



May 21, 2023

Mr. Keene Simonds
Executive Officer
San Diego County LAFCO
2550 Fifth Avenue, Suite 725
San Diego, CA 92103
Email: lafco@sdcounty.ca.gov

RE: Comments on the Proposed Fallbrook PUD and Rainbow MWD Wholesaler Reorganization

The City of Oceanside (Oceanside) has received the Notice of Public Hearing and has reviewed the LAFCO Staff Report pertaining to the proposed reorganization of Fallbrook Public Utility District (FPUD) and Rainbow Municipal Water District (Rainbow) wholesaler reorganization; concurrent annexations to Eastern Municipal Water District (EMWD) and Detachments from San Diego County water Authority (SDCWA), scheduled for a public hearing on June 5, 2023. The City would like to express our **support of LAFCO staff's recommendation of Option Two**: approving the proposal with additional conditions that include requiring the applicants to pay exit fees to the SDCWA over five years totaling \$24.305 Million combined between the two subject agencies.

Oceanside recognizes all the work that has gone into this effort and respects LAFCO as the authority having jurisdiction on this matter. We feel as though opposing staff's recommendation or detachment in general, diminishes the purpose and value of LAFCO. As described on your website, "LAFCOs' principal regulatory responsibility date back to 1963 and involves approving or disapproving all jurisdictional changes involving the establishment, expansion, and reorganization of cities, towns, and most special districts in California."

We appreciate that LAFCO not only accepted comments from Oceanside, but considered and evaluated the points that were conveyed in our September 2020 letter. At the time, the concerns of the City of Oceanside were SDCWA rate and cost impacts caused by detachment, onetime and ongoing financial obligations of FPUD and Rainbow, as well as the voting power of SDCWA as a member agency of the Metropolitan Water District of Southern California.

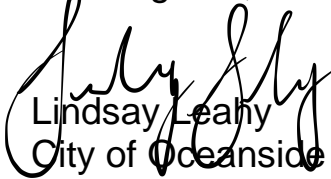
While we understand that there will be impacts to Oceanside's ratepayers after the five-year exit fee period, there are potentially more impactful topics for Oceanside

ratepayers occurring at SDCWA in the future. For example, the proposed SDCWA calendar year 2024 rate increase is 7 times the proposed increase caused by detachment to the average Oceanside resident's monthly bill. With the inclusion of the exit fee, Oceanside ratepayers would not see an increase from this reorganization and SDCWA will have five years to evaluate their budget and operations to minimize impacts to their rate payers.

Delaying the decision to reorganize FPUD and Rainbow will likely cause a continued decrease in water sales of those two agencies, resulting in a similar result to SDCWA and its member agencies as detachment, without the benefit of the exit fee. Oceanside does, however, **recommend that a municipal service review of SDCWA is completed, whether or not detachment moves forward.**

The City of Oceanside appreciates the Committee's time in considering Oceanside's comments. I can be reached at (760) 435-5913 or LLeahy@OceansideCA.org should you have any questions or like to further discuss our comments.

Kind regards,



Lindsay Leahy

City of Oceanside SDCWA Board Representative

Cc: City of Oceanside City Council