

November 29, 2022

MEMBER AGENCIES

Carlsbad  
Municipal Water District  
City of Del Mar  
City of Escondido  
City of National City  
City of Oceanside  
City of Poway  
City of San Diego  
Fallbrook  
Public Utility District  
Helix Water District  
Lakeside Water District  
Olivenhain  
Municipal Water District  
Otay Water District  
Padre Dam  
Municipal Water District  
Camp Pendleton  
Marine Corps Base  
Rainbow  
Municipal Water District  
Ramona  
Municipal Water District  
Rincon del Diablo  
Municipal Water District  
San Dieguito Water District  
Santa Fe Irrigation District  
South Bay Irrigation District  
Vallecitos Water District  
Valley Center  
Municipal Water District  
Vista Irrigation District  
Yuima  
Municipal Water District

OTHER  
REPRESENTATIVE

County of San Diego

**VIA EMAIL AND FEDEX**

Keene Simonds, Executive Officer  
Priscilla Mumpower, Analyst II  
San Diego County Local Agency Formation Commission  
2550 Fifth Avenue, Suite 725  
San Diego, CA 92103

**Re: LAFCO Draft October 2022 "Prospectus" on Reorganization Applications by Fallbrook and Rainbow**

Dear Mr. Simonds and Ms. Mumpower:

LAFCO staff has issued a "Prospectus," presenting to the public potential recommendations in regards to the reorganization applications by Fallbrook Public Utility District ("Fallbrook") and Rainbow Municipal Water District ("Rainbow"). The Prospectus asked for comments by the end of November. The San Diego County Water Authority, which provides water service to almost the entire County of San Diego and whose membership includes all major water provider cities and districts in that service area, hereby submits its comments on the Prospectus.

Fundamentally, the Prospectus contains significant material errors and omissions, ignores a substantial record of evidence, and fails entirely to address important issues raised by the Water Authority and other water suppliers at the outset of these proceedings. Its conclusions are stated without any analyses or factual predicates, and thus are completely without a basis for those not grounded in the facts to understand how staff reached its decisions. The Prospectus wholly fails to incorporate and comply with the California Government Code sections that govern LAFCO and staff's recommendations. LAFCO staff has also failed to accurately analyze the actual effects of water supply on the applicants' customers, failed to heed its own water expert Dr. Hanemann, and has failed to analyze the potentially devastating effect of water shortages on existing agriculture in the Fallbrook and Rainbow service areas. The Prospectus also seeks to shift costs to the most vulnerable in our County, a violation of environmental justice principles.

The Prospectus advocates for reaching a conclusion that LAFCO staff appears to favor: allowing detachment with only a minimal "exit fee," and no county-wide vote. This unfortunate recommendation presents a true "lose-lose" proposition for San Diego County. It would immediately expose Fallbrook and Rainbow customers to potentially extreme water supply shortages while at the same time forcing the rest of San Diego County to bear the costs of detachment for which they will receive no additional benefit,

along with losing San Diego County voting rights at MWD. We trust the Commission, which is copied on these comments, will approach this matter with objectivity, and with the best interests of the entire County in mind.

The format of our comments are as follows: we quote the portions of the Prospectus we address, generally in the order in which those sections are found in the Prospectus (i.e., from front to back). We do not necessarily agree with the elements of the Prospectus we do not comment upon, but simply do not believe they rise to the level of needing remarks here. Also, though most comments are intended to correct errors, some are to note emphasis or clarification. A copy of the Prospectus is attached as Exhibit 1.

## COMMENTS ON PROSPECTUS

### Comment 1:

*Prospectus Text (page 1): “The stated purpose of the proposals is to achieve cost-savings with Fallbrook and Rainbow estimating the per acre-foot wholesale charge would decrease by (25%) from \$1,608 with the County Water Authority to \$1,195 with Eastern MWD with the latter secured by a MOU.”*

Response by Water Authority: While it may be correct that this is what Fallbrook and Rainbow estimate, such estimates are inaccurate and misleading because:

- Fallbrook and Rainbow have not properly described the alleged rate differential. They compare the MWD rate (+\$11 per acre-foot for Eastern’s book entry) against the full Water Authority rate. *But they don’t pay the full Water Authority rate.* Rather, they pay a melded rate due to the participation of some of their customers in the Water Authority agricultural rate discount program. In 2018, for example, the Water Authority’s full treated water rate was \$1,309 per acre-foot, but Rainbow only paid an average of \$1,171 per acre-foot for treated water, while Fallbrook paid an average of \$1,158 per acre-foot for treated water. Thus, the delta in pricing is less than claimed.
- Fallbrook and Rainbow ignore Dr. Hanemann’s conclusions that MWD is embarking on a major infrastructure cost cycle, and that any gap in rates should narrow. *See Hanemann Report, pp. 61 and 99.* They also ignore his conclusion that Fallbrook and Rainbow are making a “gamble” as to the continued existence of any price difference, and that their payments may be more than they expect. Hanemann Report, p.16. MWD itself does not disagree with the conclusion that it must invest billions of dollars for future water supply reliability.<sup>1</sup>

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<sup>1</sup> MWD’s Ten-Year Financial Forecast, which starts on page 217 of [MWD’s adopted fiscal years 2023 and 2024 biennial budget](#), projects capital expenditures totaling nearly \$7.1 billion over the next ten years (fiscal years 2023-2032). This forecast includes MWD’s implementation of its potential Pure Water Southern California water recycling project, which MWD reports as having construction costs of \$3.7 billion ([page A-50 of MWD’s July 20, 2022 Official Statement](#)), but excludes MWD’s potential participation in the Delta Conveyance Project. The Delta Conveyance Project’s construction costs were previously estimated at \$15.9 billion in 2020 un-discounted dollars, and if MWD funded its participation in the project at the same level it has funded its participation in the project’s planning and environment costs

- The alleged price differential ignores the fact that Rainbow admits it will need to make about \$15 million in capital improvements to be able to serve its customers in its southern service area with MWD water. Rainbow Supplemental Information, pp.5-6.

The estimates submitted by Fallbrook and Rainbow are inaccurate and should be trued-up with actual facts.

**Comment 2:**

*Prospectus Text (page 2): Fallbrook “General Manager Tom Kennedy” and Rainbow “General Manager Jack Bebee”.*

Response by Water Authority: The names need to be reversed.

**Comment 3:**

*Prospectus Text (page 2): As to Fallbrook “6% of Customers are Ag,” and as to Rainbow “29% of Customers are Ag”.*

Response by Water Authority: This shows that the majority of customers in each service area are not agricultural users. Indeed, in Fallbrook the Prospectus also states that the minority of overall water use is agricultural (“38% of Water Demand is Ag”). The Water Authority only notes these recited facts because the emphasis and stated focus by Rainbow and Fallbrook management in these proceedings has been solely on agricultural issues, yet most of the customers of these agencies are non-agricultural water users, and LAFCO has a duty to them also that must be considered.

**Comment 4:**

*Prospectus Text (page 3): “As allowed under statute, San Diego LAFCO has approved a request from the County Water Authority to apply alternative conducting authority proceedings should the Commission approve Fallbrook PUD and/or Rainbow MWD’s proposals. This means – markedly – any proposal approval will bypass standard protest proceedings and directly proceed to a confirmation election of registered voters.”*

*AND RELATED TEXT AT*

*Prospectus Text (page 6): “The County Water Authority is on record requesting San Diego LAFCO condition any proposal approvals on expanding the “affected territory” for purposes of calling an election to include all registered voters within its member agencies’ boundaries. Commission Counsel does not believe this option is available to the Commission.”*

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(47.2%), then its share of the project’s construction costs would be about \$7.5 billion ([page A-23 of MWD’s July 20, 2022 Official Statement](#)). MWD’s forecast also excludes its participation in the potential implementation of the \$3.9 billion (in 2021 dollars) Sites Reservoir Project. If MWD’s participation in the project matches its presently held participation rights of 29.8%, then its share of the potential reservoir’s construction costs would be more than \$1 billion ([MWD’s Memo 7-13 dated April 12, 2022](#)). Additionally, MWD is analyzing [solutions](#) to fix its infrastructure constraints that have caused 6 million people, or one-third of the population in its service area, to be in allocation in 2022. The solutions could range in the hundreds of millions of dollars or more. All of the above will raise MWD’s rates significantly.

Response by Water Authority: The factual statement provided here is correct, but the ultimate legal conclusion stated is only partially correct. There indeed must be a vote in the Fallbrook/Rainbow service areas if there were a LAFCO approval (and there should not be such an approval), but this does not mean LAFCO cannot also require an entire service area vote.

It is true that the Water Authority submitted an application, which LAFCO approved, as to exemption from Part 4 of the LAFCO procedures. Here is what our application stated: “[For LAFCO to determine that] the Water Authority is not a district per Government Code sections 56127, 56128, and 56036.6 as to Part 4 only of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH Act”) [and] a request by the Water Authority that if for any reason SD LAFCO were to consider approving the Proposal, that as a condition of approval SD LAFCO should require a majority vote of the Water Authority service area . . . .” (Emphasis in original.)

The Part 4 protest procedure from which we were exempted is a cumbersome statutory process that would have potentially denied a vote even in the Rainbow/Fallbrook service areas unless a large percentage of registered voters had lodged protests at LAFCO. Due to its difficult requirements, it is normally avoided when possible. However, though our exemption from Part 4 means the actual vote in the Fallbrook/Rainbow service areas will be required as stated in the County Water Authority Act, it does not mean that LAFCO is denied the ability to also require a vote in the entire Water Authority service area. Why? Because Part 3 of the LAFCO statutory scheme – which the Water Authority did not exempt from – gives LAFCO the ability to condition an approval on such a vote. Government Code § 56876, in Part 3, states:

In any order approving a proposal for an annexation to, or detachment from, a district, the commission may determine that any election called upon the question of confirming an order for the annexation or detachment shall be called, held, and conducted upon that question under either of the following conditions: (a) Only within the territory ordered to be annexed or detached [or] (b) Both within the territory ordered to be annexed or detached and within all or any part of the district which is outside of the territory. (Emphases added.)

