



March 18, 2020

Keene Simonds
Executive Officer
San Diego Local Agency Formation Commission
9335 Hazard Way, Suite 200
San Diego, CA 92123

Subject: Reorganization Application

Dear Keene:

Please find attached a Reorganization Application for the detachment of the Rainbow Municipal Water District from the San Diego County Water Authority and a corresponding annexation of the District into the Eastern Municipal Water District. This application is being made in accordance with both the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 as well as the relevant provisions of the County Water Authority Act, specifically Section 45-11 (a)(2).

Provided with this cover letter are the following:

- SD LAFCO Application form
- Application Fee in the amount of \$24,563.19
- Supplemental Information Package for Reorganization Application
- RMWD Resolution of Application adopted December 3, 2019
- SDLAFCO and RCLAFCO MOU regarding inter-county reorganization
- EMWD Resolution 2019-130 Supporting Proposed Reorganization
- SDLAFCO Form L-107
- Eastern MWD Water Supply Reliability Analysis
- Subject Agency Supplemental Information form from EMWD
- RMWD Plan for Service
- RMWD Boundary Description

I look forward to working with SDLAFCO staff to process this application.

Sincerely,

RAINBOW MUNICIPAL WATER DISTRICT



Tom Kennedy
General Manager

cc: Alfred Smith, RMWD General Counsel

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
CHANGE OF ORGANIZATION OR REORGANIZATION APPLICATION

The following information must be submitted when filing a change of organization or reorganization proposal with the San Diego Local Agency Formation Commission (LAFCO); additional information may be requested during review of the proposal.

- 1. **Completed CHANGE OF ORGANIZATION OR REORGANIZATION APPLICATION.**
- 2. (a) A **certified resolution of application** from an affected city or district; **or**
(b) A **landowner or registered voter petition** making application to San Diego LAFCO (available from LAFCO or <http://www.sdlafco.org/forms/petition.pdf>).
- 3. A **metes-and-bounds legal description of the proposal territory perimeter** for the proposed boundary change(s), a **reproducible parcel/plat map**, and a **vicinity map**. For information about mapping requirements, refer to: http://www.sdlafco.org/forms/legal_description.pdf, and contact the County Assessor's Mapping Division at 619/531-5588. The Thomas Brother's Guide may be used for the vicinity map.
- 4. **Environmental documentation** to comply with the California Environmental Quality Act (CEQA); submit documents for applicable category only:
 - (a) INITIAL STUDY: Submit completed form (available from LAFCO) if no environmental review has been conducted;
 - (b) CATEGORICAL EXEMPTION: Submit document if an agency has certified that the project qualifies for a categorical exemption from CEQA;
 - (c) NEGATIVE DECLARATION (ND): Submit document with certifying resolution and Initial Study*;
 - (d) ENVIRONMENTAL IMPACT REPORT (EIR): Submit 15 copies of the Final EIR and certifying resolution, plus one copy of the EIR Appendix*.

* For an ND or EIR, a copy of the receipt for the fee paid to the California Department of Fish and Game must be submitted.
- N/A* 5. If annexation to a city is proposed, submit one copy of the **city resolution approving rezoning and general plan land-use designations** for the proposal territory.
- 6. **JURISDICTIONAL CONFLICTS**: If the response to question number 6 on page 3 is "Yes", complete and sign the Policy L-107 form at http://www.sdlafco.org/forms/Legislative_Policy_L_107.pdf.
- N/A* 7. **Completed CAMPAIGN CONTRIBUTION DISCLOSURE FORM AND EVALUATION CHECKLIST for DISCLOSURE OF POLITICAL EXPENDITURES** (pages 7 and 8 of application).
- 8. **PROPERTY-OWNER CONSENT FORM FOR INCLUSION OF PROPERTY** (page 9 of application).
- 9. Completed **SUBJECT AGENCY SUPPLEMENTAL INFORMATION FORM** (pages 10-12 of application) from **each** subject agency.
- 10. **LAFCO processing fees**. The San Diego LAFCO FEE SCHEDULE is available at <http://www.sdlafco.org/document/feeschedule.pdf>, or contact LAFCO staff.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
9335 Hazard Way · Suite 200 · San Diego, CA 92123
(858) 614-7755 · www.sdlafco.org


CHANGE OF ORGANIZATION OR REORGANIZATION APPLICATION

The information in this application is used by LAFCO staff to evaluate proposals for changes of government organization. Please respond to **all** items in this form, indicating "NA" when an item does **not** apply.

SUBJECT AGENCY(IES) (City or Special District)	PROPOSED CHANGE OF ORGANIZATION/ACTION (Annexation, detachment, sphere amendment, etc.)
1. <u>Rainbow Municipal Water District</u>	1. <u>San Diego County Water Authority</u>
2. _____	2. <u>Eastern Municipal Water District</u>
3. _____	3. _____
4. _____	4. _____

As part of this application, the City of _____ or the Rainbow Municipal Water District, _____ (the applicant), and/or the _____ (real party in interest): subject landowner and/or registered voter agrees to defend, indemnify, hold harmless, and release the San Diego LAFCO, its agents, officers, attorneys, and employees from any claim, action, or proceeding brought against any or all of them, the purpose of which is to attack, set aside, void, or annul San Diego LAFCO's review, approval or denial of this application or adoption of or refusal to adopt the environmental document which accompanies it or any other action San Diego LAFCO takes with respect to this application. This defense and indemnification obligation shall include, but not be limited to, attorneys' fees, expert witness fees and other costs of defense, damages, costs, and expenses, including attorney fees payable to another party. Applicant and/or real party in interest agree that San Diego LAFCO shall have the right to appoint its own counsel to defend it and conduct its own defense in the manner it deems in its best interest and that San Diego LAFCO's taking such action does not limit the obligations to indemnify and reimburse San Diego LAFCO's defense costs. This defense and indemnification obligation shall apply whether or not there is concurrent passive or active negligence on the part of the San Diego LAFCO, its agents, officers, attorneys, or employee. The person signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. San Diego LAFCO's acceptance of this application is sufficient to make this agreement a binding, bilateral contract between us.

I acknowledge that annexation to the city of _____ or the Rainbow Municipal Water district may result in the imposition of taxes, fees and assessments **existing within the (city or district)** on the effective date of annexation. I hereby waive any rights I may have under Articles XIII C and XIII D of the State Constitution (Proposition 218) to a hearing, assessment ballot proceeding or an election on those **existing taxes, fees and assessments**.

