

Attachment 1

AGREEMENT

This Imported Water Supply and System Capacity Agreement ("Agreement") is made and entered into this _____ day of April, 2022 (the "Effective Date"), by and between RANCHO CALIFORNIA WATER DISTRICT ("RANCHO") and WESTERN MUNICIPAL WATER DISTRICT ("WESTERN"). RANCHO and WESTERN may each be referred to individually as a "Party" or collectively as the "Parties."

RECITALS

- A.** WHEREAS, RANCHO is a California Water District which provides water and wastewater services to retail customers within its service area and receives wholesale water from WESTERN.
- B.** WHEREAS, WESTERN is a Municipal Water District which provides water and wastewater services to retail customers within its service area and to wholesale agencies in portions of Riverside County, including RANCHO.
- C.** WHEREAS, WESTERN is a member agency of Metropolitan Water District of Southern California ("MWD").
- D.** WHEREAS, in 2006, WESTERN took over ownership of the Murrieta Retail Service Area within the City of Murrieta from the Murrieta County Water District and incorporated it into WESTERN.
- E.** The Murrieta Retail Service Area served by WESTERN is 6.5 square miles in size and lies within the City of Murrieta. The area is contained by Interstate 15 to the northeast and the Santa Rosa Plateau to the southwest. It is on the south end of the WMWD service area boundary, bordered by EMWD to the northeast, Elsinore Valley Municipal Water District (EVMWD) to the northwest, and RCWD to the southwest and south. The area is not adjacent to any of its other retail service areas. As such, the Murrieta Study Area operates as a stand-alone retail water system, surrounded by the retail service areas of adjacent water districts.
- F.** The water system in the Murrieta Retail Service Area consists of approximately 3,000 potable water connections served by over 50 miles of potable water pipelines, three potable water tanks, one booster station, one pressures reducing valve (PRV) station and storage facilities.
- G.** WHEREAS, the City of Murrieta has defined a specific area within the Murrieta Retail Service Area as an Innovation Zone and desires to see the area develop and bring jobs to the region. This area is generally west of the 215/15 Freeway, east of Jefferson Avenue, north of Elm Street, and south of Guava Street (see attached Exhibit A).

- H. WHEREAS, no municipal facilities exist within the undeveloped areas of the Innovation Zone and WESTERN desires to provide potable water service in the most expeditious and cost-effective manner.
- I. WHEREAS, RANCHO currently has transmission facilities which have existing excess capacity that are adjacent to the Innovation Zone, and which could be used to wheel imported from the Metropolitan Water District of Southern California (MWD) water to a point or points of delivery at the edge of WESTERN's Service Area Boundary to allow WESTERN to provide potable water service to the Innovation Zone without building alternative transmission facilities within its service area.
- J. WHEREAS, WESTERN and RANCHO desire to enter into an agreement for RANCHO to wheel imported water through its transmission facilities to WESTERN to facilitate potable water service to the City of Murrieta's Innovation Zone, which is within WESTERN's service area.

NOW, THEREFORE, in consideration of the mutual covenants, conditions, and promises herein contained, it is hereby agreed by and between WESTERN and RANCHO as follows:

AGREEMENT

1. Recitals. The foregoing Recitals are true and correct and are expressly made part of this Agreement by this reference.
2. Services to be Provided
 - 2.1. **PURPOSE**. The sole purpose of this Agreement is to facilitate delivery of water from WESTERN through existing transmission facilities owned by RANCHO to WESTERN to provide potable water service to Innovation Zone. WESTERN is responsible to provide retail water service. Nothing in this Agreement shall be deemed to be the provision of water service by RANCHO to the Innovation Zone or any water customer therein.
 - 2.2. **DESCRIPTION OF LIMITED SERVICE AREA**. The specific demarcation of the limited service area where the wheeled water could be used is generally between the 15/215 Freeway on the east, Jefferson Avenue on the west, Guava Avenue to the north, and Elm Street to the south (Innovation Zone). A map depicting the area is included as Exhibit A showing the specific parcels that could be served if development occurs.
 - 2.3. **EXISTING UNUSED CAPACITY**. RANCHO has determined that it has existing, unused and available capacity in its potable water transmission system which is sufficient to deliver an average day demand of 250,000

gallons per day (gpd) or 280 acre-feet per year (AFY) to the area within the Innovation Zone. RANCHO's existing transmission system is in the vicinity of Jefferson Avenue and has interconnections with WESTERN's system. Using RANCHO's peaking factors of 2.2 the anticipated maximum day flow for summer peak flows is about 550,000 gpd. Using RANCHO's peaking factor of 1.5 for peak hour flow, or about 1.3 cubic feet per second.