This statute gives the Commission clear authority to condition the reorganization on the approval of the Water Authority's residents – who will all be affected by this unprecedented proposal, and who would be effectively taxed for the benefit of Rainbow and Fallbrook's detachment.

**Comment 5:**

*Prospectus Text (page 3): “As required for all proposed jurisdictional changes, a property tax exchange analysis has been prepared for the Fallbrook PUD and Rainbow MWD proposals through the County of San Diego. This analysis concludes an existing tax exchange resolution previously adopted by the Board of Supervisors applies to the proposals and means if approved all property tax revenues (AB8 and unitary) currently allocated to the County Water Authority would transfer to Eastern MWD – which totals \$388,216 in 2022-2023. The analysis also concludes that the County Water Authority’s existing fixed charges collected on the tax roll*

*within Fallbrook and Rainbow – which presently totals \$723,604 – would be eliminated. The property tax exchange is considered complete, though it can be revisited if needed.”*

Response by Water Authority: According to the LAFCO Executive Officer, the "completeness" of the property tax exchange has been established through various informal phone calls and emails between LAFCO and the County of San Diego. To the Water Authority's knowledge, the Revenue and Taxation Code Section 99 process, which requires an approval by the Board of Supervisors, has not been completed. Materials provided to the Water Authority over a year ago relating to the County's master property tax transfer agreement were inapplicable, and no written "analysis" has been presented to the Water Authority for its review.

**Comment 6:**

*Prospectus Text (page 5): “LAFCO statute – and not the County Water Authority Act – governs consideration of the proposals. Among other pertinent outcomes this means LAFCO has broad authority to condition any proposal approvals using the Commission’s quasi-legislative powers.”*

Response by Water Authority: This is not completely correct. *Both* the LAFCO statutes and the County Water Authority Act apply. The Water Authority spent a great deal of effort explaining the intersection of the two sets of laws, and how both apply, in its September 18, 2020, Response filed with LAFCO (the “Response”). We will not restate all that information here, but request that the LAFCO staff and Commission review pages 152 *et seq.* of the Response for full details on this issue.

**Comment 7:**

*Prospectus Text (page 5): “Eastern MWD’s Supplies are Reliable. Although the County Water Authority’s potable supply portfolio is superior given its diversification, Eastern MWD’s own supply via MET is adequate and can reasonably accommodate demands now and going forward for both Fallbrook PUD and Rainbow MWD.”*

Response by Water Authority: These statements are factually wrong. They are apparently conclusions reached unilaterally by LAFCO staff, because they are *not* the conclusions of the expert retained by LAFCO to address the core question of water supply reliability for Fallbrook and Rainbow customers with detachment. Indeed, that expert – Dr. Michael Hanemann – pointed out the major water reliability issues facing MWD, and how moving to rely only on MWD imported water was risky.

Attached as Exhibit 2 is an excerpt from the Executive Summary of Dr. Hanemann’s December 31, 2021, report which demonstrates the complexity of the issues and risk not described in the LAFCO Prospectus, and why Dr. Hanemann concluded that the agencies would be taking a “gamble” on supply reliability if they switch from the Water Authority to Eastern. Developments over the past year since Dr. Hanemann submitted his report clearly demonstrate that the risk to Fallbrook and Rainbow customers is not just paying a higher price than they expected, but also the very real risk of suffering imminent, severe and prolonged water supply cutbacks now and going forward.

Dr. Hanemann found that MWD has “supply reliability issues.” Hanemann Report, p.14. He concluded, “[i]t is not clear that MWD yet has the practical capacity to sustain more severe and prolonged drought, especially on the Colorado River.” Hanemann Report, p.16. LAFCO staff either didn’t understand or completely ignored Dr. Hanemann’s findings and warnings, and it continues to do so to this day, despite overwhelming, irrefutable evidence that Dr. Hanemann’s findings were well taken.

Indeed, the water supply situation at MWD is dire. Here is *MWD’s own assessment of the current situation, taken from its website:*<sup>2</sup>

Deliveries from the State Water Project . . . have been so dramatically reduced over the past three years that in some parts of the region, we simply don’t have enough water to meet normal demands this year.

In response, Metropolitan declared a [water shortage emergency](#) and is mandating drastic cuts in water use, restricting outdoor watering to one day per week or implementing volumetric limits in areas that depend on state project supplies. These restrictions affect more than 6 million people in portions of Los Angeles, San Bernardino and Ventura counties.

On the Colorado River, Metropolitan’s other imported water source, a shortage condition was declared for the first time ever last year. And federal officials have warned river users to prepare for deeper cuts next year and beyond.

MWD customers who reside in its “State Water Project Dependent Area” (“SWPDA”) have since June 2022 been receiving from the State Water Project (via MWD) only water supplies calculated to meet human health and safety needs. This water is being borrowed from, and must be repaid to, the State of California. These human health and safety water rations from the Department of Water Resources do not allow for or include any water for commercial, industrial, institutional or agricultural uses. At this time, it is anticipated that these severe water use restrictions in the SWPDA will continue at least through June 2023.<sup>3</sup>

Due to these conditions and MWD’s junior water rights status on the Colorado River (both noted in the Hanemann Report), coupled with severely limited State Water Project supplies, MWD informed its Board of Directors in November that they should “consider preparing their governing bodies and communities for mandatory restrictions” in 2023.<sup>4</sup>

Finally, Dr. Hanemann also noted in his report the uncertainty associated with the timing and cost of MWD projects that will be necessary in order to provide a reliable water supply going forward, noting specifically that a Delta fix might not come into full operation for another 10 or 15 years. The portfolio and cost of MWD projects that will be needed is only now being developed by MWD; however, in any case, the need and cost of such facilities and improvements -- and how they will increase MWD rates -- is completely ignored by LAFCO staff in its Prospectus.

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<sup>2</sup> MWD’s [Drought 2022 webpage](#).

<sup>3</sup> Slides 15-16 and 19 of MWD’s presentation, [Update on WSDM and Water Shortage Emergency Condition](#), dated November 7, 2022.

<sup>4</sup> Slide 20 of MWD’s presentation, [Update on WSDM and Water Shortage Emergency Condition](#), dated November 7, 2022.

In conclusion, the water supply situation at MWD is dire, widely observed, and is the subject of extensive media reporting. It is impossible to reconcile this reality with LAFCO staff's unrealistic assessment as stated in the Prospectus that, "Eastern MWD's own supply via MET is adequate and can reasonably accommodate demands now and going forward for both Fallbrook PUD and Rainbow MWD." For LAFCO staff to ignore the clear warnings of its paid expert, and the current facts on the ground at MWD, is unfair to the Commissioners who listen to staff, to the public who rely on reasoned decisions at LAFCO, and to Fallbrook and Rainbow water users who are being led into serious risks without proper warning. The ultimate staff report to be issued at LAFCO should not repeat the error of the Prospectus, but instead fully explain the risks noted by Dr. Hanemann, and the current status of MWD water shortages.

**Comment 8:**

Prospectus Text (page 5): "Eastern MWD's Finances are Healthy"

Response by Water Authority: This statement, and the corresponding short section following it, are irrelevant. The Applications posit Fallbrook and Rainbow becoming Eastern members *solely to access MWD water*. Eastern has no infrastructure to reach Fallbrook and Rainbow, and those agencies will have no access to Eastern's own non-MWD supplies or storage. Eastern's financial status thus has no bearing on the pending applications.

What the Prospectus should instead mention is the harm that detachment could have on the Water Authority's financials and credit ratings. The Water Authority has repeatedly submitted to LAFCO staff comments from the rating agencies regarding the risk of downgrade associated with these sought detachments. A downgrade would significantly increase the Water Authority's future cost of borrowing and limit its ability to find future savings (by refunding nearly \$2 billion in outstanding debt obligations). This cost and risk are absent from mention in the Prospectus. If detachments like this were to be approved, the same risks would apply at MWD. Loss of member agencies via detachment would certainly be a concern to its Board of Directors, as MWD is now embarking on a major capital investment program.

**Comment 9:**

Prospectus Text (page 5): "Fallbrook PUD and Rainbow MWD's Ratepayers Will See Cost-Savings. LAFCO estimates the average monthly household impact for Fallbrook and Rainbow ratepayers is \$20.21 and \$26.79, respectively assuming full pass-through to ratepayers."

Response by Water Authority: This is not correct. First, as stated above, the Prospectus ignores the fact that MWD has tens of billions of dollars of infrastructure and supply costs now being planned and implemented, and that Dr. Hanemann noted this will shrink or eliminate any rate differential.

Second, as accurately stated in the Prospectus, agriculture customers comprise only a portion of the account base at Fallbrook and Rainbow, while simultaneously holding a significantly larger percentage of the demand (i.e., each Ag user uses far more water than a single-family household). For that reason, for LAFCO to present such "average household savings" without

any detailed accounting of methodology or the actual cost-of-service, presents a false picture of how water users will be truly impacted. LAFCO must perform a detailed analysis of the actual ratepayer benefits (e.g., residential, commercial, agriculture, large demands, low demands, low income, for-profit business, etc.). LAFCO staff has only provided misstated or overly generalized alleged savings devoid of any true analysis, inclusion of exit fees, or reflection of the economic impacts of lower reliability and service.

**Comment 10:**

*Prospectus Text (page 5): “LAFCO estimates through the help of an Ad Hoc Working Group the average monthly household impact for the remaining members agencies of the County Water Authority is \$2.20 assuming full pass-through to ratepayers. The City of San Diego impact (largest CWA customer) is estimated at \$1.05 per month/per household.”*

Response by Water Authority: The Ad Hoc Working Group was not qualified to calculate these impacts, and these numbers are not accurate and are misleading.

The Ad Hoc Working Group -- which at LAFCO staff direction did not include the Water Authority -- studied three specific agencies, yet only one (City of San Diego) is shared in the Prospectus, and even its numbers are discounted. Why is only one shared by the Prospectus? Because the impacts to the other two reviewed agencies (Poway and Valley Center) are even more significant.

