

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

636
A



FROM: Executive Office

SUBMITTAL DATE:
May 5, 2011

SUBJECT: Resolution No. 2011-132 Determining the Amount of Property Tax Revenue to be Exchanged Between the Elsinore Water District and the Elsinore Valley Municipal Water District – LAFCO 2011-04-1

RECOMMENDED MOTION: That the Board of Supervisors adopt Resolution No. 2011-132, Determining the Amount of Property Tax Revenue to be Exchanged between the Elsinore Water District and the Elsinore Valley Municipal Water District.

BACKGROUND: An application has been filed with the Local Area Formation Commission (LAFCO) by both the Elsinore Water District and the Elsinore Valley Municipal Water District to dissolve Elsinore Water District. Per the Revenue and Taxation Code Section 99(b)5, the Board of Supervisors, on behalf of special districts, negotiates any exchange of property tax when a proposed change affects the service area or responsibility of one or more special districts. The Board is required to consult with the affected districts prior to adopting the final tax exchange resolution.

Continued on page 2

Tina Grande
Tina Grande
Principal Management Analyst

FINANCIAL DATA	Current F.Y. Total Cost:	\$ N/A	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ N/A	For Fiscal Year:	N/A
SOURCE OF FUNDS: N/A				Positions To Be Deleted Per A-30 <input type="checkbox"/>
				Requires 4/5 Vote <input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

County Executive Office Signature *Ch...son*

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Buster, seconded by Supervisor Tavaglione and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: May 17, 2011
xc: [unclear] E.O., LAFCO, Auditor, District

Kecia Harper-Ihem
Clerk of the Board
By: *[Signature]*
Deputy

Prev. Agn. Ref.: | District: 1 | Agenda Number:

3.2

FORM APPROVED COUNTY COUNSEL BY: *[Signature]* PAMELA WALLS

Consent Policy
Consent Policy

Dep't Recomm.:
Per Exec. Ofc.:

Resolution No. 2011-132 Determining the Amount of Property Tax Revenue to be Exchanged Between
the Elsinore Water District and the Elsinore Valley Municipal Water District – LAFCO 2011-04-1
Page 2

Both parties entered into an agreement to dissolve Elsinore Water District on January 26, 2011. The agreement indicates that the parties have agreed to a 100% transfer of property tax to Elsinore Valley Municipal Water District. This is appropriate, as Elsinore Valley Municipal Water District will be the successor agency to the Elsinore Water District Agency.

The attached resolution is compatible with the terms and conditions of the dissolution agreement.

The exchange of property tax revenue will become effective for tax purposes beginning July 1 of the subsequent calendar year following the date of dissolution.

ATTACHMENT A

1 Board of Supervisors

County of Riverside

2 RESOLUTION NO. 2011-132

3 DETERMINING THE AMOUNT OF PROPERTY TAX REVENUE TO
4 BE EXCHANGED BETWEEN THE ELSINORE WATER DISTRICT AND THE
5 ELSINORE VALLEY MUNICIPAL WATER REORGANIZATION TO INCLUDE
6 DISSOLUTION OF THE ELSINORE WATER DISTRICT LAFCO 2011-04-1

7
8 WHEREAS, the WHEREAS, Elsinore Valley Municipal Water District and Elsinore Water District have
9 filed LAFCO No. 2011-04-1 requesting the dissolution of the Elsinore Water District; and

10 WHEREAS, the Elsinore Water District is within the jurisdictional boundaries of the Elsinore
11 Valley Municipal Water District; and

12 WHEREAS, the Elsinore Water District and Elsinore Valley Municipal Water District have
13 entered into an Agreement whereby Elsinore Water District will be dissolved and the Elsinore Valley
14 Municipal Water District will be the successor agency to the Elsinore Water District; and

15 WHEREAS, in accordance with Section 4.H.1 of the Agreement, all ad valorem-based property
16 tax revenue levied and collected from properties located in the Elsinore Water District previously payable
17 to Elsinore Water District shall be transferred to the Elsinore Valley Municipal Water District; and

18 WHEREAS, a true and correct copy of the Agreement is attached hereto as Exhibit "A" and is
19 incorporated herein by reference; and