Agreed: _____
 Signature:  Date: 3/17/20
 Print/Type Name: Tom Kennedy, General Manager
 Address: 3707 Old Highway 395, Fallbrook, CA 92028
 Telephone: (760) 728-1178

Property Address: _____
 Cross Street(s): _____
 Assessor Parcel Number(s): _____ Acres: _____

Indicate below if anyone, in addition to the person signing this application, is to receive notices of these proceedings.
 Name: Alfred Smith, RMWD General Counsel
 Address: 777 S. Figueroa Street, 34th Floor, Los Angeles, CA 90017
 Telephone: (213) 612-7831

A. PROPOSAL DESCRIPTION/JUSTIFICATION

1. Explain in detail why the proposal is necessary **at this time** (e.g., condition of an approved tentative map, an existing structure requires new services, etc.). _____

2. Describe the use of **developed** property within the proposal territory, including details about existing structures. Describe anticipated development of **vacant** property, including types of buildings, number of units, supporting facilities, etc., and when development is scheduled to occur. _____

3. Describe the topography and physical features of the proposal territory, as well as its general location in relation to communities, major freeways/highways, roads, etc. _____

4. How many residents live within the proposal territory? _____
5. How many of these residents are registered voters? _____
6. Are there any jurisdictional issues associated with the LAFCO proposal or pending LAFCO action?
 NO YES (If yes, please complete the Policy L-107 form at http://www.sdlafco.org/forms/Legislative_Policy_L_107.pdf)

B. LAND USE INFORMATION

GENERAL PLAN AND ZONING:

If the proposal territory is **not** within an incorporated city, San Diego County General Plan and zoning information may be obtained by calling (858) 565-5981 or toll-free (888) 267-8770 with the Assessor Parcel Number(s) of the subject property. If the proposal territory is within a city, please call the appropriate city's planning department for General Plan and zoning information.

1. COUNTY:
 - (a) The territory is within the _____ community plan.
 - (b) The County General Plan or community plan designation and allowed density: _____

 - (c) Current County zoning and allowed density: _____

2. CITY:

(a) The territory is within the general plan area for the City of _____

(b) The City General Plan land use designation and allowed density: _____

(c) Current City zoning and allowed density: _____

(d) Current City rezoning and allowed density: _____

3. Indicate below **all** permits or approvals that will be needed by the County or any city to complete the project. If already granted, please note the date of approval and attach a copy of each resolution of approval. If approval is pending, please note the anticipated approval date. **N/A**

Type of Approval or Permit	File No.	Approval Date	Is Resolution Attached?
Tentative Subdivision Map			<input type="checkbox"/> YES <input type="checkbox"/> NO
Tentative Parcel Map			<input type="checkbox"/> YES <input type="checkbox"/> NO
Major Use Permit			<input type="checkbox"/> YES <input type="checkbox"/> NO
City/County General Plan Amendment			<input type="checkbox"/> YES <input type="checkbox"/> NO
City Rezoning			<input type="checkbox"/> YES <input type="checkbox"/> NO
County Rezone			<input type="checkbox"/> YES <input type="checkbox"/> NO
(Other)			<input type="checkbox"/> YES <input type="checkbox"/> NO

4. Describe the land uses surrounding the proposal territory (e.g., residential, commercial, agricultural, industrial, open space, etc.).

North: _____ East: _____

South: _____ West: _____

5. Indicate with a if any portion of the proposal territory contains the following:

_____ Agricultural land uses _____ Agricultural Preserve

_____ Open Space Easement _____ Slopes greater than 25%

_____ Sewer moratorium area _____ Coastal Permit Zone

_____ Unusual features such as: _____

6. For city annexation proposals: Is any part of the proposal territory under a Williamson Act contract? If yes, please contact the LAFCO office for special instructions regarding petition/resolution of application requirements. YES NO

C. PUBLIC SERVICES INFORMATION

SEWER SERVICE:

1. (a) Is the proposal territory within a district or city that provides public sewer service? YES NO
- (b) **If yes**, which agency? _____
2. (a) Is a developed parcel in need of annexation due to failed septic system? YES NO
- (b) **If yes**, include a copy of any letters from the San Diego County Department of Environmental Health or private septic-system company.
- (c) **If no**, is annexation for sewer service part of this application? YES NO
3. If annexation for sewer service is proposed, which district or city would serve the territory if this jurisdictional change is approved? _____
4. (a) Has the agency that will be providing service issued a letter of sewer availability? YES NO N/A
- (b) **If yes**, please provide a copy of the letter with this application. (This documentation should be completed by the agency no longer than 6 months prior to submittal to LAFCO.)
5. (a) Will the agency be prepared to furnish sewer service upon annexation? YES NO N/A
- (b) **If no**, please explain: _____
- _____

WATER SERVICE:

1. (a) Is the proposal territory within a district or city that provides public water service? YES NO
- (b) **If yes**, which agency? _____
2. Is a well or other on-site water system currently used on the property? YES NO N/A
3. Is an on-site system proposed to be used when the property is developed? YES NO N/A
4. (a) Is annexation for water service part of this application? YES NO
- (b) **If yes**, which district or city would serve the territory if this jurisdictional change is approved? _____
- (c) Will the agency that will be providing service be prepared to furnish water service upon annexation? YES NO
5. (a) Has the agency that will be providing service issued a letter of water availability? YES NO
- (b) **If yes**, please provide a copy of the letter with this application. (This documentation should be completed by the agency no longer than 6 months prior to submittal to LAFCO.)

FIRE PROTECTION SERVICES: NOTE: Complete the following section **only** if annexation to a fire protection service provider is proposed—or if the current fire protection service provider is proposed to change.

N/A

1. (a) Is the proposal territory **currently** within an agency that provides fire protection? YES NO

(b) **If yes**, provide name and address/location of current fire service provider

(c) Provide estimated response times to the proposal territory:

priority _____ minutes; non-priority _____ minutes

2. Is annexation for fire protection service part of this application? YES NO

3. Which city or district would serve the proposal territory if this jurisdictional change is approved?

(a) Location/address of the proposed fire service provider: _____

(b) Estimated response times to the proposal territory:

Priority _____ minutes; non-priority _____ minutes

POLICE PROTECTION SERVICES: NOTE: Complete the following section **only** if the police protection provider is proposed to change.

N/A

1. Which police agency **currently** serves the proposal territory?

(a) Location/address of nearest police station: _____

(b) Estimated response times to the proposal territory: priority _____ minutes; non-priority _____ minutes

2. Which police agency would serve the proposal territory if this jurisdictional change is approved?

(a) Location/address of nearest police station: _____

(b) Estimated response times to the proposal territory:

Priority _____ minutes; non-priority _____ minutes

CAMPAIGN CONTRIBUTION DISCLOSURE PROVISIONS

LAFCOs are subject to the campaign disclosure provisions detailed in Government Code Section 84308, and the Regulations of the Fair Political Practices Commission (FPPC), Section 18438.