As was presented to LAFCO staff and the Ad Hoc Working group (June 9 Water Authority letter to Adam Wilson) in response to their question, “What would the SDCWA Rate increases to (each individually) Valley Center, City of Poway, and City of San Diego be if Rainbow and Fallbrook detachment occurred using the Hanemann dollars (numbers)?” the Water Authority’s Rate & Debt manager provided the following response based on Dr. Hanemann’s numbers (which are a bit lower than those of the Water Authority’s staff):

*For Valley Center, the estimated single-year impact is between \$672,362 and \$894,871 every year. Based on their estimated service population, this equates to a \$26.26 to \$34.96 annual rate impact to every resident in the Valley Center. For a typical household of 4, this is effectively an annual \$105 - \$140 rate increase for no additional benefit or service being provided.*

...

*For Poway, the estimated single-year impact is between \$357,201 and \$475,412 every year. Based on census data, this equates to a \$7.38 to \$9.82 annual rate impact to every resident in the City of Poway. For a household of 4, this is an annual \$30 - \$39 rate increase for no additional benefit or service being provided.*

...

*For the City of San Diego, the estimated single-year impact is between \$5,531,072 and \$7,361,498 every year. Based on census records, this equates to a \$4.00 to \$5.33 annual impact to every resident in the City of San Diego. For a family of 4, this signifies an annual \$16 - \$21 rate increase for no additional benefit or service being provided.*



Based on materially flawed analyses by LAFCO staff and the Working Group, LAFCO staff asks the rest of the County to subsidize Fallbrook and Rainbow's requested exit. Attached as Exhibit 3 is the table of properly calculated *annual* member agency estimated losses by the Water Authority staff submitted with our earlier Response.

**Comment 11:**

*Prospectus Text (page 5): "It would be appropriate to condition approval to require an annual true-up – or exit fee – equal to the estimated revenue loss (water sales, property taxes, available fees) for the County Water Authority should both Fallbrook PUD and Rainbow MWD detach. The purpose of the exit fee is to provide the County Water Authority a period of adjustment. This annual amount has been estimated by Dr. Hanemann in the short run at \$12.6 million."*

*AND RELATED TEXT AT*

*Prospectus Text (page 5): "Five years appears to be an appropriate standard to apply an annual exit fee."*

*AND RELATED TEXT AT*

*Prospectus Text (page 5): "Offsetting the Exit Fee to Reflect Ancillary County Water Authority Savings is Reasonable The County Water Authority would save money should Fallbrook PUD and Rainbow MWD detach that would otherwise be expended on proceeding with the previously planned construction of the ESP North County Pump Station. The value of the associated savings – however – remains a topic of ongoing analysis."*

Response by Water Authority: The applications should not be granted at all, and if they are granted conditioned on an exit fee, the numbers stated here are too low and for too short a period, and any offset must not be overstated. The rest of San Diego would be paying the bill for Fallbrook and Rainbow for decades, unless there is an exit fee that matches all outstanding obligations.

First, the proposed exit fee is too low. Dr. Hanemann stated in his report: "If San Diego LAFCO were inclined to require a departure fee as a condition for approving detachment by FPUD or RMWD, it would need to decide what is the appropriate share to assign to FPUD or RMWD, of which SDCWA ongoing financial obligations, and for what length of time." Hanemann Report, p.13. He also stated: "SDCWA is committed to making annual payments that run through 2047 (for IID Transfer water) and 2112 (for canal lining water). This year (CY 2021), the annual payments for QSA water amount to almost \$285 million. LAFCO might use that amount as a starting point for thinking about what a fair and reasonable departure fee could be." (Emphasis added.) Hanemann Report, p.13.

What Dr. Hanemann provided was a "starting point." He did not provide the total fee, nor did he fully calculate it. The exit fee that was his "starting point" was simply for the QSA costs – and demonstrating how LAFCO should apply the same methodology to the Water Authority's other

fixed commitments and obligations. But instead, LAFCO staff offers a lower -- and materially incorrect -- net revenue impact for a 2022 estimate as the sole determinant.

The possible QSA only-related portion of an exit fee posited by Dr. Hanemann was a range 3% to 47% higher than the one stated by LAFCO staff in its Prospectus. The Prospectus utilized a single CY 2022 (estimated) Net Revenue Impact number (Hanemann Table 19) rather than Hanemann's Table 23 | Calculation of a Departure Fee with annual amounts ranging from \$13 million to \$18.5 million. Again, Dr. Hanemann's exemplar numbers only included QSA-related costs, not all of the other outstanding obligations incurred in order to provide a highly reliable water supply to Fallbrook and Rainbow.

The net revenue impact used in the Prospectus is also incorrect on its face. It used an underestimate of 2022 water use for the combined agencies, when the actual water use for this year will exceed that estimate. Dr. Hanemann estimated Rainbow and Fallbrook demand of 18,100 AF. This estimate was used to define the Water Authority's "Net Revenue Impact." However, in FY '22 Water Authority delivered 23,643 AF to the two agencies -- an increase of 31% above the estimate, and more reflective of the agencies' five-year average of 24,700 AF. The \$12.6 million number used by LAFCO staff thus undercalculates the net impact of detachment.

Second, LAFCO staff's recommendation for a 5-year term is too short and inconsistent with broadly applicable industry standards. The recommendation is in direct conflict with LAFCO's own expert and with the Water Authority's financial analyses and role as a regional wholesaler. Dr. Hanemann writes, "In the water industry, a period of 10 years would typically count as the short run for planning purposes." Hanemann Report, p.82. While LAFCO staff has stated without any support that five years is "standard," the data, planning documents and industry standards say otherwise. For example, looking at official water planning documents, the Water Authority's Financial Plan is a 10-year plan. Urban Water Management Plans for all water agencies are 20-year plans, and even Rainbow's Master Plan provides a 20+ year forecast. There is no California water template in which five years is a "standard," or reflective of any of the specific agencies under review.

Regardless of the selected term, the harm would continue far into the future. Dr. Hanemann correctly summarizes: "There will be a recurring annual loss of net revenue for SDCWA once the detachment occurs, lasting for as long as SDCWA has to pay for the financial commitments that it has incurred to date." Hanemann Report, p.71. Indeed, recovery for such losses is required by the County Water Authority Act, which states that in a detachment payment must be made for "the bonded and other indebtedness of the county water authority outstanding or contracted for at the time of the exclusion . . ." CWA Act, Section 45-11(a)(2). This is not just property taxes, as claimed by Fallbrook and Rainbow, and as fully explained in our Response.

In regards to an alleged offset for the portion of the Emergency & Carryover Storage Project ("ESP") yet to be built, Dr. Hanemann's comments to LAFCO are ignored: "There seems to be a degree of inconsistency in the position adopted by FPUD/RMWD -- past financial commitments incurring ongoing payments and debt service appear not to be relevant when assessing FPUD/RMWD detachment, but future investments that would not be incurred are relevant to that assessment." Hanemann Report, p.70.

There is no coherent pathway to support Rainbow and Fallbrook receiving an offsetting credit for the costs of a project that has not been constructed, while simultaneously being excused from paying their share of nearly \$2 billion of past obligations that have actually been incurred to provide their customers with a reliable water supply. Not only does the approach not make sense, but the assumed credit would exceed the cumulative value those agencies have contributed into Storage (while receiving decades of service and benefit).

The ESP is a multi-decade effort of the Water Authority to increase the reliability and resiliency of the region's water system. The \$1.5+ billion project is a system of reservoirs, interconnected pipelines and pumping stations designed to make water available for the entire San Diego region in the event of an interruption in imported water deliveries. The Water Authority's existing rate design, recovery, and cost of service has always contemplated the long-term (30+ years) recovery of these costs. As the Water Authority has already incurred the majority of the ESP cost and has yet to collect all the revenue to pay off that cost, there would be a significant funding gap for the outstanding debt left by Rainbow and Fallbrook. Combining both Rainbow and Fallbrook's total revenue contribution to Storage to date is far short of their existing fair share of \$160 million. Should Rainbow and Fallbrook be allowed to detach and avoid paying their share of the costs already incurred for the ESP program, the Water Authority's remaining agencies will be forced to pay for Rainbow and Fallbrook's liabilities. Giving them any offset while not forcing them to cover their share of the extant liabilities is patently unfair.

Finally, even if one ignored the fact that Fallbrook and Rainbow have not yet paid their share of the incurred ESP expenses, as to the portion still to be built in their area the Water Authority would borrow to pay for those improvements over a 30-year period. The total costs of those improvements and mitigation have been estimated at about \$39 million. Assuming a 30-year debt issuance with a 4.5% interest rate, this would reflect an annual debt service expense of \$2.32 million. It would be completely improper for LAFCO to excuse decades of future Water Authority debt and contractual obligations with a short-term exit fee, but then on the other side credit an offset that would cover a 30-year obligation. The most that could possibly be offset is the annual payment to match the years of exit fee payment (i.e., if the agencies pay exit fees for 5, 10, or 20 years of debt, they could at best get \$2.32 million per year offset for the same exit fee period).

However, as noted above, there should be no offset at all with any limited exit fee, because Fallbrook and Rainbow would be leaving unpaid the decades of debt service of the ESP system already incurred.

**Comment 12:**

*Prospectus Text (page 6): "Loss of Voting Rights at MET is a Valid Concern with a Possible Solution. Should Fallbrook PUD and Rainbow MWD detach from the County Water Authority and annex into Eastern MWD a proportional change in voting rights at MET would follow. The estimated value of voting rights – though relatively small – is substantive given it falls within the margin of a recent key vote at MET involving the selection of their new general manager. One possible and otherwise merited solution would involve applying a separate condition to require a MOU between Eastern MWD and County Water Authority to retain the voting apportionment associated with Fallbrook and Rainbow for at least the first five years."*

Response by Water Authority: The Water Authority appreciates that LAFCO staff has now acknowledged that the loss of San Diego County's voting rights at MWD is a "valid concern." However, all parties agree that LAFCO staff's suggested solution is fatally flawed.