20 WHEREAS, Revenue and Taxation Code Section 99(b)(5) directs the Board of Supervisors to
21 negotiate any exchange of property tax revenues that affect the service responsibility of one or more
22 special districts, and

23 WHEREAS, the responsibility for providing water and sewer services will rest with the Elsinore
24 Valley Municipal Water District per the new proposed boundaries; now, therefore,

25 BE IT RESOLVED by the Board of Supervisors of the County of Riverside, State of California, in
26 regular session assembled on May 17, 2011, that:

27 1. The Elsinore Water District and the Elsinore Valley Municipal Water District are the
28 agencies whose area of responsibility would be affected by LAFCO 2011-04-1.

1 2. In accordance with Section 4.H.1 of the attached Agreement between Elsinore Valley
2 Municipal Water District and the Elsinore Water District, Elsinore Valley Municipal Water District shall
3 assume the responsibility for all water and sewer services within the territory of the Elsinore Water
4 District and for such service shall receive a 100% percentage of that portion of the property tax revenue
5 generated within the territory to be detached that relates water and sewer services that is currently
6 allocated to Elsinore Water District.

7 4. The County Auditor shall convert the above-established percentage into actual dollar
8 figures and thereafter allocate such property tax revenue pursuant to Section 95 et seq. of the Revenue and
9 Taxation Code.

10 5. The Clerk shall transmit a certified copy of this resolution to each affected agency and to
11 the Executive Officer of the Local Agency Formation Commission and to the Auditor of the County of
12 Riverside pursuant to Section 99 of the Revenue and Taxation Code.

13 ROLL CALL:

14 Ayes: Buster, Tavaglione, Stone, Benoit, and Ashley
15 Nays: None
16 Absent: None

17 The foregoing is certified to be a true copy of a resolution duly
18 adopted by said Board of Supervisors on the date therein set forth.

19 KECIA HARPER-IHEM, Clerk of said Board

20 By: _____
21 Deputy

22 FORM APPROVED COUNTY COUNSEL
23 BY: *Pamela J. Walls* 5/5/11
24 PAMELA J. WALLS DATE

25 PJW:ay
26 05/03/11
27 G:\Property\07-RESOLUTION\Reso 2011-XX_Elsinore Water Dist Dissolution.doc

EXHIBIT A

**AGREEMENT SETTING FORTH TERMS AND CONDITIONS IN
CONNECTION WITH PROPOSED DISSOLUTION BETWEEN
ELSINORE VALLEY MUNICIPAL WATER DISTRICT
AND ELSINORE WATER DISTRICT**

THIS AGREEMENT is by and between the ELSINORE VALLEY MUNICIPAL WATER DISTRICT, a California Municipal Water District ("EVMWD") and ELSINORE WATER DISTRICT, a California Water District ("EWD") collectively referred to herein as the "Parties."

RECITALS

WHEREAS, EVMWD is a Municipal Water District, existing and operating pursuant to the provisions of the Municipal Water District Law of 1911, Water Code section 71000 et seq.; and

WHEREAS, EWD is a California Water District, existing and operating pursuant to the provisions of the California Water District Law, Water Code section 34000 et seq.; and

WHEREAS, the jurisdictional boundaries of EWD are within the jurisdictional boundaries of EVMWD; and

WHEREAS, EVMWD provides sanitation service to parts of the area currently served water by EWD; and

WHEREAS, on May 11, 2010, EWD and EVMWD entered into Memorandum of Understanding by and between EWD and EVMWD providing for a joint comparative water rates and service level study ("MOU Study"); and

WHEREAS, based on the assistance of EWD and EVMWD staff, and the assistance of consultant presentations on operations, facilities, financial issues, and sources and uses of funds, subject to the provisions herein, the Parties provisionally agree that a change of organization for the dissolution of EWD and consolidation with EVMWD ("Dissolution") will enable implementation of the Capital Improvement Program ("CIP") prepared in connection with the MOU

Study and may additionally provide long-term operation and maintenance cost savings while generating sufficient revenue from the former EWD service area for EVMWD to fund the CIP.

