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January 6, 2021

Keene Simonds
Executive Officer
San Diego County LAFCO
9335 Hazard Way, Suite 200
San Diego, CA 92123

Re: Request for Coordination of Rainbow-Fallbrook MSR Review and Proposed Water
Wholesaler Reorganization
Our File No. 29096.02

Dear Mr. Simonds:

The San Diego County Water Authority (the "Water Authority") hereby requests that the Fallbrook-Rainbow Region Municipal Service Review ("MSR") currently underway be directly coordinated with the above-referenced reorganization applications filed by Rainbow Municipal Water District and Fallbrook Public Utility District (the "Proposed Reorganization").

At the December 7, 2020 special meeting of the Ad Hoc Advisory Committee for the Proposed Reorganization (the "Advisory Committee"), Robert Barry provided a status report for the Fallbrook-Rainbow Region MSR, which he reported is being prepared for multiple agencies including Rainbow MWD and Fallbrook PUD, to evaluate municipal services including retail domestic water services, as part of LAFCO's comprehensive service review of all spheres of influence in the County. We understand that the Fallbrook-Rainbow MSR is being prepared in parallel with, but separate from, its processing of the applications for the Proposed Reorganization, and that the Fallbrook-Rainbow MSR is expected to be completed prior to LAFCO's consideration of the Proposed Reorganization.

We write to request that LAFCO (1) coordinate its preparation of the Fallbrook-Rainbow MSR with the processing of the Proposed Reorganization and (2) provide interested agencies and stakeholders, including the Water Authority, with a meaningful opportunity to provide input in the preparation of the Fallbrook-Rainbow MSR. To this end, we request a copy of the most recent draft Fallbrook-Rainbow MSR in its current form¹, and a progress report on the MSR at every future meeting of the Advisory Committee. Because the Fallbrook-Rainbow MSR is primarily focused on the same geographic area and municipal services for which the annexation and detachment are proposed, it should be prepared in coordination with LAFCO's evaluation of the Proposed Reorganization. In addition, we recommend that it should be shared with Dr. Hanemann so as to provide context for his work and to eliminate duplication.

¹ To the extent LAFCO requires a Public Records Act request to send us the most recent draft, this letter constitutes that request.

Written Statement of Determination in Seven Categories for a Municipal Services Review

Under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code Section 56000, et seq. (the "CKH Act"), LAFCO is required to prepare a written statement of its determinations with respect to each of the following seven categories in conducting a service review of the municipal services provided in the designated geographic area:

- (1) Growth and population projections for the affected area.
- (2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
- (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
- (4) Financial ability of agencies to provide services.
- (5) Status of, and opportunities for, shared facilities.
- (6) Accountability for community service needs, including governmental structure and operational efficiencies.
- (7) Any other matter related to effective or efficient service delivery, as required by commission policy.

(Gov. Code, §56430(a).) All seven of the categories set forth above require evaluation of information that is also necessary for consideration as factors required to be evaluated for the Proposed Reorganization.

Overlapping Factors for Consideration in Annexation and Detachment Proposals

In connection with the first category for MSR analysis, growth and population projections for the affected area are required to be considered as factors for both annexation and detachment proposals. Section 56668(a) of the CKH Act requires consideration of population and population density; land area and land use; assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; and the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years. In addition, Section 56668.5 provides that the commission may, but is not required to, consider the regional growth goals and policies established by a collaboration of elected officials only, formally representing their local jurisdictions in an official capacity on a regional or sub-regional basis. SDLAFCO's policies support this.

In connection with MSR analytical categories 2 and 3 above, the present and planned capacity of public facilities, adequacy of public services and infrastructure needs including those in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence, is a category that would be informed by the following factors required for consideration in both annexation and detachment proceedings:

- The need for organized community services; the present cost and adequacy of governmental services and controls in the area and probable future needs for these services; the probable effect of the proposed reorganization and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas. (Id. §56668(b)(1).)
- The ability of the receiving entity to provide the services that are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change. (Id. §56668(k).)
- Timely availability of water supplies adequate for projected needs as specified in Section 65352.5. (Id. §56668(l).)

These factors also inform the remaining four categories to be evaluated as part of a municipal services review, relating to the financial ability of agencies to provide services, potential for shared facilities, accountability for community service needs, and other matters related to effective or efficient service delivery, as required by commission policy. Finally, required for both annexations and detachments, is LAFCO's consideration of the effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county. (Id. §56668(c).)

In short, the Fallbrook-Rainbow MSR and Proposed Reorganization largely require much of the same information and analyses under the CKH Act, and processing them in conjunction with one another would promote transparency, efficiency and accuracy of information. We look forward to receiving a copy of the draft MSR in its current form, and placement of the status and current areas of analysis of the Fallbrook-Rainbow MSR on the agenda for every future meeting of the Advisory Committee.

Sincerely,



Kristina D. Lawson

KDL:RC

cc: client