Voting rights at MWD are established in Section 55 of the MWD Act, which provides in pertinent part as follows:

Each member of the board shall be entitled to vote on all questions, orders, resolutions and ordinances coming before the board, and shall be entitled to cast one vote for each ten million dollars (\$10,000,000), or major fractional part thereof, of assessed valuation of property taxable for district purposes *in the member public agency represented by him* as shown by the assessment records of the county and evidenced by the certificate of the county auditor. (Emphasis added)

Contrary to LAFCO's suggestion as stated in the Prospectus, the parties have no authority whatsoever to enter into a Memorandum of Agreement to change the requirements of California law. This is one thing that the Water Authority, Fallbrook, Rainbow and MWD all agree on: the voting rights issue cannot be resolved in the manner described in the Prospectus by LAFCO staff. (MWD General Counsel Marcia Scully recently sent LAFCO staff a letter stating that its idea was unlawful.)

Key votes are currently very close at MWD. Consider the follow razor-thin votes at MWD: 1) Election of a nonofficer member of MWD's Executive Committee (Director Camacho was elected with 50.28% support, [Minute 52298](#)); 2) Hiring Mr. Adel Hagekhalil as General Manager (approved with 50.42% support, [Minute 52420](#)); and 3) not conduct a performance review of MWD's General Counsel given the results of the State's audit of MWD (approved with 50.60% support, [Minute 52839](#)).

As land values increase in Fallbrook and Rainbow, the MWD voting rights tied to such lands also increase, making it more likely votes lost to detachment may be critical going forward. For San Diego County to give away any of its voting rights at MWD to Eastern, an agency which has repeatedly sought to bar San Diego ratepayers from getting their legally due refunds from MWD,<sup>5</sup> is a critical error that LAFCO must not make.

**Comment 13:**

Prospectus Text (page 6): "Consistent with the findings made by Fallbrook PUD and Rainbow MWD in their resolutions of application, Class 20 exemptions appropriately apply to both proposals. These exemptions appropriately apply given the underlying action involves the transfer of existing municipal service functions within the same area with no additional powers or expansions."

Response by Water Authority: This is not correct. The California Environmental Quality Act ("CEQA") applies when a public agency takes a discretionary action that affects the environment. CEQA mandates a finding of significant impact, and thus preparation of an Environmental Impact Report ("EIR"), when substantial evidence, in light of the whole record, shows that a project has a significant cumulative effect, or has "effects [that] will cause

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<sup>5</sup> See Response, pp.68 *et seq.*

substantial adverse effects on human beings, either directly or indirectly." (Pub. Resources Code, § 21083(b)(2), (3); Cal. Code Regs., tit. 14, § 15065(a)(3), (4).) Any claim that these detachments and annexations are exempt from CEQA pursuant to the State CEQA Guidelines Section 15320 (the "Class 20 exemption") is not in accordance with the law.

The Class 20 exemption is a categorical exemption to CEQA. (Cal. Code Regs., tit. 14, § 15320.) It applies to projects that consist of "changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised." (*Id.*)

*By its own terms, the Class 20 exemption facially does not apply to the proposed detachments and annexations.* By seeking detachment from the Authority and annexation by the Riverside County-based Eastern, Rainbow and Fallbrook will change the geographic areas in which the Authority, by subtraction, and Eastern, by addition, exercise their powers. (Response, p.182.) This is critically important, since the proposed detachment and annexation will cause Rainbow and Fallbrook territory to be subject to differing water sources, and policies and standards.

For example, The Water Authority has repeatedly brought to LAFCO's attention the fact that if approved, these reorganizations will shift water sales to the water-short MWD, *and increase water demand on the Bay-Delta via MWD.* Attached as Exhibit 4 is correspondence from the Bay-Delta Watermaster confirming that the Water Authority is correct, and that demand on the Bay-Delta would increase. This is because, at a minimum, and as the Water Authority has shown LAFCO staff repeatedly, there are many months when Rainbow and Fallbrook are served *solely* with our QSA water deliveries, a practice that will shift to MWD supply if reorganization is allowed. Attached as Exhibit 5 is an updated spreadsheet showing the effects of this water delivery change over just the past few years of over 15,000 acre-feet. That is a volume of water that would cover *15,000 football fields* one foot deep that would be moving onto MWD's limited supplies, including the Bay-Delta. It is frankly unconscionable that LAFCO staff continues to ignore this undisputed data.

Also, the examples in section 15320 further demonstrate that the Class 20 exemption does not apply because none of the examples involve circumstances where a district loses jurisdiction over a specific territory: "Establishment of a subsidiary district"; "Consolidation of two or more districts having identical powers"; and "Merger with a city of a district lying entirely within the boundaries of the city." These detachments and annexations do not create a subsidiary district, consolidate districts with identical powers, or provide for a merger of a district into a city which encompasses it. Instead, the Project seeks detachment of two districts from a county water authority that encompasses both of them, and their annexation into an entity located in a different county than the detaching entities. If Rainbow and Fallbrook are detached, the Authority will no longer exercise its powers within the boundaries of these two districts, and Eastern will have the new right to exercise its powers within the boundaries of these two districts.

This Project is not a mere consolidation, creation of a new subsidiary district, or a merger. The Class 20 exemption is facially inapplicable to the Project, and there is no factual evidence to support any determination that the Project is exempt from a full CEQA analysis.

In addition, a "categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances." (Cal. Code Regs., tit. 14, § 15300.2(c).) An "unusual circumstance" is some feature of the project which distinguishes it from others in the exempt class. (*Berkeley Hillside Pres. v. City of Berkeley* (2015) 60 Cal.4th 1086, 1105–06.) There are a number of unusual circumstances here, such as: (a) a change in water reliance to the environmentally sensitive Bay-Delta; (b) a mega-drought affecting MWD water deliveries; (c) the cumulative impacts of two agencies moving to different service areas; and (d) new construction at least in Rainbow.

These types of impacts, including different sources of water supply, are not part of the usual "reorganization" project covered by Class 20, and clearly constitute "unusual circumstances" under CEQA Guidelines section 15300.2(c). Because there is no precedent for analyzing the long-term environmental effects of reorganizations such as those now proposed, LAFCO should proceed with caution and conduct more environmental review, not less.

Since these circumstances of the Project are unusual, the exception prevents use of the Class 20 Exemption so long as substantial evidence exists in the record to support a "fair argument" that the "exempt" project has a "reasonable probability" of creating a significant environmental impact as a result of the unusual circumstances. (*Berkeley Hillside*, 60 Cal.4th at 1115; *Respect Life S. San Francisco v. City of S. San Francisco* (2017) 15 Cal.App.5th 449, 458). The unusual circumstances described above have a reasonable probability of creating significant environmental impacts, both direct and indirect. Substantial evidence has been shown to support a fair argument that such impacts are reasonably probable as a result of the unique circumstances of the retail agencies and the environmental impacts resulting from increased reliance on the Bay-Delta.

Therefore, the Class 20 exemption cannot apply, and LAFCO must perform a full environmental analysis of the Project in order to comply with CEQA. There has been *no review* of the *cumulative* impacts of Fallbrook and Rainbow's proposed reorganizations, and this must occur.

Finally, responsible agencies under CEQA must make an independent determination as to the applicability of a prior CEQA document for a project that comes before them, and reach its own conclusions. (CEQA Guidelines Section 15096(a)). In the Superior Court cases of *Otay Water District v. Fallbrook Public Utility District*, San Diego Superior Court Case No. 37-2020-00004572-CU-MC-CTL, and *Otay Water District v. Rainbow Municipal Water District*, San Diego Superior Court Case No. 37-2020-00001510-CU-MC-CTL, the Court ordered at Section 2 of each judgment that the "NOE may not be utilized or relied upon by the San Diego LAFCO or any other agency for the purpose of that agency's CEQA compliance in connection with any potential detachment by Respondent from the San Diego County Water Authority, or for any potential annexation by Respondent into Eastern Municipal Water District." LAFCO should not ignore Court orders that do not allow the applicants to use their Notices of Exemption to pursue these applications.

**Comment 14:**

*Prospectus Text (page 6): "[Commission might consider] A LAFCO prescribed "roll-out" requiring Fallbrook PUD and Rainbow MWD to remain member agencies with County Water*

*Authority for a specified period of time before allowing the detachments to formally proceed, [OR] Requiring the completion of a municipal service review on the County Water Authority.”*

Response by Water Authority: This process has already gone on for years. Any attempt by LAFCO staff to delay it further is unacceptable, and will cost all Fallbrook/Rainbow/Water Authority/Eastern ratepayers significant – and unnecessary – funds. We urge LAFCO to proceed and conclude this process.

**Comment 15:**

Prospectus Text (nowhere to be found): *There are many missing significant items related to these applications.*

Response by Water Authority: A number of important topics have been repeatedly raised to LAFCO staff, yet the Prospectus completely ignores them. Here are short summaries of each:

- As noted above, the Prospectus ignores the fact that the applications, if granted, would create increased water demands on the sensitive Bay-Delta, in contravention of State policy (*see* Water Code Section 85021). The Water Authority has repeatedly submitted detailed information on this issue to LAFCO staff, and staff has repeatedly acted as if the issue does not exist. It does exist. Staff cannot keep turning a “blind eye” to this serious problem that remains completely unexamined by LAFCO, in clear violation of CEQA.
- The Prospectus ignores any review of the earthquake issues the Water Authority has repeatedly called out, and the difference for Fallbrook and Rainbow customers between being able to get only water from the north (via MWD), versus from both the north and south (via the Water Authority), particularly in an earthquake.
- The Prospectus ignores the fact that Rainbow has stated it must spend about \$15 million in new construction to serve its southern region.
- The Prospectus ignores what specific Water Authority infrastructure Fallbrook and Rainbow would need access to after annexation into Eastern, and what water volumes and timing would be required, as well as the millions of dollars in related costs that must be covered.
- The Prospectus ignores how Fallbrook and Rainbow will be represented at Eastern. It appears they may be merged into an existing district and have their vote diluted. (Lack of proper representation was the main issue over which the LAFCO-proposed consolidation of Fallbrook and Rainbow collapsed years ago.) The Water Authority called out this issue to LAFCO previously, and only non-substantive answers were provided.

