



May 1, 2023

Chair Adan Ortega  
Metropolitan Water District of Southern California  
700 N. Alameda Street  
Los Angeles, CA 90012

Via US Mail and email

Dear Chair Ortega,

We appreciate your interest as chair of the Metropolitan Water District (MWD) in the challenges faced by the roughly 50,000 people within the communities of Fallbrook, Rainbow and Bonsall served by the Fallbrook Public Utility District and Rainbow Municipal Water District (Districts). In your letter to the San Diego Local Agency Formation Commission (SDLAFCO) dated March 22, 2023, you expressed several concerns related to our applications for detachment from the San Diego County Water Authority (SDCWA) and annexation (for wholesale service) into Eastern Municipal Water District (EMWD) (the "Detachment Applications").

In reading the substance of your concerns, we think you may have been misled by information and talking points likely provided to you by, or on behalf of, SDCWA. In this letter, we will address each of your concerns using factual information that is already part of the public record at MWD and SDLAFCO.

**Concern**

The matter (the Fallbrook and Rainbow Detachment Applications) was not brought before Metropolitan Board (MWD) of Directors.

**Response**

The MWD Planning and Stewardship Committee considered the Fallbrook and Rainbow Detachment Applications at its November 8, 2021 meeting. As part of the discussion of the item, MWD's previously provided input to SDLAFCO (by correspondence in September 2020 and February 2021) was considered and discussed by the Committee. After the committee heard a detailed presentation that included documentation of the neutral position of MWD, no action was taken to indicate that the committee had the reservations expressed in your March 22, 2023 letter. It also does not appear, from our review of MWD agendas, that your letter or the positions you took in the letter, were discussed with the MWD Board or any MWD committee before it was sent to SDLAFCO.

In addition, from the records we received pursuant to our Public Records Act request relevant to your March 22, 2023 letter, it appears that the response you received from SDLAFCO was forwarded to only two other individuals:

- You shared your March 22, 2023 letter via email on the morning of March 23<sup>rd</sup> with Jeff Armstrong, EMWD's representative to MWD, and

- You communicated about the letter via email on the afternoon of March 22<sup>nd</sup> with Chris Frahm, an attorney with the Brownstein, Hyatt, Farber and Schrek firm.

If you are not aware, Ms. Frahm serves as special counsel to SDCWA regarding SDCWA's lawsuits against MWD and has for many years. We find it odd that Ms. Frahm appears to have been engaging with you on this topic on behalf of SDCWA, a topic unrelated to SDCWA's lawsuits against MWD or Brownstein's contract with SDCWA.

### **Concern**

The proposed detachments would create an additional demand on State Water Project (SWP) supplies.

### **Response**

In response to a request from SDLAFCO, MWD staff assessed the impacts of the potential detachments and submitted MWD's findings to SDLAFCO in a report dated February 22, 2021 (MWD Report). The MWD Report correctly concluded that there is no net impact on Bay Delta demands to MWD resulting from the proposed detachments:

*"If SDLAFCO approves the proposed reorganization, there simply will not be any material changes in the composition, volume, or delivery method of Metropolitan's blended supplies delivered to the pipelines that serve Rainbow and Fallbrook except that they will be billed to Eastern rather than SDCWA. Hence, there will not be any increase in demands on the Delta and no changes to Metropolitan's reliability."*

Further, both Fallbrook and Rainbow have demonstrated compliance with the State requirements to reduce reliance on the Bay Delta through conservation and local supply develop as evidenced by the Districts' respective 2020 UWMP updates and related documents (<https://www.sdlafco.org/home/showpublisheddocument/5438/637439007560570000>; <https://www.sdlafco.org/home/showpublisheddocument/6004/637723011625670000> ).

### **Concern**

"[A] precedent by San Diego LAFCO could undermine the financial viability of future regional water supply adaptation measures in a race to the bottom for cheaper water rates."

### **Response:**

The proposed detachments will have zero impact on MWD's regional water supply adaptation measures – we will buy the same amount of water whether we are members of EMWD or SDCWA. That water will be delivered from the Skinner service area using the same blends in either scenario. To conflate this simple change with some sort of "race to the bottom" appears to us to be simply parroting SDCWA talking points.

Fallbrook and Rainbow are uniquely situated water agencies in Southern California as the majority of our water is used for agriculture. We are also unique as compared to other SDCWA members, not only given our location in the far north of San Diego County adjacent to MWD owned pipelines, but also because we do not require any SDCWA infrastructure to receive imported water deliveries.

**Concern**

“If permitted by LAFCO in San Diego County, the implications of this decision would be relevant to Metropolitan’s current master planning process.”

**Response**

In 2022 our combined demands were 0.0015% of MWD demands and it is anticipated our combined demands will continue to decline given continued pressure on our agricultural customers. It is also unclear how changing our Districts’ water supply from one MWD member agency to another could impact MWD’s long-term planning process to provide reliable water supplies for 19 million people in Southern California.

**Concern**

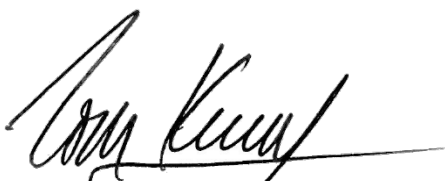
“The debate about supply and rate equity, and affordability after projects have been constructed seems to be getting confused with individual affordability among different classes of users as has been often cited in the case in San Diego as well as in Los Angeles County.”

**Response**

We appreciate your concern about the affordability challenges faced by our customers and your ideas on available options. We invite you to visit our Districts so you can get a better understanding of the challenges faced by our two rural water agencies, which happen to have the highest wholesale rates in MWD’s service area.

In closing, we appreciate your concern as Chair of MWD over the water supply activities in the communities Fallbrook, Rainbow and Bonsall. As the action would have no net impact on MWD, as clearly identified in the letter from your agency on February 22, 2021 to SDLAFCO, it is unclear why you, as MWD Board Chair, would now decide to insert yourself in the local decisions in front of our communities. We are happy to discuss this topic with you further and help you fully understand the challenges facing our communities due to the unsustainable water rate increases we have faced over the last 20 years.

Sincerely,



Tom Kennedy  
General Manager  
Rainbow Municipal Water District



Jack Bebee  
General Manager  
Fallbrook Public Utility District

cc: via email:

- MWD Board and GM
- SDCWA Board and GM
- SDLAFCO Executive Officer
- Los Angeles Mayor Bass
- San Diego Mayor Gloria