Please carefully read the following information to determine if the provisions apply to you. If you determine that the provisions are applicable, the Campaign Disclosure Form must be completed and returned to San Diego LAFCO with your application.

1. No LAFCO commissioner shall accept, solicit, or direct a contribution of more than \$250 from any party¹ or agent² while a change of organization proceeding is pending, and for three months subsequent to the date a final decision is rendered by LAFCO. This prohibition commences when your application has been filed, or the proceeding is otherwise initiated.

2. A party to a LAFCO proceeding shall disclose on the record of the proceeding any contribution of more than \$250 made to any commissioner by the party, or agent, during the preceding 12 months. No party to a LAFCO proceeding, or agent, shall make a contribution to a commissioner during the proceeding and for three months following the date a final decision is rendered by LAFCO.

3. Prior to rendering a decision on a LAFCO proceeding, any commissioner who received contribution of more than \$250 within the preceding 12 months from any party, or agent, to a proceeding shall disclose that fact on the record of the proceeding, and shall be disqualified from participating in the proceeding. However, if any commissioner receives a contribution that otherwise would require disqualification, and returns the contribution within 30 days of knowing about the contribution and the relevant proceeding, that commissioner shall be permitted to participate in the proceeding.

¹ "Party" is defined as any person who files an application for, or is the subject of, a proceeding.

² "Agent" is defined as a person who represents a party in connection with a proceeding. If an individual acting as an agent also is acting as an employee or member of a law, architectural, engineering, or consulting firm, or a similar entity or corporation, both the individual and the entity or corporation are agents. When a closed corporation is a party to a proceeding, the majority shareholder is subject to these provisions.

To determine whether a campaign contribution of more than \$250 has been made by you or your agent to a commissioner within the preceding 12 months, all contributions made by you or your agent during that period must be aggregated.

Names of current LAFCO commissioners are available at <http://www.sdlafco.org/document/CommRoster.pdf>. If you have questions about Government Code Section 84308, FPPC regulations, or the Campaign Disclosure Form, please contact San Diego LAFCO at 9335 Hazard Way, Suite 200, San Diego, CA 92123, (858) 614-7755.

CAMPAIGN CONTRIBUTION DISCLOSURE FORM

(a) Proposed change(s) of organization: _____

(b) Name and address of any party, or agent, who has contributed more than \$250 to any commissioner within the preceding 12 months:

1. _____

2. _____

(c) Date and amount of contribution:

Date _____ Amount \$ _____
Date _____ Amount \$ _____

(d) Name of commissioner to whom contribution was made:

1. _____
2. _____

(e) I certify that the above information is provided to the best of my knowledge.

Printed Name _____

Signature _____

Date _____ Phone _____

To be completed by LAFCO:

Proposal:

Ref. No.

DISCLOSURE OF POLITICAL EXPENDITURES

Effective January 1, 2008, expenditures for political purposes, which are related to a change of organization or reorganization proposal that will be or has been submitted to LAFCO, are subject to the reporting and disclosure requirements of the Political Reform Act of 1974 and the Cortese-Knox-Hertzberg Act of 2000.

Please carefully read the following information to determine if reporting and disclosure provisions apply to you.

- Any person or combination of persons who, for political purposes, directly or indirectly contributes \$1,000 or more, or expend \$1,000 or more in support of, or in opposition to a proposal for a change of organization or reorganization that will be submitted to the Commission, shall disclose and report to the Commission to the same extent and subject to the same requirements of the Political Reform Act of 1974 (Government Code Section 81000 et seq.) as provided for local initiative measures, and Section 56700.1 of the Cortese-Knox-Hertzberg Act of 2000.
- Pursuant to Government Code Section 57009, any person or combination of persons who directly or indirectly contributes \$1,000 or more, or expends \$1,000 or in support of, or in opposition to, the conducting authority proceedings for a change of organization or reorganization, must comply with the disclosure requirements of the Political Reform Act of 1974, (Government Code section 81000 et seq.). Applicable reports must be filed with the Secretary of State and the appropriate city or county clerk. Copies of the report must also be filed with the Executive Officer of San Diego LAFCO.
- A roster of current San Diego LAFCO commissioners is available from the LAFCO office: 9335 Hazard Way, Suite 200, San Diego, CA 92123, (858) 614-7755, or from <http://www.sdlafco.org/document/CommRoster.pdf>

EVALUATION CHECKLIST FOR DISCLOSURE OF POLITICAL EXPENDITURES

The following checklist is provided to assist you in determining if the requirements of Government Code Sections 81000 et seq. apply to you. For further assistance contact the Fair Political Practices Commission at 428 J Street, Suite 450, Sacramento, CA 95814, (866) 275-3772 or at <http://www.fppc.ca.gov>.

1. Have you directly or indirectly made a contribution or expenditure of \$1,000 or more related to the support or opposition of a proposal that has been or will be submitted to LAFCO?

Yes

No

Date of contribution _____ Amount \$ _____

Name/Ref. No. of LAFCO proposal _____

Date proposal submitted to LAFCO _____

2. Have you, in combination with other person(s), directly or indirectly contributed or expended \$1,000 or more related to the support or opposition of a proposal that has been or will be submitted to LAFCO?

Yes

No

Date of contribution _____ Amount \$ _____

Name/Ref. No. of LAFCO proposal _____

Date proposal submitted to LAFCO _____

3. If you have filed a report in accordance with FPPC requirements, has a copy of the report been filed with San Diego LAFCO?

Yes

No

N/A

PROPERTY-OWNER CONSENT FORM FOR INCLUSION OF PROPERTY

Note: Processing of jurisdictional boundary change proposals, which involve **uninhabited**¹ territory, can be expedited by approximately 60 days if all affected landowners consent to the proposal. If you wish to take advantage of this option, please return the completed PROPERTY-OWNER CONSENT FORM FOR INCLUSION OF PROPERTY to San Diego LAFCO with your application for a jurisdictional boundary change. If consenting signatures of **100%** of the affected property owners are affixed and LAFCO does not receive any opposition from subject agencies, the Commission may consider the proposal without public notice, public hearing and/or an election.

¹ Territory included within a proposed boundary change that includes less-than 12 registered voters is considered **uninhabited** (Government Code 56045).

The undersigned owners(s) of property hereby consent(s) to inclusion of that property within a proposed change of organization or reorganization consisting of:

(Please list all proposed actions)

Annexation to: 1. _____
2. _____
3. _____

Detachment from: 1. _____
2. _____
3. _____

<u>Date</u>	<u>Signature</u>	<u>Assessor's Parcel Number(s)</u>
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

Attach additional sheets if necessary

SUBJECT AGENCY SUPPLEMENTAL INFORMATION FORM

NOTE: A copy of this form must be completed and signed by **each** local agency that will gain or lose territory as a result of the proposed jurisdictional boundary change. Attach additional sheets if necessary.