- The Prospectus ignores whether there are Williamson Act and California Land Conservation Act lands in Fallbrook or Rainbow's service areas. LAFCO Statutes require certain special processes for such lands. *See*, for example, Government Code Section 56426.6 and 56856.5.

### END OF COMMENTS ON PROSPECTUS

The Water Authority thanks the LAFCO Commissioners and staff for their review of these important matters. If there are any questions, please contact our General Manager Sandy Kerl at [skerl@sdewa.org](mailto:skerl@sdewa.org).

Sincerely,



Mark J. Hattam  
Special Counsel

Enclosures

cc via email:

Holly Whatley, LAFCO General Counsel  
Adam Wilson, Ad Hoc Committee Moderator  
All LAFCO Commissioners  
Sandra L. Kerl, General Manager, San Diego County Water Authority  
David Edwards, General Counsel, San Diego County Water Authority  
Claire Collins, Counsel, San Diego County Water Authority  
Jack Bebee, General Manager, Fallbrook PUD  
Paula C. P. de Sousa, Counsel, Fallbrook PUD  
Nick Kanetis, Deputy General Manager, Eastern MWD  
Tom Kennedy, General Manager, Rainbow MWD  
Alfred Smith, Counsel, Rainbow MWD  
Water Authority Board of Directors  
Fallbrook Public Utility District Board of Directors  
Rainbow Municipal Water District Board of Directors  
Eastern Municipal Water District Board of Directors  
Adel Hagekhalil, General Manager, Metropolitan Water District of Southern California



# **EXHIBIT 1**



# Proposed Reorganizations

FALLBROOK PUD +  
RAINBOW MWD

PROSPECTUS

REPORT SUMMARY | October 2022



## OVERVIEW

This prospectus covers San Diego LAFCO's current administrative review of two related proposals filed by Fallbrook Public Utility District (PUD) and Rainbow Municipal Water District (MWD) that have been administratively combined by the Executive Officer. The combined proposal affects – directly or indirectly – a sizable portion of San Diego County residents and is expected to be presented to the Commission for formal deliberations as early as February 2023. This prospectus summarizes key policy issues underlying the proposals to date and tentative conclusions reached by LAFCO staff. The role of the prospectus is to help communicate these policy issues and facilitate early input from all interested parties – public or private – before LAFCO staff completes the administrative reviews.

### PROPOSAL FILINGS: What Fallbrook PUD and Rainbow MWD are Asking to Do...

Fallbrook PUD and Rainbow MWD via separate filings in March 2020 are requesting LAFCO approval to transfer wholesale water service responsibilities within their combined 124 square mile jurisdictional boundaries from the San Diego County Water Authority to Eastern MWD in Riverside County. The requested transfer necessitates multiple jurisdictional changes and related approvals by LAFCO and headlined by concurrently (a) detaching the affected territory from the County Water Authority and (b) annexing into Eastern MWD. The stated purpose of the proposals is to achieve cost-savings with Fallbrook and Rainbow estimating the per acre-foot wholesale charge would decrease by (25%) from \$1,608 with the County Water Authority to \$1,195 with Eastern MWD with the latter secured by a MOU.

## PROPOSAL FILINGS: What the County Water Authority is Asking in Response...

The County Water Authority is on record via resolution stating they will oppose the proposals unless:

- Rainbow and Fallbrook guarantee all obligations as promised to their own ratepayers are met.
- Detachments will not increase reliance on the Bay-Delta
- Detachments will not adversely affect other County Water Authority member agencies and San Diego County as a region financially or environmentally.
- Detachments will not diminish the County Water Authority's voting power at MET.

### Fallbrook PUD and Rainbow MWD

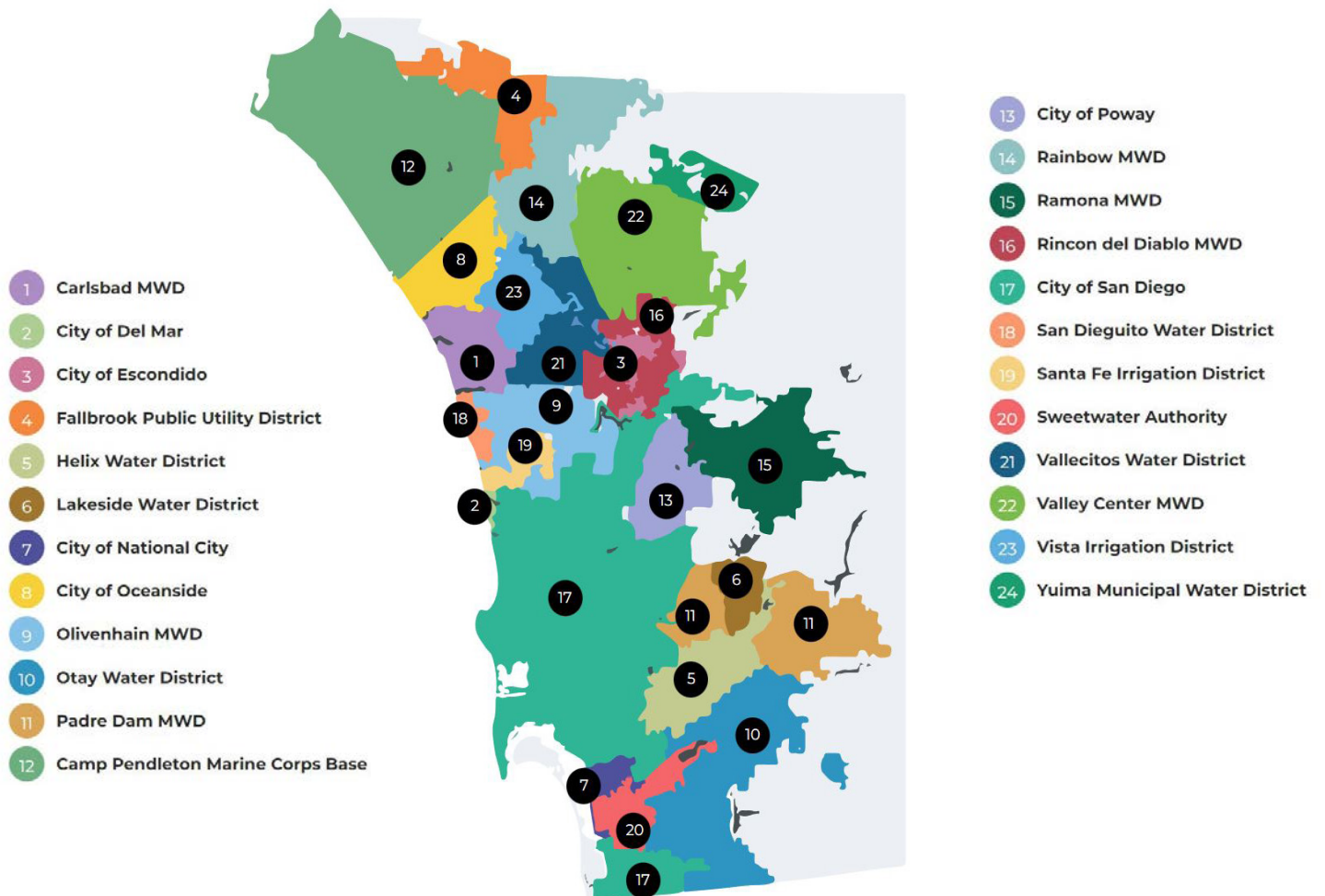
#### Fallbrook PUD

General Manager Tom Kennedy  
 Formed in 1922  
 Estimated Population is 33,986  
 Avg Annual Water Demand is 9,161 AF  
 6% of Customers are Ag  
 38% of Water Demand is Ag



#### Rainbow MWD

General Manager Jack Bebee  
 Formed in 1953  
 Estimated Population is 22,130  
 Avg Annual Water Demand is 16,976 AF  
 29% of Customers are Ag  
 67% of Water Demand is Ag





## ADMINISTRATIVE REVIEW What's Been Done to Date...

### Approval of MOU with Riverside LAFCO

In response to the proposal filings, San Diego and Riverside LAFCOs have entered into a memorandum of understanding (MOU) to establish tasks and responsibilities. The MOU designates San Diego as lead in preparing all related analysis and this includes completing a municipal service review on Eastern MWD to inform a conforming sphere of influence action to accommodate any annexation approvals. The MOU specifies San Diego shall actively consult with Riverside in processing the reorganizations and related studies. All approvals are delegated to San Diego.

### Approval of Alternative Conducting Authority Proceedings

As allowed under statute, San Diego LAFCO has approved a request from the County Water Authority to apply alternative conducting authority proceedings should the Commission approve Fallbrook PUD and/or Rainbow MWD's proposals. This means – markedly – any proposal approval will bypass standard protest proceedings and directly proceed to a confirmation election of registered voters.

### Establishment of an Advisory Committee & Technical Expertise from Dr. Michael Hanemann

Given the complexities and associated jurisdictional disputes underlying the proposals, San Diego LAFCO has created a 10-member Ad Hoc Committee to advise the Executive Officer through the administrative review process. The Ad Hoc includes representatives from all four subject agencies plus at-large members. The Ad Hoc has held 12 meetings to date with the majority focusing on three specific topics involving water supply reliability, ratepayer impacts, and possible true-up costs (exit fees) with technical analysis provided by Dr. Michael Hanemann with Arizona State University. The work of the Ad Hoc is expected to conclude shortly.