2.4. FLOW AVAILABILITY. RANCHO represents it has sufficient capacity within its facilities to deliver Maximum Day Flows plus an additional 4,000 gpm for three (3) hours at a minimum residual pressure of 20 psi to this area, at the point of connections.

2.5. DELIVERY POINT FOR WEST WATER. WESTERN will cause its water ("WESTERN Water") to be delivered to the Import Location where RANCHO will meter the water and delivery an equivalent volume of water less a transmission loss equivalent to three (3) percent to the Interconnection Points where it will be metered and delivered to WESTERN. RANCHO will use best efforts consistent with its historic Delivery Procedures to deliver and avoid loss through spill of the full amount of the WESTERN Water delivered to the Import Location. The WESTERN Water is intended to be used within the Murrieta Retail Service Area only and WESTERN may not export, sell, lease, or transfer any portion of the Western Water for use outside of the Murrieta Retail Service Area without RANCHO's prior written consent.

2.6. INTERCONNECTIONS. The specific location of interconnections, as shown on Exhibit B, will be: (1) near the intersection of Jefferson Avenue and Elm Street (Location 1); and (2) near the intersection of Jefferson Avenue and a continuation of Jordan Lane (Location 2) (the "Interconnections").

2.6.1. The design of the Interconnections and master meters shall be based on RANCHO's design standards.

2.6.2. RANCHO shall approve the design of the Interconnections and master meter plans prior to construction.

2.6.3. WESTERN shall be solely responsible for the design, permitting, environmental compliance, and construction of and all costs associated with the Interconnections, master meter and water infrastructure within the Innovation Zone.

2.6.4. WESTERN shall dedicate to RANCHO and RANCHO shall own, operate, maintain, and read the Interconnections and master meters

after acceptance of the offer of dedication.

2.7. WATER DELIVERY. Water services delivered within the Innovation Zone will be provided by WESTERN. WESTERN will read the individual customer meters within the Innovation Zone and will bill the customers for services rendered.

2.7.1. The Interconnections will not supply water to any other area of WESTERN's Murrieta Service Area unless agreed to in advance by both parties. The Innovation Zone, if served from RANCHO's transmission facilities, will be isolated from the rest of WESTERN's Murrieta Service Area.

2.7.2. RANCHO's obligation to deliver water to WESTERN will not go into effect until the City of Murrieta has authorized specific development within the Innovation Zone that will require deliveries of Western Water through RANCHO's transmission facilities.

2.7.3. This agreement to support the Innovation Zone does not preclude WESTERN and RANCHO from pursuing additional opportunities to interconnect or partner on other projects to deliver water in support of the region where it is determined to be advantageous for both parties. WESTERN envisions a more regionally located interconnection in the future to provide imported water supplies to the growing Murrieta Service Area. Provisions for this action will be considered in a separate agreement between RANCHO and WESTERN.

SOURCE OF SUPPLY. WESTERN will be responsible for securing the imported water supply from the Metropolitan Water District of Southern California for conveyance through RANCHO's System for delivery to the Innovation Zone and the water delivered shall be counted against WESTERN's allocations from MWD, the State Water Resources Control Board (SWRCB), or otherwise, and shall not impact RANCHO'S allocation from MWD, SWRCB, or otherwise. RANCHO will wheel WESTERN's water from the Metropolitan Water District of Southern California through RANCHO'S transmission and distribution system on behalf of WESTERN. Nothing in this agreement constitutes a transfer of water rights, entitlements, etc.

3. Charges.

3.1. WESTERN agrees to pay the following rates, fees and charges (as described and shown in more detail in Exhibit C) to RANCHO in consideration for

wheeling the imported water:

- 3.1.1. **IMPORTED WATER.** WESTERN will be responsible for all applicable wholesale costs of full service treated water based on the monthly cumulative meter readings taken at the points of delivery. The wholesale water charge will include water purchases from the Metropolitan Water District of Southern California, any applicable wholesale administrative charges, as well as any other future charges that may be applied to the cost of imported water.
- 3.1.2. **CAPACITY CHARGE.** Upon completion of one or both Interconnections to RANCHO's facilities, whether or not water is flowing, WESTERN shall pay RANCHO's then-current Santa Rosa Division water capacity charge for one cubic foot per second of capacity. If at any time in the future, it is determined that more than one cubic foot per second is routinely flowing through the interconnections, WESTERN shall pay the then-current water capacity charge for the remaining portion of capacity up to the maximum flow described in Section 2.3. The water capacity charge computation is provided in attached Exhibit C. The water capacity charge is subject to change without notice as adopted by the RANCHO Board of Directors.
- 3.1.3. **WHEELING RATE.** RANCHO shall bill, and WESTERN shall pay, monthly or other agreed upon time duration, a wheeling fee to RANCHO. WESTERN shall pay a proportionate share of RANCHO's Santa Rosa Division's applicable Transmission and Distribution (T&D) costs. WESTERN's share will be based on the actual metered water delivered to WESTERN (plus a fixed three percent for system water loss) compared to the actual water deliveries within RANCHO's Santa Rosa Division. As referenced in Exhibit C, Santa Rosa T&D costs shall be calculated using certain defined costs within RANCHO's expense categories.
- 3.1.4. **REPLACEMENT COST.** WESTERN shall pay RANCHO the proportionate share of replacement cost of facilities utilized in RANCHO's Santa Rosa Division. The share will be calculated as a rate per Hundred Cubic Feet of water. The rate is based on annual depreciation for the replacement value of the Santa Rosa Division T&D System Capital Assets and the total annual buildout demand in acre-feet per year through the Santa Rosa T&D system, inclusive of WESTERN's imported water demand.

3.1.5. **FUTURE ADJUSTMENTS.** The parties agree that, every twenty (20) years, at RANCHO's discretion, this Section may be reopened for negotiations if RANCHO determines that it is not receiving "fair compensation" as defined by Section 1811 of the Water Code. Fair compensation shall include but not be limited to the reasonable charges incurred by RANCHO, including capital, operation, maintenance, and replacement costs, increased costs from any necessitated purchase of supplemental power, and including reasonable credit for any offsetting benefits for the use of the conveyance system. "Replacement costs" mean the reasonable portion of costs associated with material acquisition for the correction of irreparable wear or other deterioration of conveyance facility parts that have an anticipated life that is less than the conveyance facility repayment period and which costs are attributable to the proposed use.

3.1.6. **OTHER.**

3.1.6.1. WESTERN shall be responsible for all non-RANCHO capacity charges, annexation fees, and other fees associated with delivery of water service within the Innovation Zone.

3.1.6.2. If testing of RANCHO wells is required because of the "consecutive systems" regulations in Title 22 of the California Regulations Related to Drinking Water and is due only to positive tests in the Innovation Zone, the costs of the testing will be covered by WESTERN.

4. **Modification and Termination.** This Agreement may be modified in whole or in part or terminated only by a written instrument duly executed and acknowledged by each of the Parties or their respective successors or assigns.

5. **Indemnification**

5.1. RANCHO and WESTERN shall not be liable or accountable at any time or in any manner for any loss, damage, or injury whatsoever to the person or the property of any person or entity whatsoever, including but not limited to any employee, agent or contractor of WESTERN or RANCHO, from any cause whatsoever arising out of or in connection with this Agreement or the wheeled water, the quality of the wheeled water, the lack of availability of wheeled water, or directly or indirectly from any condition of the wheeled water.

5.2. **INDEMNITY BY RANCHO.** RANCHO hereby indemnifies and agrees to defend and hold harmless WESTERN and its affiliates, officers, employees and directors, from and against any and all demands, claims, actions, proceedings, damages, liabilities, losses, fees, costs or expenses (including without limitation reasonable attorneys' fees and the costs of any investigation)

directly or indirectly arising from any challenges to RANCHO's delivery of wheeled water.

5.3. **INDEMNITY BY WESTERN.** WESTERN hereby indemnifies and agrees to defend and hold harmless RANCHO and its affiliates, officers, employees and directors, from and against any and all demands, claims, actions, proceedings, damages, liabilities, losses, fees, costs or expenses (including without limitation reasonable attorneys' fees and the costs of any investigation) directly or indirectly arising from the delivery of wheeled water to WESTERN or WESTERN's customers pursuant to this Agreement.

6. Term and Termination

6.1. If the construction of connections to RANCHO's system for service to the Innovation Zone have not commenced, this Agreement may be terminated by either party as to its rights and obligations under this Agreement upon 90-day prior written notice to the other party.