WHEREAS, the Dissolution requires the approval of the Riverside Local Agency Formation Commission ("LAFCO"), pursuant to the provisions of the Cortese Knox Hertzberg Local Government Reorganization Act of 2000, California Government Code section 56000 et seq. (the "CKH Act"); and

WHEREAS, the Parties have agreed to process the Dissolution with LAFCO by adoption of substantially similar resolutions of application following, or concurrently with, full execution of this Agreement.

WHEREAS, the Parties hereto agree to the obligations and responsibilities set forth herein which are necessary to accomplish the Dissolution.

AGREEMENT

IN CONSIDERATION of the mutual promises set forth herein, the Parties agree as follows:

1. Purpose.

The purpose of this Agreement is as follows:

A. To set forth the terms and conditions for LAFCO application for the Dissolution.

B. To set forth the responsibilities of the Parties for that period of time after full execution of this Agreement and prior to the effective date of the Dissolution, as defined below.

2. Transition Period / Effective Date.

For purposes of this Agreement the term "Effective Date" shall be the filing of the LAFCO Certificate of completion or as otherwise determined by LAFCO. The

"Transition Period" shall mean the period from the date of full execution of this Agreement by the Parties to the Effective Date.

3. Process (or Proceeding with LAFCO).

The Parties agree that EVMWD shall be the lead agency for purposes of submitting an application to LAFCO for the Dissolution.

4. Terms and Conditions.

The Parties have negotiated in good faith and have reviewed the material and recommendations of the MOU Study, and agree that the application for Dissolution submitted to LAFCO shall include the terms and conditions set forth herein. The Parties acknowledge and agree that some of the below terms and conditions delineate responsibilities and obligations of the Parties during the Transition Period. Any such delineated responsibilities and obligations are enforceable against one Party by the other Party.

A. Dissolution and Designation of Successor Agency to EWD.

On the Effective Date, EWD shall be dissolved and EVMWD shall be designated as the successor agency to EWD. Except as otherwise more specifically provided below, upon the Effective Date, EVMWD shall succeed to all rights, responsibilities, properties (both real and personal), contracts, equipment, assets and liabilities, obligations and functions attributable to EWD and EVMWD shall assume ownership, capital improvement program, operation and maintenance responsibility of the EWD territory upon the Effective Date.

B. Fees, Charges, Assessments and Rates.

1. Subject to Sections B.2 and B.3, below, EVMWD shall have the authority to levy, fix, impose and collect EWD's previously authorized charges, fees, assessments and taxes within the boundaries of EWD and to levy, fix, impose and collect all applicable charges, fees, assessments and taxes previously approved by EWD on the EWD territory. Nothing in the

terms and conditions for the Dissolution shall limit the ability of the EVMWD Board of Directors to establish and levy charges, fees, assessments and taxes as it determines necessary, in accordance with all applicable laws.

2. EVMWD agrees that it will charge customers in the EWD service area the same water rates and charges that it charges its other retail water service customers in the Adjacent Area, as depicted in Exhibit "C" attached hereto and incorporated herein by reference, in terms of Meter Charge, Consumption Charge including but not limited to tiered rates based on water use and Power Zone Charge based on the electrical power required to deliver the water. Nothing prevents EVMWD from changing its rate structure as long as the customers in the EWD service area are charged the same water rates and charges that it charges its other retail water customers in the Adjacent Area. Nothing in this Agreement shall prevent EVMWD from charging its customers not in the EWD service area additional charges to fund improvements that are not in the EWD service area subject to any applicable federal and state laws.

3. EVMWD agrees that it will not charge customers in the EWD service area any special charge, fee, tax or assessment that it does not charge its other retail water service customers in the Adjacent Area other than the Standby Charge that EWD currently charges its customers. If there are any special fees, taxes, charges or assessments placed on EVMWD customers in the Adjacent Area then customers in the EWD service area will be charged likewise subject to any applicable federal and state laws.