Signature of agency representative

Print name

Title

Telephone

Date

A. JURISDICTIONAL INFORMATION:

Name of agency:

1. Is the proposal territory within the agency's sphere of influence? Yes No

2. Upon annexation, will the proposal territory be included within an assessment district and be subject to assessment for new or extended services? Yes No

3. Does the agency have plans to establish any new assessment district that would include the proposal territory? Yes No

4. Will the proposal territory assume any existing bonded indebtedness? Yes No

If yes, indicate any taxpayer cost: \$ _____

5. Will the proposal territory be subject to any special taxes, benefit charges, or fees? Yes No

If yes, please provide details of all costs: _____

6. Is the agency requesting an exchange of property tax revenues as a result of this proposal? Yes No

7. Is this proposed jurisdictional change subject to a master property tax agreement or master enterprise district resolution? Yes No

8. FOR CITY ANNEXATIONS: Does the proposal territory contain existing commercial development that generates retail sales of ten million dollars or more per year? Yes No

9. FOR CITY ANNEXATIONS: If any part of the proposal territory is under a Williamson Act contract, please contact the LAFCO office for special instructions regarding petition or resolution of application requirements.

EXPEDITED PROPOSAL PROCESSING: Processing of jurisdictional boundary change proposals can be expedited by approximately 60 days if all affected landowners consent to the waiver of protest and termination (conducting authority) proceedings and subject agencies do not oppose the waiver. If you do NOT want to waive these proceedings, then attach a written statement to the subject agency information form containing a signature, date, and declaration of opposition to a waiver of such proceedings.

B. SEWER SERVICE:

1. What is the agency's current wastewater treatment capacity (expressed in million gallons per day and equivalent dwelling units)? _____

2. What is the average volume of influent currently being treated by the agency (expressed in million gallons per day and equivalent dwelling units)? _____

3. (a) What is the agency's peak flow volume (expressed in million gallons per day)?

(b) What is the agency's peak flow capacity (expressed in million gallons per day)?

(c) Has the agency exceeded the flow (peak) capacity within the past two years?

(d) **If yes**, please describe the frequency and volume of incidents that exceeded the agency's peak capacity: _____

YES NO

4. (a) Has the agency issued a letter of sewer availability for the proposal territory? YES NO

(b) **If yes**, please provide a copy of the letter. (This documentation should be completed by the agency no longer than 6 months prior to submittal to LAFCO.)

5. (a) How many future equivalent dwelling units have been reserved or committed for proposed projects? _____

(b) Can all projects that have received commitments of sewer availability (e.g., "will serve letters") be accommodated with planned capacity? YES NO

6. (a) Does the agency have the necessary contractual and/or operational treatment capacity to provide sewer service to the proposal territory? YES NO

(b) **If yes**, please specify the proposal territory's estimated sewer demand and the agency's available sewer capacity (expressed in million gallons per day and equivalent dwelling units):

(c) **If no**, please describe the agency's plans to upgrade capacity to resolve any capacity related issues: _____

7. Will the proposal territory be annexed to a sewer improvement district? YES NO

8. (a) The distance for connection of the proposal territory to the agency's existing sewer system is _____ feet.

(b) Describe the location of the connection to the agency's existing sewer system:

C. WATER SERVICE:

1. (a) Does the subject agency have adequate water supply and sufficient contractual and/or operational capacity available to serve the proposal territory? YES NO

(b) **If yes**, describe the proposal territory's estimated water demand and the agency's available water supply and capacity (expressed in acre-feet or million gallons per day):

(c) **If no**, what plans does the agency have to increase its water capacity?

2. Specify any improvements (on and off-site) that will be necessary to connect and serve the anticipated development. Indicate the total cost of these improvements and method of financing (e.g., general property tax, assessment district, landowner or developer fees): YES NO

3. (a) Has the agency issued a letter of water availability for the proposal territory? YES NO

(b) **If yes**, please provide a copy of the letter. (This documentation should be completed by the agency no longer than 6 months prior to submittal to LAFCO.)

4. (a) The distance for connection of the proposal territory to the agency's existing water system is _____ feet.

(b) Describe the location of the connection to the agency's existing water system:

5. (a) Is the agency currently under any drought-related conditions and/or restrictions? YES NO

(b) **If yes**, describe the conditions and specify any related restrictions:

6. (a) Will the proposal territory utilize reclaimed water? YES NO

(b) **If yes**, describe the proposal territory's reclaimed water use and the agency's available reclaimed water supply and capacity (expressed in acre-feet or million gallons per day):

(c) The distance for connection of the proposal territory to the agency's existing reclaimed water system is _____ feet.

(d) Describe the location of the connection to the agency's existing reclaimed water system: _____

(e) **If no**, has the agency considered availability of reclaimed water to the proposal territory? YES NO

(f) What restrictions prevent use of reclaimed water? _____

7. Will the proposal territory be annexed to an improvement district? YES NO

Rainbow Municipal Water District

Supplemental Information Package for Reorganization Application

Contents

Introduction	1
Executive Summary.....	1
Background	2
The District is Unique in San Diego County.....	2
No Real Benefit to Customers of the District Received from SDCWA Over EMWD	4
Efficiency and Affordability of Service Would Be Much Higher From EMWD vs SDCWA.....	4
The District Has a Pressing Need for Pipeline Rehabilitation	5
Existing Infrastructure Requires Few Changes.....	5
The County Water Authority Act	6
Financial Implications of Detachment	7
“Revenue Neutrality” or “Exit Fee” Concept	14
Benefits to Remaining SDCWA Member Agencies	15
Water Supply Reliability Analysis.....	16
Compliance with SDLAFCO Policy L-107	16
The Otay Lawsuit.....	18
Application Documents Attached	18

Introduction

The Board of Director of the Rainbow Municipal Water District (hereafter “RMWD” or “District”) has adopted a resolution approving an application to the San Diego Local Agency Formation Commission (SDLAFCO) for a Change in Organization (Exhibit A). Specifically, the District seeks actions from SDLAFCO to detach from the San Diego County Water Authority (SDCWA) and annex the District into Eastern Municipal Water District (EMWD). This application is being made to SDLAFCO in accordance with a Memorandum of Understanding (MOU) between SDLAFCO and Riverside County LAFCO dated October 24, 2019 that established SDLAFCO as the primary agency for consideration of this Change in Organization (attached as Exhibit B).

This action is sought to provide more efficient water service to the customers of the District due to the unique circumstances regarding the distribution of wholesale water in this part of San Diego County.