### Property Tax Exchange Process

As required for all proposed jurisdictional changes, a property tax exchange analysis has been prepared for the Fallbrook PUD and Rainbow MWD proposals through the County of San Diego. This analysis concludes an existing tax exchange resolution previously adopted by the Board of Supervisors applies to the proposals and means if approved all property tax revenues (AB8 and unitary) currently allocated to the County Water Authority would transfer to Eastern MWD – which totals \$388,216 in 2022-2023. The analysis also concludes that the County Water Authority's existing fixed charges collected on the tax roll within Fallbrook and Rainbow – which presently totals \$723,604 – would be eliminated. The property tax exchange is considered complete, though it can be revisited if needed.



Solar panels facilitate well pumping in Fallbrook, California.



## » Administrative Review

### **Fallbrook Region Municipal Service Review (MSR)**

As a prerequisite to considering the proposed jurisdictional changes, San Diego LAFCO has prepared and completed a municipal service review on the Fallbrook region and the local agencies operating therein subject to the Commission's oversight – including Fallbrook PUD and Rainbow MWD. The final report outlines nine central conclusions relative to LAFCO's growth management tasks and interests based on data collected and analyzed between 2016 and 2020. This includes concluding Fallbrook PUD and Rainbow MWD have experienced clear and measurable financial stresses during the report period and reflected in substantive declines in their liquidity, capital, and margin levels.

### **Addendum to MSR on Eastern MWD**

As a separate prerequisite to considering the proposed jurisdictional changes, San Diego LAFCO is preparing an addendum to Riverside LAFCO's most recent MSR on Eastern MWD. The addendum provides gap analysis in bringing data current with respect to Eastern MWD's potable water functions (wholesale and retail) and finances. The addendum is presently under administrative review by Riverside LAFCO and will be forwarded to the Commission in step with presenting both proposals.



## TENTATIVE LAFCO STAFF CONCLUSIONS Where Staff's Analysis to Date is Going...

The following conclusions are purposefully premised as “tentative” and directly informed by analysis performed to date with the key qualifier, the administrative review remains active. Some tentative conclusions, nonetheless, are more firm than others. LAFCO staff welcomes the public’s review and comment on these tentative conclusions.

### **LAFCO Statute Governs**

LAFCO statute – and not the County Water Authority Act – governs consideration of the proposals. Among other pertinent outcomes this means LAFCO has broad authority to condition any proposal approvals using the Commission’s quasi-legislative powers.

### **Eastern MWD’s Supplies are Reliable**

Although the County Water Authority’s potable supply portfolio is superior given its diversification, Eastern MWD’s own supply via MET is adequate and can reasonably accommodate demands now and going forward for both Fallbrook PUD and Rainbow MWD.

### **Eastern MWD’s Finances are Healthy**

Standard measurements used to assess the Eastern MWD’s financial standing shows it trended positively over the last five fiscal years with respect to liquidity, capital, and margin levels. The latter is highlighted by Eastern MWD finishing with positive total margins in four of the five years with an overall average of 4.5%

### **Fallbrook PUD and Rainbow MWD’s Ratepayers Will See Cost-Savings**

LAFCO estimates the average monthly household impact for Fallbrook and Rainbow ratepayers is \$20.21 and \$26.79, respectively assuming full pass-through to ratepayers.

### **County Water Authority Member Agencies’ Ratepayers Will See Cost-Increases**

LAFCO estimates through the help of an Ad Hoc Working Group the average monthly household impact for the remaining members agencies of the County Water Authority is \$2.20 assuming full pass-through to ratepayers. The City of San Diego impact (largest CWA customer) is estimated at \$1.05 per month/per household.

### **Approval of the Proposals is Reasonable if Conditioned on an Exit Fee**

It would be appropriate to condition approval to require an annual true-up – or exit fee – equal to the estimated revenue loss (water sales, property taxes, available fees) for the County Water Authority should both Fallbrook PUD and Rainbow MWD detach. The purpose of the exit fee is to provide the County Water Authority a period of adjustment. This annual amount has been estimated by Dr. Hanemann in the short run at \$12.6 million.



### **Five Years is an Appropriate Length for an Exit Fee**

As referenced, the purpose of an exit fee is to provide the County Water Authority and its remaining member agencies a level of financial protection in the short run while they adjust to the changed financial situation associated with Fallbrook PUD and Rainbow MWD detaching. Five years appears to be an appropriate standard to apply an annual exit fee.

### **Offsetting the Exit Fee to Reflect Ancillary County Water Authority Savings is Reasonable**

The County Water Authority would save money should Fallbrook PUD and Rainbow MWD detach that would otherwise be expended on proceeding with the previously planned construction of the ESP North County Pump Station. The value of the associated savings – however – remains a topic of ongoing analysis.



## » TENTATIVE LAFCO STAFF CONCLUSIONS

### Loss of Voting Rights at MET is a Valid Concern with a Possible Solution

Should Fallbrook PUD and Rainbow MWD detach from the County Water Authority and annex into Eastern MWD a proportional change in voting rights at MET would follow. The estimated value of voting rights – though relatively small – is substantive given it falls within the margin of a recent key vote at MET involving the selection of their new general manager. One possible and otherwise merited solution would involve applying a separate condition to require a MOU between Eastern MWD and County Water Authority to retain the voting apportionment associated with Fallbrook and Rainbow for at least the first five years.

### Class 20 CEQA Exemptions Are Appropriate

Consistent with the findings made by Fallbrook PUD and Rainbow MWD in their resolutions of application, Class 20 exemptions appropriately apply to both proposals. These exemptions appropriately apply given the underlying action involves the transfer of existing municipal service functions within the same area with no additional powers or expansions.

### Other Terms and/or Measures May Also Be Appropriate Based on Commission Preferences

#### Possible examples:

- A LAFCO prescribed “roll-out” requiring Fallbrook PUD and Rainbow MWD to remain member agencies with County Water Authority for a specified period of time before allowing the detachments to formally proceed.
- Requiring the completion of a municipal service review on the County Water Authority.

### Other Terms and/or Measures Raised by Others Appear Problematic

#### Example:

- The County Water Authority is on record requesting San Diego LAFCO condition any proposal approvals on expanding the “affected territory” for purposes of calling an election to include all registered voters within its member agencies’ boundaries. Commission Counsel does not believe this option is available to the Commission.



## ADMINISTRATIVE REVIEW What Remains to be Done...

### Complete Staff Report & Address all Statutory and Local Policy Factors

San Diego LAFCO staff is currently preparing a report on the Fallbrook PUD and Rainbow MWD proposals with recommendations that includes addressing all review factors required under State law as well as local policy. The former is headlined by considering all of the factors required under Government Code Section 56668 and ranges in scope from addressing the proposals' conformance growth and development objectives to relationship to environmental justice. The latter is marked by L-107 and consideration of options in addressing known jurisdictional disputes.

### Scheduling a Public Hearing

San Diego LAFCO staff anticipates scheduling a public hearing for the Commission to begin its deliberations on the Fallbrook PUD and Rainbow MWD proposal as part of a combined item in February 2023. Notice will be provided to all subject and affected agencies and published in the UT no less than 21 days in advance.

### Additional Information

Additional information on the combined proposals is available online. This includes pertinent documents, including but not limited to, applications submitted by both Fallbrook PUD and Rainbow MWD, agenda materials for all Ad-Hoc Committee meetings, as well as all correspondence received to-date.

### Receive Written Comments

The public is invited to provide comments on this prospectus and the combined proposal as part of the administrative review process.

Written comments received by Wednesday, November 30, 2022, will be incorporated into preparing a draft document to be presented at a future meeting and tentatively scheduled for February 6, 2023. Comments and questions should be directed to Priscilla Mumpower, Analyst II by e-mail at [priscilla.mumpower@sdcounty.ca.gov](mailto:priscilla.mumpower@sdcounty.ca.gov) or by telephone at **619.321.3380**.

Separate public review and comment period will be noticed and ahead of presenting a final staff report to the Commission.



# **EXHIBIT 2**

Dr. Hanemann Report -- Executive Summary, pp. 14-16 (emphases added).

## NO. 5 | WATER SUPPLY RELIABILITY

EMWD has both retail and wholesale customers. While about half of EMWD's supply is local supplies, it does not share those with its wholesale customers. Under the present arrangement, if FPUD and RMWD become members of EMWD this will not bring them access to any of EMWD's local supply. Through EMWD they will receive only M-water from MWD. With the Santa Margarita Conjunctive Use Project online, about half of FPUD's total consumption is now local supply, but RMWD has almost no local supply and will be essentially as dependent on MWD as SDCWA was in 1991. In contrast, SDCWA is now largely independent of M-water: that accounted for 24% of SDCWA's supply in CY 2020, about 12% in CY 2021, and is projected to decline even further over the next decade. The bulk of SDCWA's supply portfolio is: (i) QSA water from the Colorado River which comes under a higher priority water right than most of MWD's Colorado River M-water, and (ii) water from the Carlsbad Desal facility, which is fully protected against streamflow uncertainty.

The superior reliability of SDCWA's supply has benefitted FPUD and RMWD in the past. In the drought of 2009, SDCWA faced a 13% cut-back in the delivery of M-water. However, because of its access to QSA water, SDCWA was able to reduce deliveries to its member agencies by only 8%. In the 2015-2016 drought, the supply from the Carlsbad Desalination Facility was certified as drought-resilient, which lowered FPUD and RMWD's mandated water use reduction from 36% to 28%. In May 2016, the conservation mandate was replaced with a localized "stress test" under which a wholesale water agency could document its ability to meet demands for 2017-2019 should dry conditions continue. Based on the availability of SDCWA's drought resilient supply, the conservation requirement for FPUD, RMWD and other member agencies was reduced to 0%.

Both of MWD's sources of M-water – SWP water and Colorado River water -- have supply reliability issues.

There are supply reliability issues for SWP water with regard to: (i) the amount of water available for it to take from its source, the Feather River in the Sacramento Valley, and (ii) the ability to convey that water through the Sacramento/San Joaquin Delta to SWP member agencies south of the Delta.