6.2. If all or portions of the Innovation Zone are receiving water through connections to RANCHO's system, this Agreement may be terminated by either party as to its rights and obligations under this Agreement upon two (2) years prior written notice to the other party.

6.2.1. If this Agreement is terminated by RANCHO, and WESTERN has paid all or a portion of the capacity charge described in Section 3.1.2, RANCHO shall refund the capacity charge paid without interest and reduced by 5 percent per year beginning at the date the contract is executed.

6.2.2. If this Agreement is terminated by WESTERN, and WESTERN has paid all or a portion of the capacity charge described in Section 3.1.2, RANCHO will not be required to refund the capacity charge paid.

7. Miscellaneous Provisions

7.1. Entire Agreement. This Agreement contains the entire understanding between the Parties relating to the obligations of WESTERN and RANCHO described in this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Agreement and shall be of no further force or effect.

7.2. Binding Effect. The provisions of this Agreement shall bind and inure to the benefit of each of the Parties and all successors or assigns of the Parties.

7.3. Waiver. Failure of any Party to insist upon strict performance of any of the terms, conditions or covenants in this Agreement will not be deemed a waiver

of any right or remedy that Party may have and will not be deemed a waiver of any right or remedy for a subsequent breach or default of the terms, conditions or covenants contained in this Agreement, nor will it constitute a precedent for interpretation of this Agreement.

- 7.4. Severability. If any term, provision, covenant or condition of this Agreement is held to be invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the remainder to this Agreement shall not be affected thereby, and each term, provision, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- 7.5. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.
- 7.6. Authority to Execute Agreement. The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that, by so executing this Agreement, the parties hereto are formally bound to the provisions of this Agreement.
8. Any notice, payment or instrument required or permitted to be given or delivered by this Lease may be given or delivered by personal delivery, by email, or by depositing same in any reputable overnight mail carrier, postage prepaid, and addressed as follows:
- To RANCHO: Rancho California Water District
 42135 Winchester Road
 Temecula, CA 92590
- Email: generalmanager@ranchowater.com
- To WESTERN: Western Municipal Water District
 14205 Meridian Parkway
 Riverside, CA 92518
- Email: generalmanager@wmwd.com
- Notice may also be provided to such other person or address as either Party may direct in writing. Except where service is by personal delivery or by registered or certified mail, return receipt requested, service of any instrument or writing shall be deemed completed twenty-four (24) hours after deposit with a reputable overnight mail carrier. The Parties may agree in writing to other acceptable methods of providing notice per this Section, to include delivery of notice by email.
9. Counterparts. This Agreement may be executed and delivered in any number of counterparts, each of which, when executed and delivered shall be deemed an

original and all of which together shall constitute the same agreement. Facsimile or electronic signatures will be permitted.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers on the date first set forth above.

ATTEST:

WESTERN MUNICIPAL WATER DISTRICT

By:

Western Counsel

By:

General Manager

RANCHO CALIFORNIA WATER DISTRICT

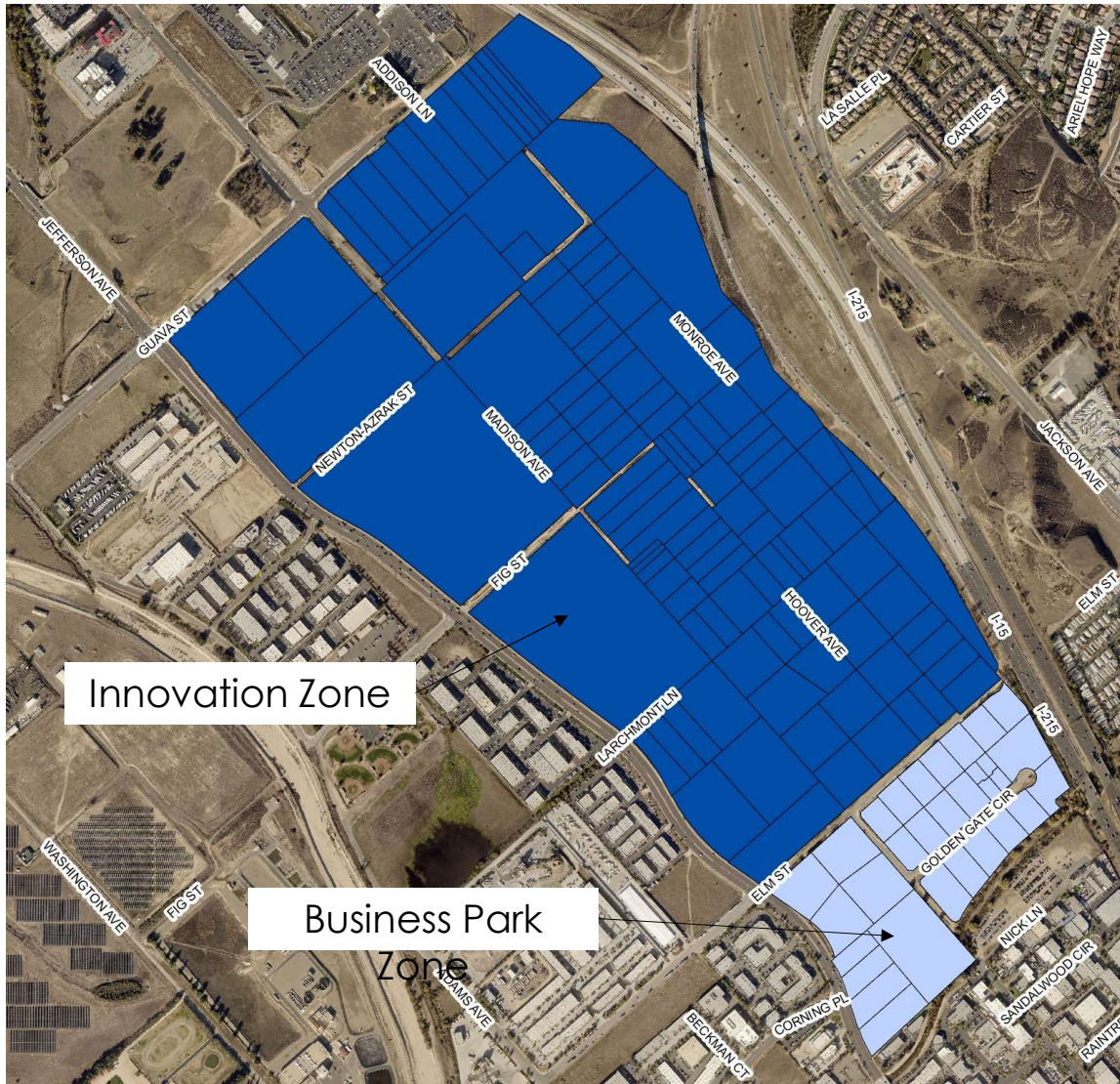
By:

Rancho Counsel

By:

General Manager

Exhibit A - Murrieta Innovation Zone



Jefferson Corridor Land Use Overview

Buildout Assumptions: Murrieta General Plan
Land Use Element Table 3-15

Innovation (0.6-2.5 far): +/- 313.6 Acres
Projected Buildout: 4,373,345 SF

Business Park (0.4 – 0.5 far): +/- 43.33 Acres
Projected Buildout: 604,020 SF

Existing Uses

609,200 SF Commercial/ Industrial/Other
+/- 37 Dwelling Units

Approved Uses:

203,571 SF Hotel (257 Rooms)
3,000 SF Storage Building

In Review

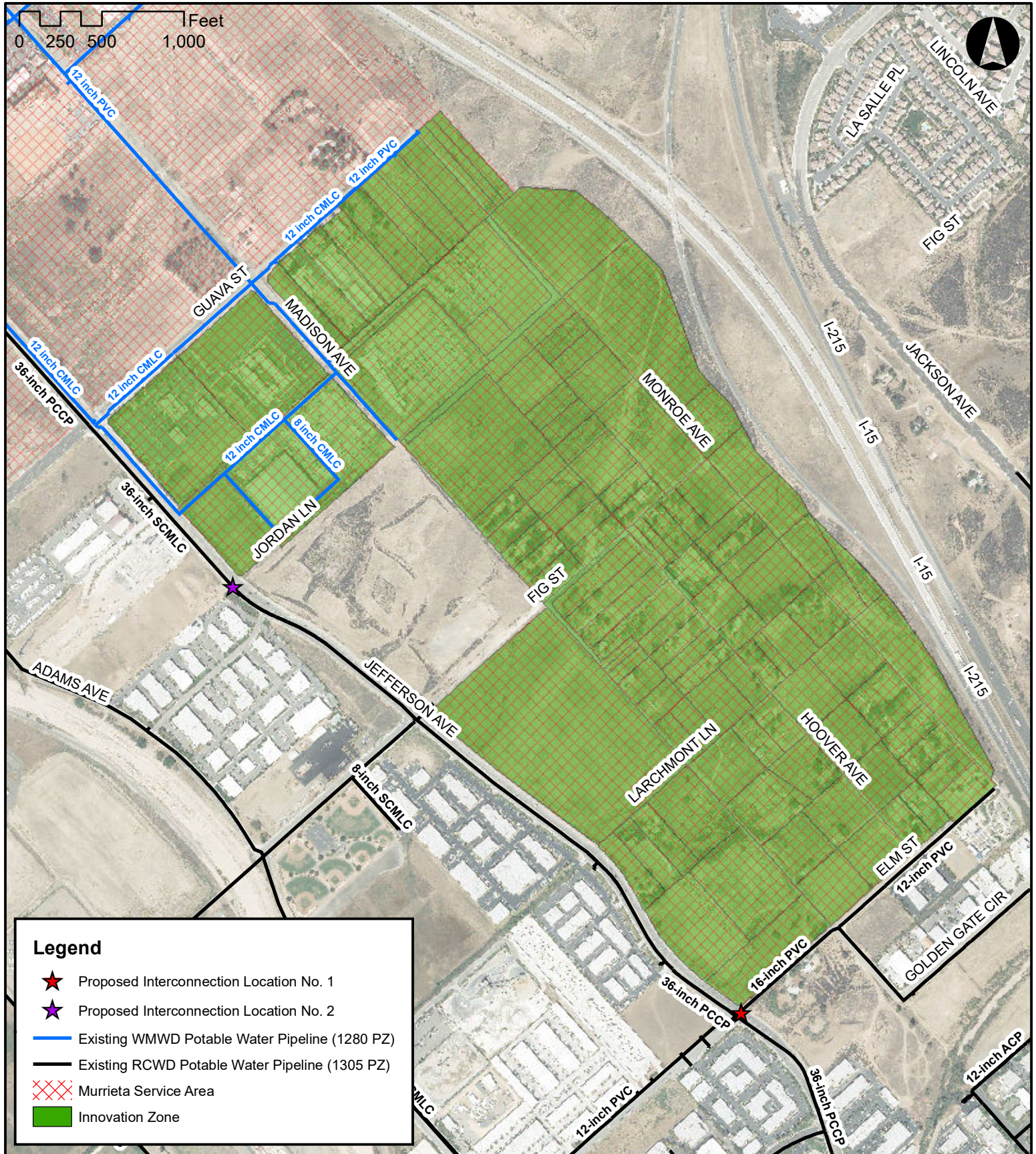
None

Potential Projects

None

Buildout SF Remaining: 4,161,594 SF

Exhibit B - Location of Interconnections



Rancho Water

42135 Winchester Road
Temecula, Ca. 92590
(951) 296-6900



The information shown on this map was compiled from the Riverside County GIS and the Rancho California GIS. The land base and facility information on this map is for display purposes only and should not be relied upon without independent verification as to its accuracy. Riverside County and Rancho California Water District will not be held responsible for any claims, losses or damages resulting from the use of this map.

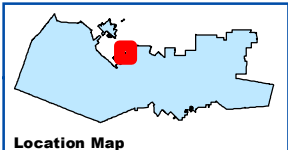


EXHIBIT C – COMPENSATION CALCULATIONS

Ongoing Costs

Based on 280 AFY

Expense Type	\$ per AF	Total \$
Replacement	\$193.65	\$54,222
O&M	\$165.00	\$46,201
Total	\$358.65	\$100,422

1. Costs will be adjusted annually based on then-current operating and system replacement costs.

Capacity Charges

	CFS Purchase/Lease Scenario
A MSA Capacity Purchase (MDD CFS)	0.85
B Total Santa Rosa 1305 zone MDD CFS flows at buildout*	148.65
C Total Flows (MDD CFS) [A+B]	149.50
D MSA CFS Share of Total Flows [A/C]	0.6%
E SR T&D <i>Adjusted Net Asset Value</i>	\$211,063,367
F Cost per 1 CFS MDD	\$1,411,795
G MSA Capacity Purchase Gross Value [D*E]	\$1,200,026

*Flows include contract service areas

2. Capacity Charges will be assessed based on RANCHO's then-current charges at the time of payment.