Executive Summary

RMWD is one of the last rural agricultural areas of San Diego County. Agriculture is the only significant economic activity in the District with 65% of its water demands serving the needs of growers. In over 80 square miles there are only about a dozen street lights, no Starbucks, no typical grocery store, no 7-11’s – it is a rural place. Agriculture has been hit hard over the last 20 years by ever increasing water costs. Avocado production – the most famous of San Diego County exports – is down tens of thousands of acres. The I-15 is named “The Avocado Highway” but that is at risk due to high water prices.

When the District joined SDCWA nearly 70 years ago, it did so in accordance with the rules contained in the County Water Authority Act. This Act set the terms for both entering and leaving SDCWA. In order to attempt to preserve the main economic activity of this part of the County, the Board of Directors at the District has decided to apply the methods outlined in State Law to detach from SDCWA and annex into the neighboring imported water wholesaler, EMWD.

This application to SDLAFCO is firmly grounded in both the County Water Authority Act and the LAFCO processes contained in the Cortese-Knox-Hertzberg Local Government Reorganization Act (CKH). It seeks the approval of SDLAFCO for RMWD to detach from SDCWA and then annex into EMWD – the water wholesaler that serves the exact same water to neighboring Districts in Southwest Riverside County. As part of this change, our customers will have the exact same water quality and reliability as they do with SDCWA. The water will come from the same treatment plant, through the same pipelines, and be conveyed through to the District just as before. The only change is that the water will cost significantly less.

Under the County Water Authority Act, SDCWA will still have access to certain property tax revenue from properties within the District. The cost impact to other agencies will be minimal – the increase in costs will be about 1% to other agencies. RMWD’s detachment could increase costs per acre-foot about \$16.75. For comparison, the current wholesale cost for water from SDCWA is just under \$1700 per acre foot. At the household level since an acre foot will serve about four typical households for a year so the increased cost per household will be about \$5 per year.

The District has been attempting to engage with SDCWA in meaningful discussions about this proposed detachment since May of 2019. To date, SDCWA has refused to discuss its interpretation of the County Water Authority Act, saying that they would address this through the LAFCO process. While the District would rather have worked out details with SDCWA in advance of filing this application, their stance left no other options than to file now.

Background

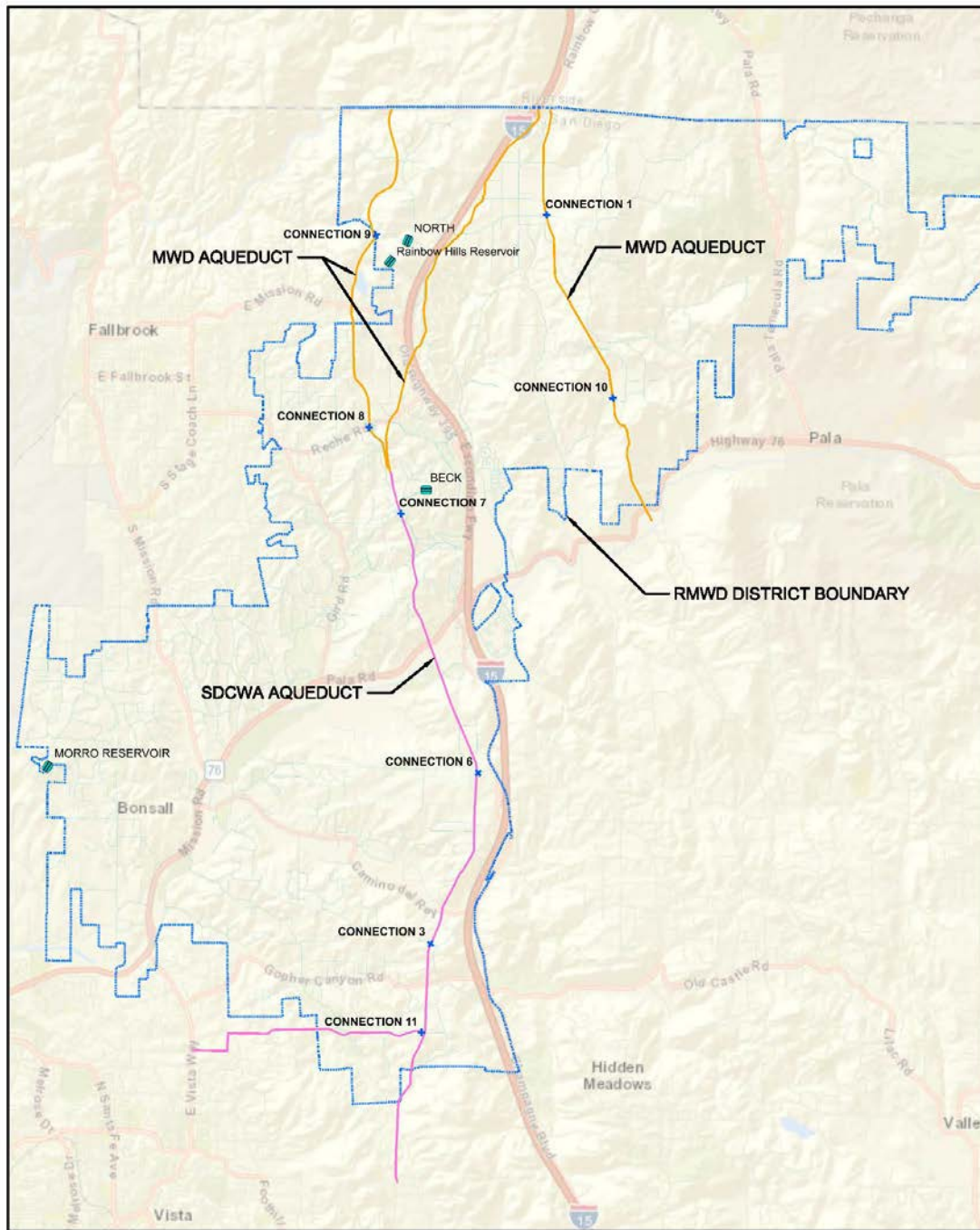
During World War II, the population of San Diego County increased rapidly due to wartime buildup of the Navy and other military bases in San Diego County. As local water supplies were insufficient to support this effort, the Federal Government began the construction of the first pipelines to bring Colorado River water into San Diego County. This pipeline connected to the existing Colorado River Aqueduct owned and operated by the Metropolitan Water District of Southern California (MWD). The first pipeline was connected to MWD's system near San Jacinto, CA and extended to the San Vicente Reservoir just east of San Diego.

MWD is allowed by statute only to sell water to public agencies who are members of MWD, so as part of the process of bringing imported water into San Diego County, the State of California formed SDCWA in 1944 to operate as the MWD member agency for San Diego County. The first water deliveries to the region began in 1947.

