



Update on Proposed Reorganization of Fallbrook PUD and Rainbow MWD before San Diego Local Agency Formation Commission

Water Planning and Stewardship Committee

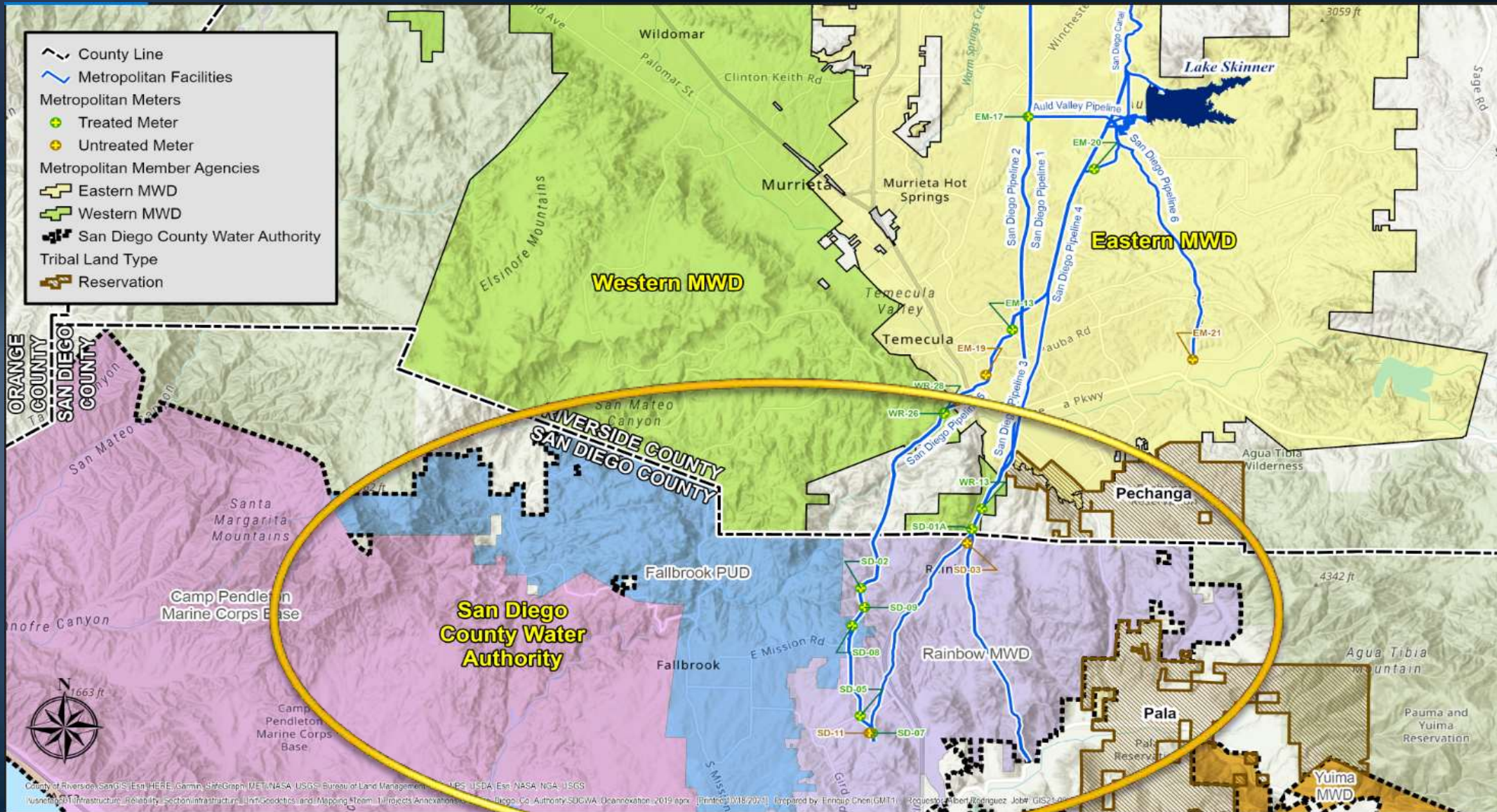
Item 6c

November 8, 2021

Proposed Reorganization Applications

- Fallbrook Public Utility District (Fallbrook) and Rainbow Municipal Water District (Rainbow) submitted applications in March 2020
 - Both retail agencies of San Diego County Water Authority (SDCWA)
- Requested detachment from SDCWA and annexation to Eastern Municipal Water District (EMWD)
- Metropolitan delivers to SDCWA service connections for both agencies on San Diego Pipelines 1, 2, and 4

Location of Fallbrook and Rainbow



San Diego LAFCO Process

- San Diego County Local Agency Formation Commission (LAFCO) is taking the lead per agreement with Riverside LAFCO
- Advisory Committee created to study and provide recommendation to full commission
 - San Diego LAFCO
 - Fallbrook PUD
 - Rainbow MWD
 - SDCWA
 - Eastern MWD
 - County of San Diego
 - San Diego Association of Governments
 - LAFCO
 - Cities Advisory Committee
 - Special Districts Advisory Committee

San Diego LAFCO Process (cont'd)

- Advisory Committee requested data and information from the parties and hired a consultant to assess applications
 - Professor Michael Hanemann, UC Berkeley
 - Draft consultant's report released in October 2021 on some issues
 - Other issues to be considered by Advisory Committee/San Diego LAFCO
- Advisory Committee meeting on December 13, 2021, will consider the report and applications
- Expect Advisory Committee to make recommendation on applications to full commission at a future date
- Full San Diego LAFCO to make final decision on applications at a future date

Issues Related to Metropolitan

- If approved, reorganization would not result in any changes to Metropolitan's boundary or physical infrastructure
 - Minor updates to Readiness-to-Serve Charge, Capacity Charge, and Purchase Order commitments per the MWD Administrative Code
 - There may be changes to EMWD and SDCWA preferential rights and voting percentages based on formulas set forth in MWD Act
- Any required adjustments would be made on a prospective basis

Other Related Issues

- Operational adjustments would still require close coordination
 - SDCWA concerned over having to take any excess deliveries to Fallbrook and Rainbow
- Monitoring San Diego LAFCO process and decisions for potential impact of precedents
- Monitoring San Diego LAFCO process and decisions for potential impact of financial commitments on parties when detaching
- May erode cooperative relationships between agencies

Metropolitan's Role in the Process

- Metropolitan is not an active participant in the Advisory Committee
- Staff responded to questions from San Diego LAFCO and the participants, and provided clarifying information pertaining to Metropolitan
 - Five written responses to San Diego LAFCO, three to member agency participants (all posted on San Diego LAFCO website)
 - Approximately three informal discussions with San Diego LAFCO

Next Steps

- Receive Board feedback and direction
- Metropolitan will continue to monitor proceedings
 - Provide input as requested and as needed for clarification

