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October 7, 2019

VIA HAND DELIVERY

San Diego Local Agency
Formation Commission (LAFCO)
9335 Hazard Way, Suite 200
San Diego, California 92123

Re: Item 8(a) of the October 7, 2019 Regular Meeting Agenda

Proposed Memorandum of Understanding with Riverside LAFCO | Establishing Approval Responsibilities for Multi-County Reorganization Involving Eastern Municipal Water District, Fallbrook Public Utility District, Rainbow Municipal Water District, and San Diego County Water Authority

Dear Commissioners:

Thank you for considering the proposed memorandum of understanding (MOU) with Riverside LAFCO in terms of which the San Diego LAFCO will have principal county status for approvals related to a reorganization proposal that is expected from Rainbow Municipal Water District (Rainbow) and Fallbrook Public Utility District (Fallbrook). The Otay Water District (Otay) is supportive of the MOU.

Rainbow and Fallbrook have expressed an interest in pursuing efforts to detach from the San Diego County Water Authority (SDCWA) and annex into the Eastern Municipal Water District (Eastern), so that they can obtain wholesale water from Eastern. We understand that Rainbow and Fallbrook have expressed this interest to the SDCWA, the Riverside LAFCO, and the San Diego LAFCO. However, Rainbow and Fallbrook have not communicated directly with Otay or, to Otay's knowledge, any of the other SDCWA member agencies.

San Diego LAFCO Legislative Policy L-107¹ requires a "proposal applicant" to meet with "affected agencies" or their representatives at the earliest possible stage and prior to the submission of a proposal requesting LAFCO consideration of a change of organization or

¹ Legislative Policy L-107 was adopted by San Diego LAFCO on May 3, 2010 and revised on April 4, 2016.

Artiano Shinoff

San Diego Local Agency
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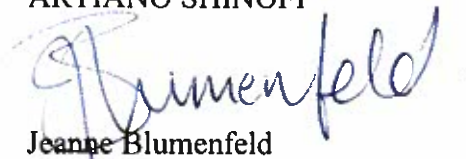
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reorganization, “for the purpose of identifying and attempting to resolve any issues associated with the proposed jurisdictional change(s).”

There are many important issues associated with Rainbow and Fallbrook’s proposed detachment from SDCWA and their annexation to Eastern. The impacts of the proposed reorganization will be felt by San Diego County, the SDCWA, and its 22 remaining member agencies. Neither Fallbrook nor Eastern have discussed their proposed actions with the SDCWA member agencies. Otay, as one of the SDCWA member agencies, is particularly concerned about the financial ramifications of the proposed reorganization and the effect they will have on its rate payers. Rate neutrality is one of the primary concerns. Otay and the remaining member agencies have not conferred authority on the SDCWA to discuss the issues associated with the detachment on their behalf. Accordingly, we urge the San Diego LAFCO to ensure that Rainbow and Fallbrook engage in meaningful dialogue regarding the proposed reorganization with the SDCWA and its other 22 member agencies, before they initiate proceedings to detach from SDCWA and annex to Eastern.

Very truly yours,

ARTIANO SHINOFF



Jeanne Blumenfeld
GENERAL COUNSEL for
OTAY WATER DISTRICT

JB:bdp

cc: Mark Watton, General Manager
Otay Water District