In 1952, as RMWD was forming, an application was made to SDCWA to join as a member agency. Over several months there was quite a bit of discussion and some controversy as to whether RMWD should be a member of SDCWA or simply connect directly to MWD as the pipelines were within the RMWD service area. After a series of back and forth actions by both SDCWA and MWD, RMWD was finally admitted to SDCWA in 1954. This history demonstrates that the question who should serve as our water wholesaler has been around since our inception.

The District is Unique in San Diego County

While the original political boundaries of SDCWA followed the County line as a separation, the engineers who designed the pipelines did not use those boundaries. For the first aqueduct, the separation between MWD and SDCWA was set at the halfway point between the connection near San Jacinto and the San Vicente Reservoir. The first aqueduct this separation point is several miles into San Diego County, located roughly where the aqueduct crosses State Highway 76 just east of I-15. MWD owns and operates stretches of the second, third, and fourth aqueducts well into San Diego County with the separation points being shown on the map below.



Both RMWD and the Fallbrook Public Utility District (FPUD) have connections directly to MWD’s pipeline with no use of SDCWA facilities. For FPUD, all but one connection is on MWD’s pipelines. For RMWD, four of the eight connections are on MWD’s pipelines with one of the connections to SDCWA’s pipeline being just 3000 feet from the point of separation.

The Districts are the only SDCWA member agencies who have direct connections to MWD. They are unique in the County – no other SDCWA member agency has now, nor practicably could have in the future, direct connections to MWD’s system. Further, in MWD’s service area SDCWA is the only MWD member agency that operates a large distribution system. In other MWD member agencies, MWD owns and operates the large wholesale pipelines and the member agency simply acts as the water purchasing coordinator.

No Real Benefit to Customers of the District Received from SDCWA Over EMWD

In the years following the construction of the aqueducts water was cheap and the arrangement worked well for all parties. However, over the last 25 years, SDCWA has made significant investments in the Emergency Storage Project (ESP) to construct new storage and treatment facilities located well south of the District. These investments have increased the cost of water significantly – adding several hundred dollars per acre foot to the cost of water.

While these investments may be good for agencies south of the District, RMWD does not receive commensurate benefits from these improvements. Virtually all the water delivered to the District comes from the Skinner Water Treatment Plant, owned and operated by MWD in Southwest Riverside County. The hydraulics of the aqueduct system are such that water flows from north to south, so apart from rare and unusual hydraulic conditions, all the water served to the District comes from an MWD owned treatment plant and is delivered through MWD pipelines into the service area. RMWD is more similar to water retailers in Southwest Riverside County than to other SDCWA member agencies.

Further, the ESP facilities constructed to date cannot properly serve the District. SDCWA has been implementing the ESP since 1996 and had contemplated constructing new pump stations to move water to the north, but those pump stations have not been constructed. SDCWA is still in planning stages for these facilities and no formal design work has commenced for their construction. RMWD ratepayers have paid ~\$25 Million in ESP related fees over the years to construct the ESP and yet can derive no benefit from it other than in a few areas in the southern part of the District.

RMWD and EMWD have performed an analysis of the relative reliability of water supply comparing being a member agency of SDCWA vs being a member agency of EMWD. This analysis shows that the reliability of supply from EMWD is higher than that from SDCWA. A full analysis is included in this application package.

Efficiency and Affordability of Service Would Be Much Higher From EMWD vs SDCWA

Since the District is not strictly reliant on SDCWA facilities and have no access to treatment plants and ESP facilities located to the south, it would be more efficient and affordable for the District to be annexed into EMWD. The Cortese-Knox-Hertzberg Local Government Reorganization Act (CKH) requires LAFCOs to evaluate the relative efficiency and affordability of municipal services when considering how a service is provided in a given geographic area. Should a change from SDCWA to EMWD is approved, customers within the District would see zero changes to the sources, quality, and reliability of the water service they receive from the District.

They would, however, see a significant improvement in efficiency and affordability. For RMWD, continued service from EMWD represents a decrease of approximately 20-25% in wholesale water costs over SDCWA.

The District Has a Pressing Need for Pipeline Rehabilitation

Prior to the establishment of the District in 1953, a good deal of this area was served by several Mutual Water Companies that served agricultural users in the area. Once imported water became available, all of these Mutual Water Companies eventually folded into the Rainbow system and the District assumed ownership of those pipelines. Many of these pipelines predate the District and are now well beyond their useful lifespan. Further, the hilly topography creates extremely high system pressures. These factors have led to a high risk of pipeline failures that needs to be addressed.

The District embarked on a comprehensive Condition Assessment Program that carefully scrutinized pipeline failure history, pipeline materials, system pressure, age, and soil conditions. The result of this analysis conclusively showed that the District needs to make investments of at least \$4 Million per year just to hold the current water main breakage rate steady over time. More money will be needed to lower the break rate. While the break rate is a significant challenge now, with significant impact to customers in terms of property damage and water outages, failure to act will only cause more main breaks, water outages, and property damage.

While the District could just raise its rates, doing so would further damage the already challenged agricultural economy in our area. A sharp increase in rates would put even more farmers out of business and decrease volumetric water sales at the District. This would create a negative feedback loop as rates would need to rise again to offset the lower sales. Needless to say, the Board of Directors at Rainbow MWD are committed to avoiding that cycle.

The savings realized by moving to EMWD will allow the district to more aggressively deal with our ageing infrastructure. Detachment would provide the District the ability to both pass some of these savings on to our customers and allow us to invest in the rehabilitation and replacement of infrastructure at the same time.

Existing Infrastructure Requires Few Changes

With the change from SDCWA to EMWD as the wholesaler, no physical changes are required to provide wholesale water service to RMWD. RMWD has four existing connections to the MWD system and four on the SDCWA system. Due to the decline in agricultural water use related to high imported water costs, the four direct MWD connections now provide adequate capacity to serve the demands of the entire RMWD service area. Each connection to the aqueduct system was paid for by the District at the time of connection and ownership was granted to SDCWA. The only requirement to effect the change is the transfer of the SDCWA ownership of those connections to EMWD.

The remaining challenge is serving a few higher elevation areas in RMWD's southern service area during brief peak summertime demand periods. RMWD has done extensive studies to identify the best methods to serve these areas. The results of these studies determined that improvement projects that are included in previous Water Master Plans and other Capital Improvement Project forecasts would need to be moved up in time should the detachment be approved. These include:

- A new pipeline from the Rice Canyon Tank westerly to the area of new development north of Hwy 76 and east of Interstate 15
- Replacement of seasonal pumping facilities with more robust pump stations at the Moosa, Line P, and Gopher pump station sites
- Replacement of a short section of main (<2000 feet) along Gird Road that was slated for replacement in previous Condition Assessment studies
- Completion of Weese Treatment Plant Interconnect with the City of Oceanside
- Minor expansion or interconnection of a few other key points in the distribution system

There are other options to meet peak summertime demands through demand management. RMWD is currently developing demand management programs that would fund agricultural efficiency projects in the southern zones of the District to shave the peak summertime demands. Demand management can reduce, or eliminate, the need for some of the mentioned capital improvements.