C. Capital Improvements.

EWD and EVMWD recognize that significant capital improvements are needed in the EWD service area. EVMWD agrees to utilize the property tax revenue, standby revenue and redevelopment agency pass through revenue, existing EWD cash and EWD excess property value together with revenue generated from retail water sales by EVMWD for replacements and repair of the facilities identified in the CIP attached hereto as Exhibit "A" and incorporated herein by reference. The Parties agree the primary inducement for EWD to enter into this Agreement and voluntarily agree to proceeding with the Dissolution is EVMWD's commitment to implement the CIP within the five (5) year period specified in the CIP, consequently, EVMWD agrees to use its best efforts to implement the CIP. Nothing in this Agreement

prevents EVMWD from moving the construction schedule or substituting other projects for the projects in the CIP.

D. Transfer of Existing Permits, Entitlements and Obligations.

All executory provisions, entitlements, permits, obligations and rights under which EWD is beneficiary shall be transferred or assigned to EVMWD. The priorities of use, or right of use, of water, or capacity rights in any public improvements or facilities or any other property real or personal to which EWD is entitled to on the Effective Date shall be transferred to EVMWD. To the extent possible, EWD shall, prior to the Effective Date, assist EVMWD in securing any and all permits from regulatory agencies which cannot be assigned as a matter of law. Nothing in this section shall be construed to modify priorities of use, or right to use, water, or capacity rights in any public improvements or facilities that have been fixed and established by a court.

E. Environmental Approvals.

EVMWD shall succeed to the rights of EWD as to any and all EWD environmental approvals for a particular project or other actions made prior to the Effective Date, and may in its reasonable discretion rely and act upon such approvals to the extent permitted by law.

F. Allocation of Assets.

In addition to assets more generally specified above, the Parties agree to the following terms and conditions.

1. Cash on hand.

All funds of EWD, including cash on hand and money due but uncollected, together with all obligations due to EWD, including those liabilities that are known and those that may be unknown or are contingent in nature, shall be transferred to EVMWD upon the Effective Date.

2. Bonds.

EVMWD shall succeed to all rights, duties and obligations of EWD with respect to the enforcement, performance or payment of any outstanding loans, bonds, including revenue bonds, or other contracts and obligations of EWD.

a. EVMWD shall assume liability for payment of all or any part of the principal, interest, and any other amounts which shall become due on account of all or any part of any outstanding or then authorized but thereafter issued bonds, including revenue bonds, or other contracts or obligations of EWD. In addition, EVMWD shall also assume authority for the levying or fixing and collection of any (1) taxes or assessments and/or (2) services charges, rentals or other rates and charges, in the same manner as provided in the original authorization of the bonds, or other contracts or obligations of or by EWD, necessary to provide for that payment. EVMWD shall provide notice to each trustee and fiscal agent as to EVMWD's assumption of such rights, duties and obligations, and further EVMWD shall comply with any continuing disclosure obligation with respect to all of EWD's outstanding bonds.

b. EWD's only long-term liability consists of an installment purchase contract to CSDA Finance Corporation that has been assigned to Citizens Business Bank.

3. Real and Personal Property.

The Parties agree that upon the Effective Date of the Dissolution, all right, title, interest, and responsibility in any property owned by EWD, including the underlying fee title where owned by EWD or owned by EWD-governed districts located within and outside of EWD's boundaries shall vest in EVMWD. EWD shall take any and all reasonable actions to develop and conditionally execute the necessary documentation to complete the conveyance and transfer of such interests from EWD to EVMWD as required herein during the Transition Period.

a. Easements.

All easements, whether or not associated with any and all transferred property and facilities transferred from EWD to EVMWD, shall transfer from EWD to EVMWD upon the Effective Date.

b. Water Rights.

Any and all water rights owned or held by EWD shall be transferred to EVMWD upon the Effective Date.

c. Other Assets.

The Parties agree that upon the Effective Date, all EWD governmental buildings, including all furnishings, fixtures, equipment, rolling stock, data bases, software, records of various types which will be necessary for the continued provision of service to the EWD territory, and other equipment contained therein or otherwise associated with the services provided by that facility owned by EWD shall vest in EVMWD.

d. Insurance Agreements and Other Risk Coverage Documents.

