wise alternatives. The garden specialist coordinates landscape seminars for the public, calling upon local landscape professionals to guide participants through the step-by-step process of design, installation, and maintenance. Other activities include an annual water-wise plant sale, guided tours and colorful off-site slide presentations. The Garden Guide, which includes a plant list and colorful photographs, is available at no charge in the District's lobby and in the garden. Conservation and water issue messages are relayed periodically to customers via press releases, speeches, bill stuffers, and other customer messages.

Western's education chairs MWD's Water Education Advisory Council of western Riverside County, a committee of representatives from eight local water purveyors that develop programs and provide innovative services for educators in grades K – 12 in Western's general service area, covering 503 square miles. More than 211 public and private schools benefit from these regional programs. To date, approximately 263,000 students and educators have been reached through programs such as:

A mini-grant program

Educators can apply for grants worth up to \$500 to be used towards creative water-related projects.

The regional book distribution program

More than 165 sets of water-related books have been donated to elementary schools throughout western Riverside County.

A 30-minute water conservation theatre program

First through third grade students within the District are given the opportunity to learn about water through this entertaining performance.

The "I'm a Water Wise Kid" poster contest

Fifth graders within MWD's district who best illustrate their knowledge about water are recognized at their schools and are awarded prizes for their efforts.

Science Fair awards

Students who submit top water-related science fair projects earn a United States Savings Bond.

The H₂O Explorer Badge

Scouts and home-schoolers are given the opportunity to earn the embroidered H₂O Explorer Badge by completing five activities of their own choosing.

Western 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, Western will make good faith efforts to implement a series of water conservation measures referred to as Best Management Practices, or BMPs (see enclosed Attachment "A"). To the extent it is practicable to do so, within the limits of its authority and jurisdiction, Western intends to apply the 14 BMPs as identified by Metropolitan Water District throughout its service area in accord with and as a part of its continuing water conservation efforts. Western's water conservation specialist coordinates programs that enable wholesale and retail customers to conserve water. Programs include residential toilet retrofits and commercial, industrial, and institutional fixture retrofits. Western also provides financial support for the Riverside-Corona Resource Conservation District to implement landscape water use audits for commercial, agriculture, and large residential properties within the District.

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 Administration Code §3107 and shall report to MWD regarding such compliance.

WESTERN MUNICIPAL WATER DISTRICT:

To the extent practicable, WMWD will assure compliance with the provisions of MWD's water use Efficiency Guidelines as indicated in MWD's Administration Code § 3107 and shall report to MWD regarding such compliance.

By: _____ Date: _____
DONALD L. HARRIGER
General Manager

ELSINORE VALLEY MUNICIPAL WATER DISTRICT

By: _____ Date: _____
Ronald Young
General Manager

PALMILLA, LLC

By: _____ 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 with 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 § 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 the Western Municipal Water District (“Western”) 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 August 2003 (the “Engineer’s Report”) has applied for annexation into Western 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, Western 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 December 9, 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 2004/05 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 \$9.23, which is equal to the amount of Metropolitan’s

existing standby charge on other properties located within the territory of Western. 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 44th 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 Western'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 December 9, 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 44th Fringe Area Annexation to Metropolitan and Western. If water standby charges are approved and such annexation is not completed in time to permit imposition of standby charges for fiscal year 2004/05, 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 Western 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 October 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,

WESTERN MUNICIPAL WATER DISTRICT

44th FRINGE AREA ANNEXATION

August 2003

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 2004/05, dated December 2002, adopted by Metropolitan's Board on March 11, 2003 (Engineer's Report). A copy of the Engineer's Report is on file with the Executive 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 augments that Report to include the proposed annexing area and 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 properties.

DESCRIPTION OF ANNEXING AREA

The Western Municipal Water District (Western) has requested that Metropolitan collect all or a portion of its RTS obligation through a Metropolitan water standby charge imposed on parcels within Western's service area boundary. The owners of property constituting proposed 44th Fringe Area Annexation have applied for annexation into Western. 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. Western has requested that Metropolitan impose water standby charges on these properties at the rate specified in the Engineer's Report, following annexation of these properties into Metropolitan.

COST BENEFIT OF THE ANNEXING AREA

The properties identified in this report have applied for annexation into Metropolitan. Consent by the property owners to Metropolitan's levying of an annual water standby charge in the amount of \$9.23 per acre, or \$9.23 per parcel of less than one acre, is a condition to annexation of these properties into Western and Metropolitan.

The following table lists the parcels included in the 44th Fringe Area Annexation and the proposed water standby charge for fiscal year 2004/05.

Table A
Water standby charges for 44th Fringe Area Annexation

<u>Parcel Number</u>	<u>Acres</u>	<u>Standby Charge (fiscal year 2004/05)</u>
949-020-037	14.36	\$ 132.54
Total	14.36	\$ 132.54

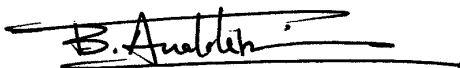
The estimated potential benefits of Metropolitan's water supply program that could be paid by a standby charge are approximately \$242 million for fiscal year 2004/05, as shown in Table 1 of the Engineer's Report. An average total standby charge of \$57.44 per acre of land or per parcel of less than 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 § 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 2004/05. 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 the 44th 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. Western has requested that a water standby charge be imposed on lands within the 44th Fringe Area Annexation as a credit against Western's RTS obligation for fiscal year 2004/05, in the amount of \$9.23 per acre or parcel of less than one acre, to be levied by Metropolitan within Western. 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 44th Fringe Area Annexation total \$132.54 annual.

Prepared Under the Supervision Of:



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



Prepared Under the Supervision Of:



Brian G. Thomas
Chief Financial Officer