The cost estimates for these projects range from \$10 - \$15 Million. While all of these projects were in the planning stages and slated for construction over the next ten years, detachment would necessitate them to move forward more quickly. During the process of review of this application by LAFCO staff, the District would like to have a discussion on the timing of potential approval, the resulting election, and when the actual detachment would take place so that we can efficiently coordinate project priorities and timing.

Since approval of this application is not guaranteed, the District does not want to use its precious capital on these facilities until the outcome of the proceeding is a bit more certain. As noted above, while these projects have been in the long-term plan for some time, moving them up ahead of other projects only makes sense in the context of the significant imported water cost reduction that would result from detachment. This cost reduction would accelerate other necessary pipeline replacement and rehabilitation projects.

The County Water Authority Act

The County Water Authority Act (Water Code Appendix sections 45-1 et seq.), the law under which SDCWA exists and is organized, provides the organizational framework for county water authorities formed in California. Section 45-11 of the SDCWA Act sets forth certain requirements a member agency must follow in order to annex into or detach from SDCWA. RMWD followed the terms for annexation in 1953 when it joined SDCWA, including the requirement to make a payment as a condition of annexation in accordance with the Act. With respect to detachment, the Act contains provisions for bonded indebtedness that is secured by property taxes as well as a requirement for an election of the electors of the member agency seeking detachment.

The process for detachment/exclusion of the Districts from SDCWA and annexation of the Districts into EMWD, must be brought before the applicable Local Agency Formation Commissions (LAFCO) pursuant of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code section 56000 set seq.) (CKH Act). Under the CKH Act, LAFCOs are charged with conducting hearings, making

determinations, and imposing conditions on the approval of proposed changes in certain public agency boundaries within the county in which the LAFCO sits. Here the exclusion from SDCWA, and annexation of RMWD into EMWD, would result in EMWD being located in more than one county (San Diego and Riverside) and therefore proceedings before both San Diego LAFCO and Riverside County LAFCO would be involved. In October 2019, the San Diego and Riverside County LAFCOs entered into a Memorandum of Understanding in which San Diego LAFCO has exclusive jurisdiction over all proceedings related to the detachment of RMWD from SDCWA as well as the sphere of influence changes required for EMWD.

Ultimately, should RMWD's application to San Diego LAFCO for detachment from SDCWA be approved, the reorganization would not take effect until after the electors of RMWD vote in support of the reorganization. If the election is successful, the taxable property within the detaching member agency may still continue to be taxable by SDCWA for the purpose of paying bonded and other indebtedness outstanding or contracted for at the time of the detachment/exclusion. (Water Code Appendix section 41-11(a)(2).) This is separate from any debt obligations of SDCWA that are not secured by property taxes and is limited to SDCWA share of ad-valorem taxes.

Financial Implications of Detachment

The proposed reorganization will have financial impacts to RMWD, EMWD, and SDCWA. RMWD has pursued discussions with SDCWA to discuss how to interpret the County Water Authority Act in meetings that started in May 2019. We held a number of meetings over the summer in an attempt to gain some consensus between RMWD and SDCWA as to how to interpret the act, all to no avail. The last formal meeting with SDCWA was held on October 9, 2019 in which we, once again, were unable to discuss the matter. In fact, in an email that was a follow up to that meeting (dated October 10, 2019), SDCWA General Manager Sandra Kerl stated the following:

"Finally, you said that you wanted to know our Agency's legal interpretation of the applicable law as to why your agencies should pay anything upon detachment. This is an issue that will be addressed in the course of LAFCO proceedings."

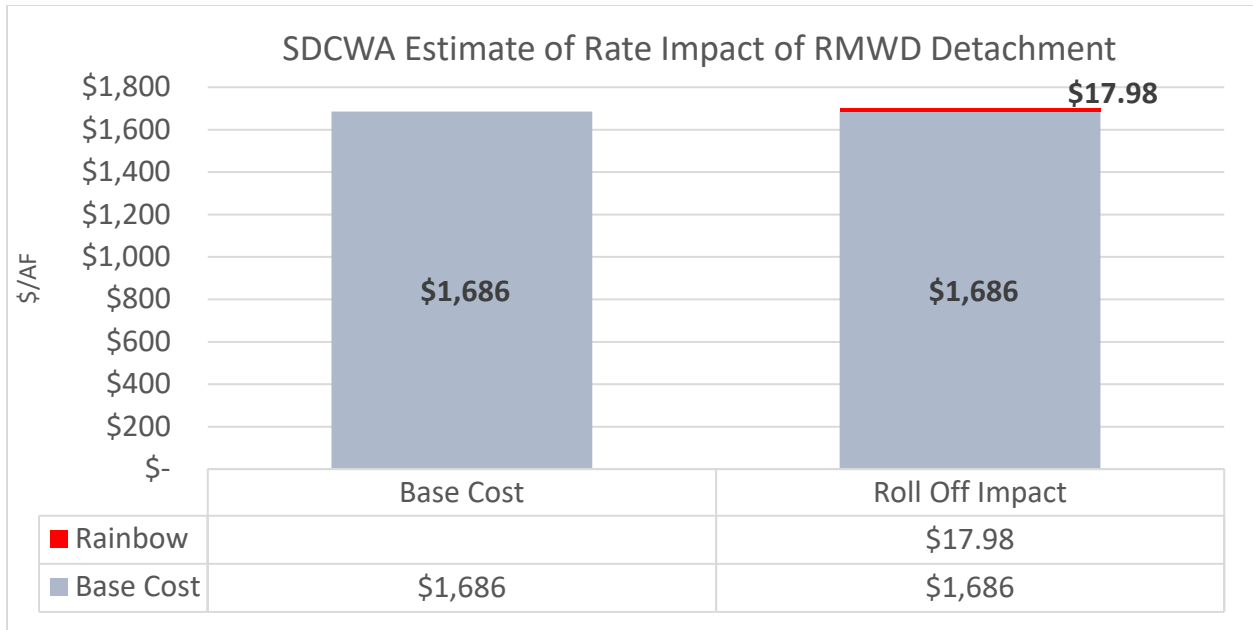
RMWD like to make it clear to LAFCO that we made multiple attempts to come to some sort of common understanding of the requirements of the SDCWA Act with SDCWA, but as Ms. Kerl's email indicates, they would rather address this at the commission level. Further, in her last communication, Ms. Kerl requested that RMWD and FPUD meet with each SDCWA member agency separately to negotiate a solution. While RMWD and FPUD reached out to each member agency and met with many of them and provided potential concepts for a cost structure for detachment, the general consensus from these meetings is the proposed approach to develop a separate agreement with each member agency is unworkable.