Any and all rights held by EWD under the terms of any and all insurance policies and insurance risk sharing agreements, whether purchased directly through a commercial insurance carrier or by virtue and as part of EWD's membership of any joint powers insurance authority, shall, from the Effective Date forward, vest in EVMWD. EWD shall cooperate in and all steps necessary to perfect the vesting of these rights and benefits in EVMWD. EWD represents and warrants that it is the beneficiary of those risk sharing agreements and insurance

policies identified with more particularity in Exhibit "B" attached hereto and incorporated herein by reference.

5. Outstanding Litigation:

EWD is not currently involved in any litigation and shall inform EVMWD of any litigation that occurs during the Transition Period.

G. Employees.

On the Effective Date all current full-time EWD employees (EWD Employee(s)) shall become employees of the Water Employees Service Authority ("WESA"), which provides employees to EVMWD. The General Manager of EVMWD shall determine the positions that the EWD Employees shall be placed in at EVMWD.

1. EWD employees shall receive the same benefits as other WESA employees except as provided for in this Agreement.

2. If, as of the Effective Date, the salary of an EWD Employee is higher than that of the EVMWD position that he/she is placed in, the EWD Employee shall receive his/her EWD salary but his/her salary shall be frozen until the salary for his/her position at EVMWD is equal or greater than his/her EWD salary.

3. The EWD Employees after employment by EVMWD will not be subject to a probationary period. On employment by EVMWD, they will be subject to the EVMWD/WESA Performance Evaluation process. This process consists of quarterly reviews of goals and performance with an annual evaluation on their first year anniversary and each year thereafter. As WESA employees, if an individual disagrees with his/her evaluation, he/she can use the grievance process provided in EVMWD/WESA Memoranda of Understanding to resolve the issue.

4. The EWD Employees will be paid for all outstanding leave due them on the Effective Date in accordance with EWD policy except for the vacation and sick leave that they choose to transfer to their account at EVMWD. Each EWD Employee may transfer up to a maximum of eighty (80) hours of vacation leave and up to a maximum of forty (40) hours of sick leave providing that they have sufficient leave on EWD's books to fund the transfer. Any vacation or sick leave transferred to his/her account at EVMWD shall be deducted from his/her payout from EWD at his/her hourly rate that he/she will be paid by EVMWD.

5. The EWD Employees after employment by EVMWD shall start with zero leave on EVMWD books except for any vacation and/or sick leave that the EWD Employees choose to transfer to their account at EVMWD as described in Subparagraph H.(4.) above and shall accrue leave at the appropriate rate in accordance with the WESA/EVMWD Memoranda of Understanding, using as their anniversaries dates the day they began their most recent full time employment with EWD. For all other benefits, their anniversaries dates shall be the Effective Date.

6. Any of the EWD Employees covered by this Agreement working for EVMWD shall be subject to the same performance standards as for other WESA employees including, without limitation, termination for cause. However, for one (1) year from the Effective Date, they shall not be subject to layoffs, reductions in workforce or elimination of their position that results in their termination.

7. Any issues relating to the EWD Employees that accept employment with EVMWD that are not addressed in this Agreement shall be determined by the EVMWD General Manager in his/her sole discretion subject to EVMWD rules and regulations as well as any applicable meet and confer obligations between EVMWD and any recognized employee organization.

H. Transfer of Local Property Roll Tax Revenue, Standby Charges and Redevelopment Agency Pass Through.

1. All available ad valorem-based property tax revenue levied and collected from properties located in EWD previously payable to EWD, shall be the subject of negotiations initiated by LAFCO and completed by the Parties hereto, in accordance with Revenue and Taxation Code Section 99. The Parties agree that all of said ad valorem-based property tax revenues shall be transferred to the EVMWD upon the Effective Date.

2. All available standby charge revenue levied and collected from properties located in EWD previously payable to EWD, shall be transferred to EVMWD upon the Effective Date.

3. All available pass through revenue from the City of Lake Elsinore and County of Riverside Redevelopment Agencies levied and collected from properties located in EWD previously payable to EWD, shall be the subject of negotiations initiated by LAFCO and completed by the Parties hereto, in accordance with Revenue and Taxation Code section 99. The Parties agree that all of said redevelopment agency pass through revenues shall be transferred to the EVMWD upon the effective date of the Transition, as established by the LAFCO Order.

