



# MEMORANDUM

May 29, 2020

**TO:** Commissioners

**FROM:** Keene Simonds, Executive Officer

**SUBJECT:** Supplement to Agenda Item No. 7a | Updated Cost Estimates for Rainbow Municipal Water District and Fallbrook Public Utility District’s Reorganization Proposals (File No. 20-04 and 20-05)

This memorandum serves as a supplement to the above-referenced agenda item and provides the Commission with updated applicant cost estimates for processing Rainbow MWD and Fallbrook PUD’s reorganization proposals. The memorandum responds to an earlier request by the Commission at its May 4<sup>th</sup> meeting to update the cost estimates based on current progress and the potential for holding elections to confirm any potential approvals. The item is for information only with the opportunity for discussion.

### Current Fees Paid by the Applicants

Rainbow MWD and Fallbrook PUD both submitted application fees to the Commission in the amount of \$24,563 consistent with the adopted fee schedule. The application fees are non-refundable and cover the first 191 hours of staff time spent in processing each proposal. Any additional staff time needed to process the proposals would be billed at the Commission’s current composite hourly rate of \$122.

### Current Staff Hours on Proposals

As of the date of the memorandum, staff has expended a total of 121.5 billable hours towards the processing of both Rainbow MWD and Fallbrook PUD’s reorganization proposals since their filings with the Commission in March 2020. Most of this time – approximately 60% – has been expended by the Executive Officer with the remaining amount divided between the Chief Policy Analyst and Commission Counsel with the latter’s total extending only through

<p><b>Administration</b>          Keene Simonds, Executive Officer          County Operations Center          9335 Hazard Way, Suite 200          San Diego, California 92123          T 858.614.7755 F 858.614.7766          www.sdlafco.org</p>	<p><b>Jim Desmond</b>          County of San Diego</p> <p><b>Chair Dianne Jacob</b>          County of San Diego</p> <p><b>Greg Cox, Alternate</b>          County of San Diego</p>	<p><b>Mary Casillas Salas</b>          City of Chula Vista</p> <p><b>Bill Wells</b>          City of El Cajon</p> <p><b>Paul McNamara, Alternate</b>          City of Escondido</p>	<p><b>Mark Kersey</b>          City of San Diego</p> <p><b>Chris Cate, Alternate</b>          City of San Diego</p>	<p><b>Jo MacKenzie</b>          Vista Irrigation</p> <p><b>Barry Willis</b>          Alpine Fire Protection</p> <p><b>Erin Lump, Alternate</b>          Rincon del Diablo MWD</p>	<p><b>Vice Chair Andy Vanderlaan</b>          General Public</p> <p><b>Harry Mathis, Alternate</b>          General Public</p>
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the end of April. The total time has also been equally divided between Rainbow MWD and Fallbrook PUD in 60.75 hour shares given their proposals have been jointly processed to date.

### Estimated Costs to Process Proposals

Staff estimates the Commission is approximately 10% complete in processing Rainbow MWD and Fallbrook PUD's reorganization proposals. Time expended to date largely involves addressing the County Water Authority's applications for alternative conducting authority proceedings ahead of the May 4<sup>th</sup> meeting as well as options to form and task an advisory committee ahead of the June 1<sup>st</sup> meeting. Central processing tasks under statute – notably – have not commenced. Based on these factors, it is estimated both Rainbow MWD and Fallbrook PUD will each need to submit additional application fees in the amount of \$50,813.<sup>1</sup> Outside consultant costs are not considered.

### Election Cost Projections

Should the Commission approve one or both of Rainbow MWD and Fallbrook PUD's reorganization proposals it would automatically be subject to a confirmation election by registered voters as a result of the approval of alternative conducting authority proceedings. The Registrar of Voters has provided the Commission draft cost projections to hold elections under various scenarios and based on assumptions generated with the Executive Officer. These projections range between \$0.200 and \$0.350 million to conduct a special mail ballot election in either Rainbow MWD or Fallbrook PUD. Should the Commission term any approval on an expanded vote to include all registered voters within the County Water Authority the range for a special mail ballot election is \$11.0 to \$13.0 million.

#### Attachments:

- 1) Election Costs Projection Under Various Scenarios with Assumptions (draft)

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<sup>1</sup> This additional cost estimate for both Rainbow MWD and Fallbrook PUD is based on the projection of 416.5 hours of additional time needed for each proposal beyond the coverage provided in the initial application fees.

## Simonds,Keene

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**From:** Vu, Michael  
**Sent:** Tuesday, May 19, 2020 5:59 PM  
**To:** Simonds,Keene  
**Subject:** RE: Follow Up

Keene:

Below is the cost projection based on the various scenarios. They are cost projections (not estimates) as there are a number of assumptions that are outstanding or unknown:

1. Election costs of just the registered voters within Fallbrook PUD : \$200K - \$350K based on 17,500 registered voters
2. Election costs of just the registered voters within Rainbow MWD: \$200K - \$350K based on 15,500 registered voters
3. Election costs of all registered voters within County Water Authority:
  - a. \$11.0M - \$13.0M based on 1,800,000 registered voters for an all Vote-by-Mail election.
  - b. \$14.0M - \$16.0M for poll site election.

Current assumptions include, but are not limited to:

- Fallbrook and Rainbow scenarios were modeled after the Julian FPD special election;
- County Water Authority scenario was modeled after Measure A from the March 2020 election;
- Unknown how COVID-19 will impact election activities in the future;
- 1 ballot type;
- The mailing and processing of ballots are handled in the same manner as in any election.

Please let us know if you require anything further.

Fondly,

mv

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