- With regard to the availability of Feather River water, long-standing issues are that droughts are a fact of life in California and that SWP has relatively little carryover storage. A new factor is climate change and the growing recognition that droughts will become more frequent and more severe. Before 2013, there were only two years since SWP deliveries began in 1972 when it delivered a very low supply relative to its Table A commitment; but six of the nine years since then have seen a very low SWP supply. In addition, with soils becoming drier, with climate warming, northern California

streamflow is becoming harder to predict using the standard hydrological models, rendering water supply less predictable.

- With regard to conveyance through the Delta, there are two issues: (i) environmental restrictions on releases have increased since the 2000s and (ii) there is a general recognition that the levee system used to convey SWP water is unreliable and will have to be replaced. The first proposal, launched in 2015 and known as WaterFix, involved two tunnels under the Delta, at an estimated cost of about \$17 billion in 2017 dollars. MWD planned to acquire a 64.6% share in the supply at a projected cost of \$10.8 billion. The proposal was withdrawn by Governor Newsom in 2019, and a one-tunnel project is being developed, known as the Delta Conveyance Project, with a preliminary cost estimate of \$15.9 billion (in 2020 dollars). Exactly when the project will be completed, and at what cost, is unknown. It might not come into full operation for another 10 or 15 years. Without it, the ability to convey SWP (and CVP) water to users south of the Delta remains at risk.

The Colorado River was MWD's original source of water and remained its larger source until the QSA took effect in 2003, reducing MWD's firm supply of Colorado River water. Starting in 2003, SWP made up the majority of MWD's water. The recent difficulties with SWP deliveries are causing a return to Colorado River water. However, there has been a twenty-year drought on the Colorado River, and the impacts are now beginning to be felt. Lake Mead and Lake Powell, the country's two largest reservoirs, are now at their lowest levels ever. In September, for the first time in history, a Tier 1 shortage was declared on the river. Tier 1 reduces diversions by Arizona and Nevada but not California. California loses about 5% of its diversion under Tier 2b, and about 8% under Tier 3. Current projections are that there is a 25% chance of a Tier 3 declaration in 2023, a 44% chance in 2024, and a 59% chance in 2025. In the event of a California reduction, the brunt would be borne by MWD, not SDCWA, because of the seniority of the water right to which SDCWA has access. Looking to the future, Tier 3 will not be enough to manage the Colorado River under the "new normal" conditions now being anticipated; sharper cutbacks will probably be required for all three lower basin states.

In anticipation of possible shortage, MWD has built up substantial dry-year reserves stored in groundwater banks in the San Joaquin Valley and Coachella Valley and in Lake Mead. This will enable it to withstand two or three critical shortage years in a row. However, projected climate change scenarios indicate the possibility of significantly longer droughts in the future. It is not clear that MWD yet has the practical capacity to sustain more severe and prolonged drought, especially on the Colorado River.

In switching from being wholesale customers of SDCWA to EMWD, FPUD and especially RMWD may face some challenges. Riverside County is the fastest growing county in California. While EMWD has significant local supplies, it does not share those with its wholesale customers – it provides only MWD water to them. Most of EMWD's wholesale customers themselves have substantial local supplies. The City of Perris and RMWD will be the only EMWD wholesale customers who are solely dependent on MWD water.

EMWD presented an analysis showing that it would be able in a drought to withstand a 30% reduction in MWD deliveries, sparing any wholesale customer (including FPUD and RMWD) from being short of supply. However, that analysis rests on certain assumptions which I find unrealistic.

In summary, while I believe that FPUD and RMWD are taking something of a gamble on supply reliability if they switch from SDCWA to EMWD, the gamble ultimately is not one of running out of water but, rather, paying a higher price than they had anticipated to get by in a drought.

# **EXHIBIT 3**

**Base Year Reallocation of Detachment Reduced Revenue**

*(Table 4.9 of the Water Authority's September Response)*

	Supply Reliability Charge	Customer Service Charge	Storage Charge	IAC	Estimated Fixed Charge Annual Impact	FY 2020 Deliveries (AF)	Est. Variable Impact (AF*\$27.95)	Total Net Annual Impact* (Fixed + Variable)
Carlsbad M.W.D.	\$59,287	\$54,029	\$89,307	\$54,553	\$257,176	11,957	\$334,157	\$591,333
Del Mar, City of	\$4,240	\$4,267	\$7,052	\$3,746	\$19,304	954	\$26,661	\$45,965
Escondido, City of	\$70,865	\$74,868	\$112,199	\$53,156	\$311,089	5,791	\$161,826	\$472,915
Fallbrook P.U.D.	\$0	\$0	\$0	\$0	\$0		\$0	\$0
Helix W.D.	\$115,659	\$108,083	\$178,656	\$97,953	\$500,351	20,711	\$578,818	\$1,079,169
Lakeside W.D.	\$11,664	\$11,580	\$19,141	\$12,313	\$54,699	2,879	\$80,453	\$135,153
Oceanside, City of	\$91,844	\$91,206	\$148,763	\$86,351	\$418,163	19,844	\$554,568	\$972,732
Olivenhain M.W.D.	\$77,840	\$76,971	\$126,606	\$42,301	\$323,718	17,189	\$480,386	\$804,104
Otay W.D.	\$122,528	\$120,382	\$198,987	\$90,342	\$532,238	28,309	\$791,138	\$1,323,376
Padre Dam M.W.D.	\$41,274	\$41,522	\$67,744	\$40,331	\$190,871	9,589	\$267,976	\$458,847
Pendleton Military Reserve	\$288	\$311	\$514	\$0	\$1,113	52	\$1,448	\$2,561
Poway, City of	\$40,590	\$39,019	\$64,242	\$25,541	\$169,392	8,714	\$243,515	\$412,907
Rainbow M.W.D.	\$0	\$0	\$0	\$0	\$0		\$0	\$0
Ramona M.W.D.	\$18,256	\$21,618	\$29,040	\$15,368	\$84,282	3,755	\$104,929	\$189,211
Rincon Del Diablo M.W.D.	\$22,394	\$21,760	\$35,856	\$15,350	\$95,360	4,839	\$135,232	\$230,592
San Diego, City of	\$716,158	\$673,788	\$1,112,548	\$591,116	\$3,093,609	151,865	\$4,244,135	\$7,337,745
San Dieguito W.D.	\$17,209	\$14,400	\$23,802	\$22,678	\$78,090	3,128	\$87,404	\$165,494
Santa Fe I.D.	\$31,250	\$28,229	\$46,662	\$15,929	\$122,070	5,626	\$157,223	\$279,293
Sweetwater Authority	\$41,421	\$29,183	\$48,238	\$64,599	\$183,441	950	\$26,544	\$209,985
Vallecitos W.D.	\$51,168	\$49,156	\$75,939	\$40,904	\$217,167	10,860	\$303,505	\$520,672
Valley Center M.W.D.	\$31,687	\$85,836	\$51,374	\$21,972	\$190,869	16,684	\$466,259	\$657,128
Vista I.D.	\$65,536	\$63,914	\$105,287	\$53,574	\$288,312	3,361	\$93,940	\$382,252
Yuima M.W.D.	\$4,643	\$21,960	\$9,867	\$916	\$37,386	4,652	\$130,020	\$167,406
South Coast W.D.	\$531	\$445	\$0	\$0	\$976		\$0	\$976
<b>Total</b>	<b>\$1,636,332</b>	<b>\$1,632,528</b>	<b>\$2,551,824</b>	<b>\$1,348,992</b>	<b>\$7,169,676</b>	<b>331,709</b>	<b>9,270,137</b>	<b>\$16,439,816</b>

# **EXHIBIT 4**

**From:** [George.Michael@Waterboards](mailto:George.Michael@Waterboards)  
**To:** [Kerl.Sandy](mailto:Kerl.Sandy)  
**Cc:** [Pearson.Jessica@DeltaCouncil](mailto:Pearson.Jessica@DeltaCouncil); [Kammeier.Lindsay@Waterboards](mailto:Kammeier.Lindsay@Waterboards); [Coupe.David@Waterboards](mailto:Coupe.David@Waterboards)  
**Subject:** Reduced Reliance on the Delta  
**Date:** Thursday, September 17, 2020 12:26:00 PM

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Sandy,

I appreciate the San Diego County Water Authority (SDCWA) bringing to my attention the proposal currently pending before the San Diego County Local Agency Formation Commission (LAFCO) for de-annexation of two member agencies of SDCWA, namely the Fallbrook Public Utility District (Fallbrook) and Rainbow Municipal Water District (Rainbow), and for subsequent annexation of those two agencies into Eastern Municipal Water District (Eastern MWD) to receive service solely under a water supply contract.

Although I have not read the docket of the LAFCO proceedings, I understand the “reduced reliance” issue arises because Fallbrook and Rainbow seek to withdraw from SDCWA so as to shed the incremental cost associated SDCWA’s independent regional water supply portfolio. The two agencies propose to substitute a water supply contract with Eastern MWD under which they would solely receive imported water from the Metropolitan Water District of Southern California (Met), without any access to Eastern MWD’s independent supplies. Upon these facts and taking into account the apparent paucity of Fallbrook’s and Rainbow’s own local supplies, the proposed substitute water supply arrangement appears to increase reliance on the Delta by concentrating their future water supply dependence on Met which imports a variable but significant portion of its supply from the Delta through the State Water Project (SWP).

In considering the Fallbrook and Rainbow proposal, it is appropriate for all parties to take notice of California’s policy of reducing reliance on the Delta as a water supply source:

The policy of the State of California is to reduce reliance on the Delta in meeting California’s future water supply needs through a statewide strategy of investing in improved regional supplies, conservation, and water use efficiency. Each region that depends on water from the Delta watershed shall improve its regional self-reliance for water through investment in water use efficiency, water recycling, advanced water technologies, local and regional water supply projects, and improved regional coordination of local and regional water supply efforts.

Water Code §85021.