I. Limitations.

As of the date of execution of this Agreement, and pursuant to the provisions of Government Code section 56885.5 (a)(4), as modified by this Agreement, EWD hereby agrees and acknowledges that it shall be prohibited from taking the following actions unless an emergency situation exists as defined in Section 54956.5:

1. Approving any increase in compensation or benefits for members of the governing board, its officers, staff; or the General Manager of EWD;

2. Appropriating, encumbering, expending, or otherwise

obligating any revenue of EWD beyond what is necessary for day-to-day operations; and

3. Notwithstanding the foregoing, upon the prior written consent of EVMWD's General Manager or his designee, during the Transition Period, any of the above actions may be taken if deemed necessary or desirable by EVMWD's General Manager or his designee.

J. No Impairment of Bondholder or Creditor Rights.

The Transition shall not impair any rights of any bondholder or creditor of EWD.

K. Advisory Committee.

The members of the EWD Board of Directors as of the Effective Date shall become an Advisory Committee ("AC") to the Board of Directors of EVMWD on matters concerning the EWD service area for the period of two years after the Effective Date. The AC may meet monthly or less frequently in its discretion for the first year after the Effective Date and may meet quarterly or less frequently in its discretion for the next year after the Effective Date. The members of the AC shall receive the same per diem as the members of the EWD Board of Directors received just prior to the Effective Date for attending the AC meetings. After the Effective Date, the members of the AC shall not be replaced if they are unable or unwilling to serve. The AC may by majority vote terminate the AC at any time. EVMWD shall meet and confer with the AC concerning any Exhibit "A" facilities or construction schedule changes.

L. Settlement Agreement.

On the Effective Date, the settlement agreement between EWD and EVMWD entitled "Monitoring and Mitigation Program - Elsinore Valley Groundwater Basin Settlement and Release Agreement" dated May 18, 2000 is null and void.

5. **Entire Agreement.**

This Agreement constitutes the entire agreement between the Parties and supersedes all prior oral or written agreements between the Parties with respect to the subject matter of this Agreement. It is understood that there are no oral or written agreements or representations between the Parties hereto affecting this Agreement, and that this Agreement supersedes and cancels any and all previous negotiations, arrangements, representations, estimates, agreements and understandings, if any, made by or between the Parties with respect to the subject matter thereof.

6. **Governing Law.**

The laws of the State of California shall govern this Agreement and venue shall be in any court of competent jurisdiction in the County of Riverside.

7. **Time of Essence.**

Time is of the essence of each and every provision of this Agreement.

8. **Waiver.**

The waiver by one Party of the performance of any covenants, condition, or promise shall not invalidate this Agreement, nor shall it be considered as a waiver by such Party of any other covenant, condition, or promise hereunder.

9. **Attorneys' Fees.**

Should any of the Parties institute any action or proceeding to enforce any provision of this Agreement or for damages by reason of any alleged breach of any provisions of this Agreement, the prevailing party shall be entitled to recover such amounts as the court may judge to be reasonable attorneys' fees and costs for services rendered to the prevailing party in such action or proceeding.

[SIGNATURES ON FOLLOWING PAGE]

AGREEMENT SETTING FORTH TERMS AND CONDITIONS IN CONNECTION WITH
PROPOSED DISSOLUTION BETWEEN ELSINORE VALLEY MUNICIPAL WATER
DISTRICT
AND ELSINORE WATER DISTRICT

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement which shall
become effective upon the date of the last party to sign.

ELSINORE VALLEY MUNICIPAL WATER DISTRICT

By: Ben Wick
President of the Board of Directors

By its Attorney: John Edman

Date: 1-26-2011

ELSINORE WATER DISTRICT

By: [Signature]
President of the Board of Directors

By its Attorney: John F. Schatz

Date: 2/07/11

AGREEMENT SETTING FORTH TERMS AND CONDITIONS IN CONNECTION WITH
PROPOSED DISSOLUTION BETWEEN ELSINORE VALLEY MUNICIPAL WATER
DISTRICT
AND ELSINORE WATER DISTRICT

Exhibit "A"

List of Capital Improvements

[Please see attached]

