

SECTION 1900. ANNEXATIONS

§1901. Policy.

It is the District’s policy to consider annexation requests whenever all required information is submitted, appropriate fees have been paid and whenever a finding is made by the Board of Directors that such annexation is in the best interests of the District’s customers.

§1902. Annexation Fees Computation (M-1972, M-2075, M-2247, M-3097, M-3268, M-3415, M-3526, M-3549, M-3787, M-4029, M-4194, M-4348, M-4459, M-4645, M-5127, R 20-11-03, M-5860)

In addition to the administrative fee defined in §1903 paragraph A, the annexation fees for newly annexing areas to the District for January 1, 2024 to December 31, 2024 shall be the sum of the amounts computed under paragraphs A and B of this section. The maximum annexation fee is \$4,931.29 per acre. (Fees also listed in Section 2607). For subsequent years, the amounts under paragraphs A and B of this section will be adjusted as defined in paragraph F.

A. Back Tax Component: The back-tax component of the calendar year 2024 annexation fee is calculated to be \$3,424.60 per acre. This is derived by applying the below calculation annually, back to the District’s year of inception, 1950. As an example, the Present Value of Tax Revenue for 2023 is calculated to be \$20.52

	Undeveloped Assessed Value	\$1,081,366,885
x	District Tax Rate	.04099%
÷	Undeveloped Acres	<u>21,607</u>
=	Present Value of Tax Revenue	\$20.52

Assessed values for all years prior to 2020 are derived by discounting the Present Value of Tax Revenue using a 2% constraint annually, which is the Prop. 13 limit. The results for each year are then brought forward to present worth using LAIF’s 35-year average rate of return. The total derived tax revenue of all years is then summed up to determine the back-tax per acre charge.

B. Future Tax Component: The future tax component of the annexation fee for calendar year 2024 is calculated to be \$1,506.69 per acre. This amount is a net present value calculation and is derived by using the Present Value of Tax Revenue on undeveloped properties calculated in paragraph A above of \$20.52. That amount is then projected into the future utilizing a growth factor of 2% per year and then calculating the present worth using a rate of return

equal to the LAIF 35-year average. This portion of the annexation fee will compensate the District for forgoing receipt of future general purpose property taxes.

- C. **Special Cases.** Parcels smaller than 1 acre, or those requiring special calculations will be brought before the Board on a case by case basis for review.
- D. **Option to Collect.** If for any reason (due to adoption in this state of tax limitation Constitutional initiatives, legislation or otherwise), any or all of the District's taxes to raise the minimum annexation charge are unable to be levied, then the Board shall have the option to collect such charge, or unlevied balances thereof, with interest at five percent per annum, within said area through any lawful means now, or to become, available to District.
- E. **Use of Fees.** The revenues from this annexation shall be used for any and all lawful purposes as deemed appropriate by the Board of Directors.
- F. **Updating Annexation Fees.** The annexation fees listed in paragraph A & B of this section shall be updated annually on or around December 1st of each year to reflect the revised back tax and future tax components of the fee for the next calendar year utilizing the updated factors and methodology approved by the Board.

§1903. Application/Procedure. *(M-1146)*

- A. **Submittal.** Applications for annexation to the District shall be initiated with the following submittals:
 - 1. Written request for annexation by landowner or petition signed by landowners representing not less than 5% of the designated territory to be annexed.
 - 2. Agents or representatives acting on behalf of landowners must submit letters from landowners granting representation authority.
 - 3. Map and meets and bounds legal description of property to be annexed, stamped by a registered civil engineer.
 - 4. Check in the full amount of the current annexation fees or appropriate financial arrangements and an initial deposit of \$1,500 to cover the District's cost of processing the application. The District will track

actual time and resources charged for each application and additional deposits will be collected if the balance has been depleted. Any deposit amounts remaining after completion of the full application process will be refunded. (Hourly rates are listed in Section 2607).

5. A copy of the most recent property tax bill for the property to be annexed.
6. A County or City approved EIR, Negative Declaration or other proof of conformance with state and federal environmental requirements.

- B. **Property Tax Exchange.** All annexations are contingent upon the successful completion of property tax revenue negotiations with the County of Riverside. Sections (5) and (6) of the Property Taxation Code state:

In the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, the board of supervisors of the county or counties in which the districts are located shall, on behalf of the district or districts, negotiate any exchange of tax revenues.

Notwithstanding any other provision of law, the executive officer (of the Local Agency Formation Commission) shall not issue a certificate of filing pursuant to Section 56828 of the Government Code until the local agencies included in the tax revenue exchange negotiation, within the 30 day negotiation period, present resolutions adopted by each such county and city whereby each county and city agrees to accept the exchange of tax revenues.

- C. **Concurrent Annexations.** Upon receipt of the appropriate submittals, staff will notify Western Municipal Water District in writing of the annexation request and initiate proceedings for concurrent annexation to Western Municipal Water District and Metropolitan Water District. In most cases, Western Municipal Water District will act as conducting authority in the annexation process.
- D. **EVMWD Approval.** Following investigation and approval by the General Manager, a recommendation and resolutions will be prepared and scheduled for the next regular meeting of the Board of Directors.