Since long before this section of the Water Code was added by the Delta Reform Act of 2009, SDCWA has been pursuing “regional self-reliance for water,” making significant investments to support that policy. Expanded regional storage, stringent consumer water conservation, a large desalination plant, system conservation projects (including canal lining and other upgrades) and ambitious recycling and storm water capture projects have all been supported by the SDCWA and its member agencies. Although this conscientious, decades-long drive toward regional self-reliance has been expensive, it has dramatically improved regional supply reliability and reduced reliance on unstable and inconsistent supplies withdrawn from the Delta.



The policy of reduced reliance on the Delta is not self-executing. Therefore, in that same Delta Reform Act, the legislature created the Delta Stewardship Council (Council) and charged the Council with developing a comprehensive plan (the Delta Plan) to accomplish the State's co-equal goals of improving water supply reliability and restoring the Delta's ecosystem, while protecting the Delta as an evolving place. [WC §85300 et seq.] The Act also created the Delta Watermaster as an independent officer of the State reporting jointly to the State Water Resources Control Board (Water Board) and the Council. Serving in that position, I exercise the Water Board's administrative authority over all water diversions in the Delta, including diversions by the SWP at the Banks Pumping Plant in the southern Delta, near Tracy. [WC §85230.]

In pursuit of the State's effort to reduce reliance on the Delta as a water supply source, the Council included in the Delta Plan a regulatory policy [WR P1: Reduce Reliance on the Delta through Improved Regional Water Self-Reliance]. In explaining the scope and purpose of the policy, the Council noted:

It is important to recognize that reliance on water from the Delta...varies throughout California, from region to region and water supplier to water supplier. Some water suppliers have greater access to alternative water supplies or have a greater ability to implement a diverse range of water efficiency and water supply projects. Others... may have a narrower range of options.... The key is that every supplier must do its part and take appropriate action to improve regional self-reliance and contribute to reduced reliance on water from the Delta watershed.

The Delta Plan, 2013, Appendix G at G-5. If my high-level understanding of Fallbrook's and Rainbow's proposals is accurate, then those proposals run directly counter to this policy, because they would inevitably reduce the diversification of supply available through membership in SDCWA and increase demand on the SWP.

The Delta Plan is the legally enforceable regulatory framework for government activity in the Delta.<sup>[1]</sup> However, the regulatory policy of reduced reliance on the Delta as a water supply source is enforced in the Delta by requiring that projects within the Delta ("covered actions" in the legislative argot) must certify consistency with the Delta Plan. Such certifications by project proponents may be challenged before the Council. In hearing an appeal, the Council either (i) upholds the consistency determination, if it is supported by substantial evidence in the record before the project proponent or (ii) upholds the challenge, in which case the project is remanded for amendment sufficient to support consistency.

I recite the foregoing as the context in which I view the de-annexation proposal brought before LAFCO by Fallbrook and Rainbow. De-annexation, if approved by LAFCO and carried out by those local water suppliers, would not be a "covered action," because it does not involve any physical activity within the Delta. Therefore, the required consistency with WR P1 would not be triggered directly.

However, there is a recent example of how local actions outside the Delta that are inconsistent with the State's policy of reduced reliance on the Delta as a water supply source triggers the Council's WR P1 analysis. In 2018, the Department of Water Resources (DWR) certified that the SWP's WaterFix project (also known as the twin tunnels conveyance

project) was consistent with the Delta Plan. Numerous parties appealed to the Council, claiming, among other things, that WaterFix was inconsistent with WR P1. Because DWR was unable to demonstrate that all of the suppliers who received water from the SWP had taken appropriate steps to reduce their reliance on the Delta supply source, the Council's staff recommended that the appeal be upheld. Faced with a likely rejection of its consistency certification, DWR withdrew.

The SWP is currently pursuing a single tunnel alternative conveyance project within the Delta to support SWP exports. Assuming that project stays on track, DWR will again have to certify that it is consistent with the Delta Plan, including WR P1. In that context, the proposed de-annexation could be viewed as reversing Fallbrook's and Rainbow's reduced reliance as members of the diversifying SDCWA and increasing their agencies' reliance on the Delta through proposed contractual arrangements for water from SWP-dependent supplies.

From my Delta-centric point of view, it does not matter that the molecules of water delivered to Fallbrook and Rainbow under the contract with Eastern MWD might be the same molecules delivered through the same physical infrastructure as before. What does matter is that the two agencies would be increasing reliance on the Delta because they would abandon a less Delta-dependent supply mix (available through their SDWA membership) in favor of a more Delta-reliant supply mix (available under the contract with Eastern MWD).

Because the proposed de-annexation is not a covered action occurring inside the Delta and because my jurisdiction as Delta Watermaster is limited to the Delta, I will not weigh in directly with LAFCO to offer an opinion on the de-annexation proposals. Nonetheless, it appears to me that approving the pending proposals would be an unfortunate instance of backsliding from supply diversity/security, apparently in exchange for short-term relief from the costs associated with SDCWA's more resilient supply mix.

Thanks again for bringing this issue to my attention. I am encouraged that the State policy of reduced reliance on the Delta is being actively considered in the LAFCO process.

Michael

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[1] See *Delta Stewardship Council Cases*, C082944 & C086199, the Third District Court of Appeal's April 10, 2020 decision upholding the Delta Plan. On August 12, 2020, the Supreme Court denied a petition for further review, letting the Court of Appeal's affirmation of the Delta Plan stand as the final judicial order.

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[1] See *Delta Stewardship Council Cases*, C082944 & C086199, the Third District Court of Appeal's April 10, 2020 decision upholding the Delta Plan. On August 12, 2020, the Supreme Court denied a petition for further review, letting the Court of Appeal's affirmation of the Delta Plan stand as the final judicial order.

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# **EXHIBIT 5**

## Estimated QSA Supplies Delivered to Fallbrook PUD and Rainbow MWD (AF)

(Treated water deliveries between January 2019 through September 2022)

Date	A	B	C=A+B	D	E	F=D+E	G	H	I=(G+H)-D, if G+H>D
	QSA Treated Deliveries from MWD	QSA Untreated Deliveries from MWD	Total	Net MWD Treated Supply	Net MWD Untreated Supply	Total	Water Authority Sales to Fallbrook	Water Authority Sales to Rainbow	Estimated Minimum QSA Supplies Delivered to Fallbrook and Rainbow
1/31/2019	217	14,570	14,787	4,533	-	4,533	341	362	-
2/28/2019	524	12,776	13,300	1,728	-	1,728	223	244	-
3/31/2019		14,487	14,487	2,726	1,718	4,445	391	424	-
4/30/2019	1,124	20,557	21,680	3,796	-	3,796	669	1,337	-
5/31/2019	431	21,249	21,680	2,584	0	2,584	302	1,074	-
6/30/2019		21,680	21,680	4,185	598	4,782	834	1,227	-
7/31/2019		21,681	21,681	4,725	5,929	10,655	962	2,189	-
8/31/2019		21,681	21,681	5,719	10,741	16,460	820	1,986	-
9/30/2019		21,681	21,681	5,712	7,937	13,648	1,063	1,538	-
10/31/2019		21,681	21,681	6,014	7,341	13,355	786	1,956	-
11/30/2019	172	21,509	21,681	4,301	-	4,301	920	852	-
12/31/2019	1,711	19,971	21,681	415	-	415	158	531	274
1/31/2020	3,593	18,923	22,517	156	-	156	414	536	795
2/29/2020	3,532	18,985	22,517	535	-	535	491	779	735
3/31/2020	2,624	19,892	22,517	253	-	253	365	416	529
4/30/2020	4,341	12,805	17,146	742	-	742	483	723	463
5/31/2020	6,491	16,026	22,517	1,372	-	1,372	587	1,479	694
6/30/2020	4,241	18,276	22,517	226	-	226	774	1,494	2,043
7/31/2020	5,675	22,213	27,888	334	-	334	1,246	2,090	3,003
8/31/2020		22,517	22,517	4,970	3,992	8,962	779	1,731	-
9/30/2020		22,517	22,517	5,033	5,326	10,360	1,074	2,441	-
10/31/2020		22,517	22,517	4,268	1,531	5,799	778	1,405	-
11/30/2020		22,517	22,517	3,785	524	4,309	614	1,158	-
12/31/2020		22,517	22,517	3,520	1,683	5,203	620	1,123	-
1/31/2021	2,558	21,000	23,558	297	-	297	488	701	891
2/28/2021	2,366	21,192	23,558	368	-	368	439	764	835
3/31/2021 <sup>3</sup>	4,691	18,867	23,558	8	-	8	468	787	1,247
4/30/2021	-	23,558	23,558	4,093	1,493	5,587	986	1,555	-
5/31/2021	-	23,558	23,558	4,624	144	4,769	506	1,714	-
6/30/2021	-	23,558	23,558	4,762	3,713	8,475	973	1,505	-
7/31/2021	-	23,558	23,558	5,041	4,062	9,103	596	1,898	-
8/31/2021	-	23,558	23,558	5,197	2,703	7,899	976	2,048	-
9/30/2021	-	23,558	23,558	5,439	1,485	6,924	882	1,825	-
10/31/2021	-	23,558	23,558	4,921	853	5,774	621	1,302	-
11/30/2021	-	23,558	23,558	4,095	1,964	6,059	643	1,144	-
12/31/2021	2,914	20,556	23,470	2	-	2	353	683	1,034
1/31/2022	2,636	20,714	23,350	320	-	320	304	733	717
2/28/2022	3,297	20,053	23,350	287	-	287	422	1,171	1,306
3/31/2022	2,583	20,767	23,350	379	-	379	453	781	854
4/30/2022	319	23,031	23,350	3,997	-	3,997	627	1,512	-
5/31/2022	-	23,350	23,350	4,703	1,445	6,148	847	1,514	-
6/30/2022	-	23,350	23,350	4,833	2,272	7,104	613	1,696	-
7/31/2022	-	29,900	29,900	6,047	6,760	12,807	868	2,021	-
8/31/2022	-	29,340	29,340	4,866	11,059	15,925	815	2,019	-
9/30/2022	-	23,350	23,350	5,298	13,874	19,172	690	1,912	-
							<b>Total</b>		<b>15,420</b>