Exhibit "A" -- List of Capital Improvements

ELSINORE WATER DISTRICT
List of Capital Improvements

PROJECT	Original Projects
Fiscal Year 2011	
Lakeland System	
Beck Tank Inlet/Outlet Modification	\$ 65,000
Beck Tank Inspection/Repairs	\$ 10,000
Brewer Tank Inlet/Outlet Modification	\$ 65,000
Brewer Tank Inspection/Repair	\$ 20,000
(30) Valve Replacement Program	\$ 85,000
8 Hydrants (Flushing/Fire Protection)	\$ 32,000
Abandon and Remove Howell Tanks	\$ 50,000
New 12" Interconnections with PRVs	
Vail and Grand Interconnection w/ PRV's	\$ 50,000
Perret and Gran Interconnection w/ PRV's	\$ 50,000
Cottrell and Adelpa Interconnection w/ PRV's	\$ 50,000
Country Club Heights System	
Illinois St. Pipeline Rplcmnt Strickland/Sunnyslope 8"	\$ 745,000
10 Hydrants (Fire Protection)	\$ 40,000
(30) Valve Replacement Program	\$ 85,000
New 12" Interconnections	
Potter and Baum Interconnection	\$ 25,000
Lakeshore and Chaney Interconnection	\$ 25,000
Wilson and Lakeshore Interconnection	\$ 25,000
Coolidge and Baum Interconnection	\$ 25,000
Subtotals	\$ 1,447,000
Fiscal Year 2012	
Lakeland System	
Baldwin Abandonment/Service Replacement	\$ 38,000
Case Abandonment/Service Replacement	\$ 25,000
Downman Broomall Pipeline Connection	\$ 132,000
Country Club Heights System	
McPherson/Gunder Pipeline Loop	\$ 301,000
Wisconsin St. to Lehr Pipeline	\$ 380,000
Abandon Fraser Pump Station Electrical Upgrade	\$ 30,000
Meter Conversion - AMR (Entire System)	\$ 600,000
Subtotals	\$ 1,506,000

Exhibit "A" -- List of Capital Improvements

**ELSINORE WATER DISTRICT
List of Capital Improvements**

<u>PROJECT</u>	<u>Original Projects</u>
Fiscal Year 2013	
Country Club Heights System	
Riverside Drive-4 Corners to Lehr Pipeline	\$ 110,000
Machado to Jernigan Pipeline Replacement	\$ 319,000
Jernigan to End Pipeline Replacement	\$ 170,000
Subtotals	\$ 599,000
Fiscal Year 2014	
Lakeland System	
Ranspot/Peeler Pipeline Loop	\$ 396,000
Landerville Pipeline Replacement	\$ 804,000
Blackwell from Grand to End-Pipeline	\$ 190,000
Country Club Heights System	
Gunder Ave. North of Tritan Tank	\$ 138,000
Lakeshore Dr. - Bushman to Chaney	\$ 570,000
Subtotals	\$ 2,098,000
CIP Total	<u>\$ 5,650,000</u>

AGREEMENT SETTING FORTH TERMS AND CONDITIONS IN CONNECTION WITH
PROPOSED DISSOLUTION BETWEEN ELSINORE VALLEY MUNICIPAL WATER
DISTRICT
AND ELSINORE WATER DISTRICT

Exhibit "B"

List of Insurance Agreements and Other Risk Coverage Documents

[Please see attached]

Exhibit "B"

List of Insurance Agreements and Other Risk Coverage Documents

INSURANCE INFORMATION

WORKER'S COMPENSATION:

Carrier: SDRMA (Special Districts Risk Management Association)
Policy #: WCP-SDRMA-201011
Term: July 1, 2010 thru July 1, 2011

GENERAL LIABILITY:

Carrier: Catlin Specialty Insurance
Policy #: 0400303371
Term: 09/09/10 thru 09/09/11

INLAND MARINE/PROPERTY COVERAGE:

Carrier: Glatfelter Public Practice
Policy #: GPPAPF6052323
Term: 09/09/10 thru 09/09/11

AGREEMENT SETTING FORTH TERMS AND CONDITIONS IN CONNECTION WITH
PROPOSED DISSOLUTION BETWEEN ELSINORE VALLEY MUNICIPAL WATER
DISTRICT
AND ELSINORE WATER DISTRICT

