



September 18, 2020

Mr. Robert Barry
Chief Analyst
San Diego County LAFCO
9335 Hazard Way, Suite 200
San Diego, CA 92123
E-Mail: robert.barry@sdcounty.ca.gov

RE: COMMENTS ON THE PROPOSED FPUD AND RAINBOW DETACHMENTS

Mr. Barry,

The City of Oceanside received your June 17, 2020 packet as an Affected Agency pertaining to the proposed detachment applications from the Rainbow Municipal Water District and the Fallbrook Public Utilities District. I appreciate that you have extended the review and comment period to September 18, 2020 and this letter is provided to convey possible effects on the City of Oceanside. I have had the opportunity to provide oral comments directly to one or more members of the Ad Hoc Advisory Committee and this letter summarizes those discussions as well as provides an official record of the City of Oceanside's position for consideration by all members of the Ad Hoc Advisory Committee.

Among the three areas of focus by the Committee, rates and costs as well as impacts to the San Diego County Water Authority are of utmost concern to the City of Oceanside. As you have probably heard from other water retailers in San Diego, the financial implications of detachment may have long term negative impacts to the City of Oceanside in the form of cost increases to fixed and variable rate components. Additionally, the proposed detachment action and its consequent financial implications are distinctly different from that of agencies such as the City of Oceanside and others, that develop local supplies and buy more or less of SDCWA water supplies year over year. The assumed cost impacts of detachment have finality and will ultimately be shouldered by the 178,000 residents in the City's water service area as well as impact the City and its citizenry for decades.

Additionally, although the reorganization applications from both Rainbow and FPUD refer to the continued collection of taxable property payments after detachment to pay for bonded and other indebtedness, the amount of anticipated annual collection (\$175,000 for Rainbow and \$150,000 for FPUD), falls substantially short of the estimated annual financial increase for Oceanside, let alone the combined impact to the other agencies in the Water Authority's service area. It is imperative that any in-depth

look into rate and cost impacts also considers options for onetime or ongoing financial obligations from FPUD and Rainbow.

I would also ask that the Committee consider to what extent the SDCWA voting power at Metropolitan Water District may be lessened by detachment of the two agencies, thereby diminishing the region's voice in matters affecting all ratepayers in the San Diego region.

I sincerely appreciate the Committee's time and thoughtfulness in considering not only Oceanside's comments but those of the Water Authority and its 24-member agencies. I may be reached at (760) 435-5827 or Cdale@oceansideca.org should you have any questions on these comments.

Kind regards,



Cari Dale
Water Utilities Director

Cc: City of Oceanside Councilmembers
San Diego County Water Authority Board of Directors