Exhibit "C"

Depiction of Adjacent Area

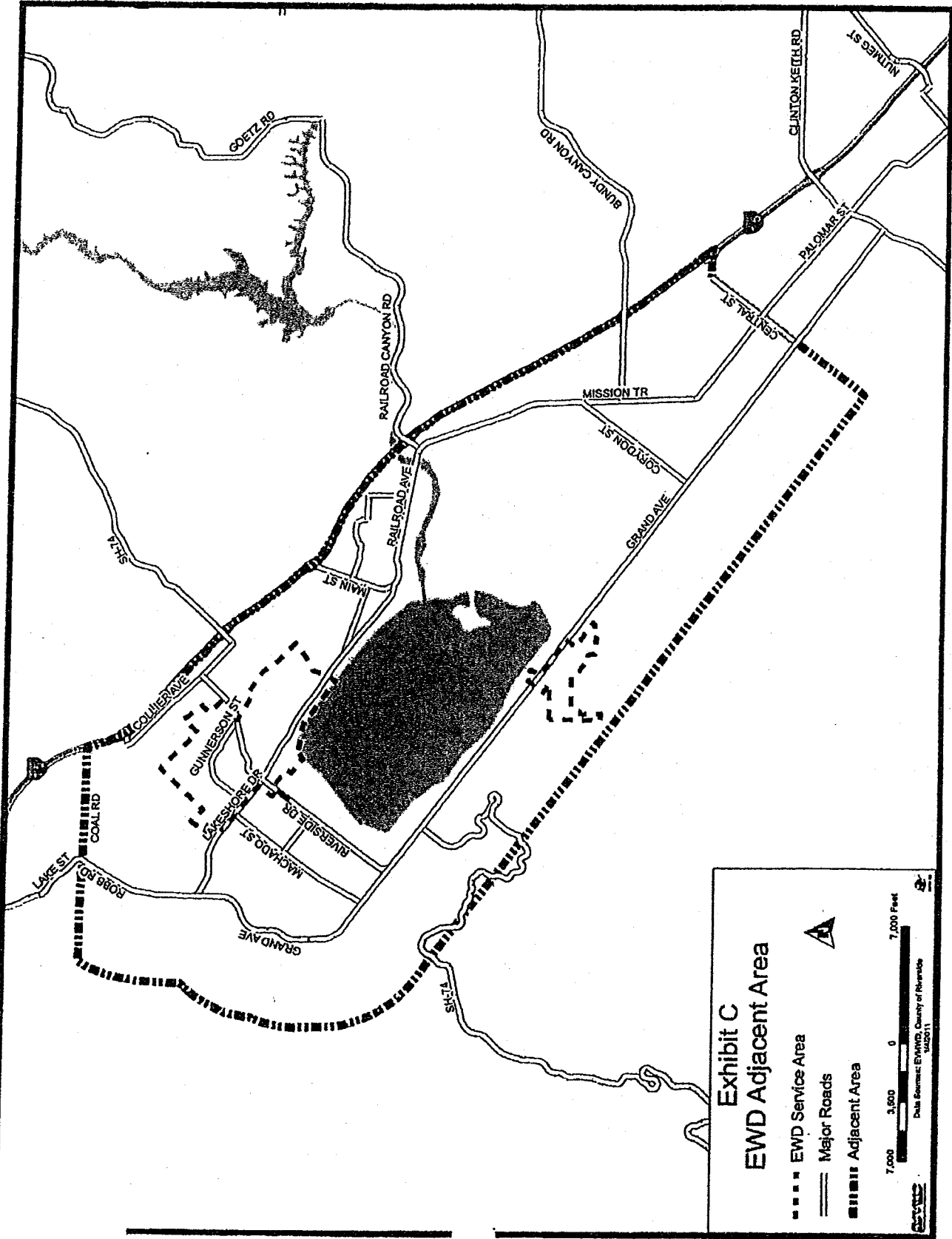


Exhibit C
EWD Adjacent Area

- EWD Service Area
- ==== Major Roads
- EWD Adjacent Area



Data Source: ERMWD, County of Riverside
1/20/11