In absence of a negotiated agreement, RMWD is proposing that the detachment be consistent with the County Water Authority Act (Water Code Appendix section 45-1 et seq.), the law under which SDCWA exists and is organized. Section 45-11(a)(2) of the SDCWA Act sets forth certain requirements a member agency must follow in order to detach from SDCWA. In accordance with this provision if the detachment is successful taxable property within the detaching member agency may still continue to be taxable by SDCWA for the purpose of paying bonded and other indebtedness outstanding or contracted for at the time of detachment/exclusion.

The amount currently collected annually from RMWD customers is roughly \$175,000. These payments would continue after detachment per the SDCWA Act even though the District will not receive any benefit of any SDCWA facilities.

The remaining member agencies would also benefit from past investments made by RMWD in regional infrastructure. As of June 30, 2019, RMWD has contributed over \$560 million to help build infrastructure in San Diego County. These investments helped fund storage projects, emergency water supply projects and secure lower cost water supplies from canal lining projects. These investments will continue to provide benefits to the remaining agencies and RMWD will not recover any value from these regional investments that support all other member agencies of SDCWA. There is no outstanding SDCWA debt for SDCWA facilities that only serve RMWD and would have no benefit to other remaining agencies after detachment.

There will be a reduction in revenue for SDCWA if RMWD began to purchase its supply of water through EMWD. SDCWA prepared a summary of the anticipated costs based on FY 2018 water demands and CY 2020 rates in August 2019. This analysis results in an estimated revenue reduction to SDCWA of approximately \$17.98/AF on top of the existing rate of \$1686/AF for remaining agencies from detachment of RMWD based on there being no cost reduction in SDCWA operations due to detachment (See Figure 1). It should be noted that there will be operational cost reductions post detachment as SDCWA staff will not have to perform maintenance on some of the most remote facilities in their system.

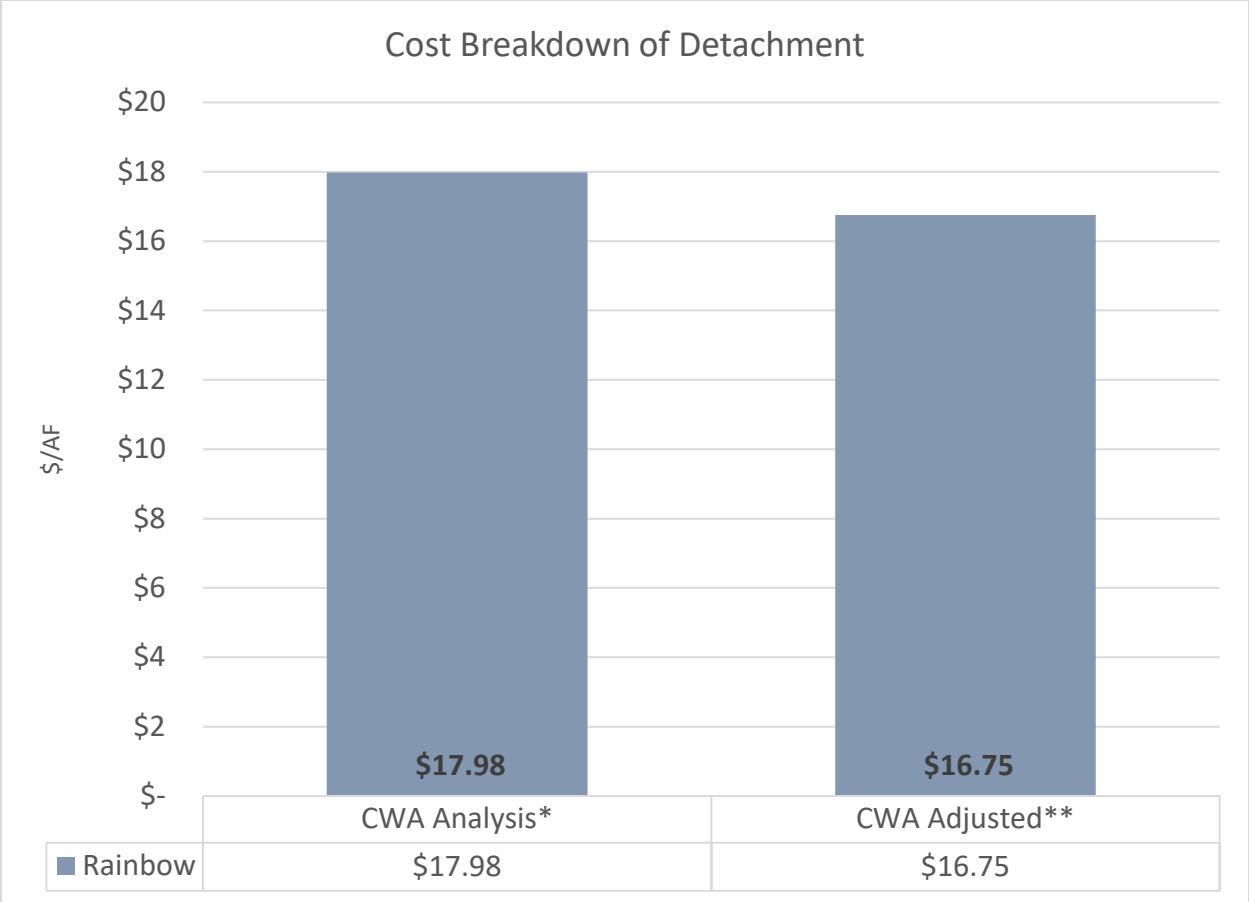


* Based upon SDCWA’s Recommended Calendar Year 2020 Rates and Charges presentation.

** Based upon updated water sales projection for SDCWA of 338,958 AF.

Figure 1 – SDCWA Projected Rate Impact

The SDCWA estimate is higher than the actual projected impact for the simple reason that the FY 2018 flows are higher than current and projected flows largely due to a continued decline in agriculture in the region. This will reduce RMWD’s water demands on SDCWA, which will reduce the cost impact of on SDCWA of detachment. Figure 2 shows the anticipated impact on SDCWA rates based on current RMWD demand projections. As shown in Figure 2, the relative projected impact to SDCWA from RMWD detachment is \$16.75/AF. The current SDCWA rate is approximately \$1686/AF, so this represents an increase of 0.99%. The average annual rate increase experienced by RMWD over the last 10 years from SDCWA is over 8%. Using recent water usage for the City of San Diego of 91 Gallons Per Capita Per Day (GPCD) and a rate impact of \$16.75 per AF for RMWD, the average person from the City of San Diego would see an annual cost impact of approximately \$1.71 per year.



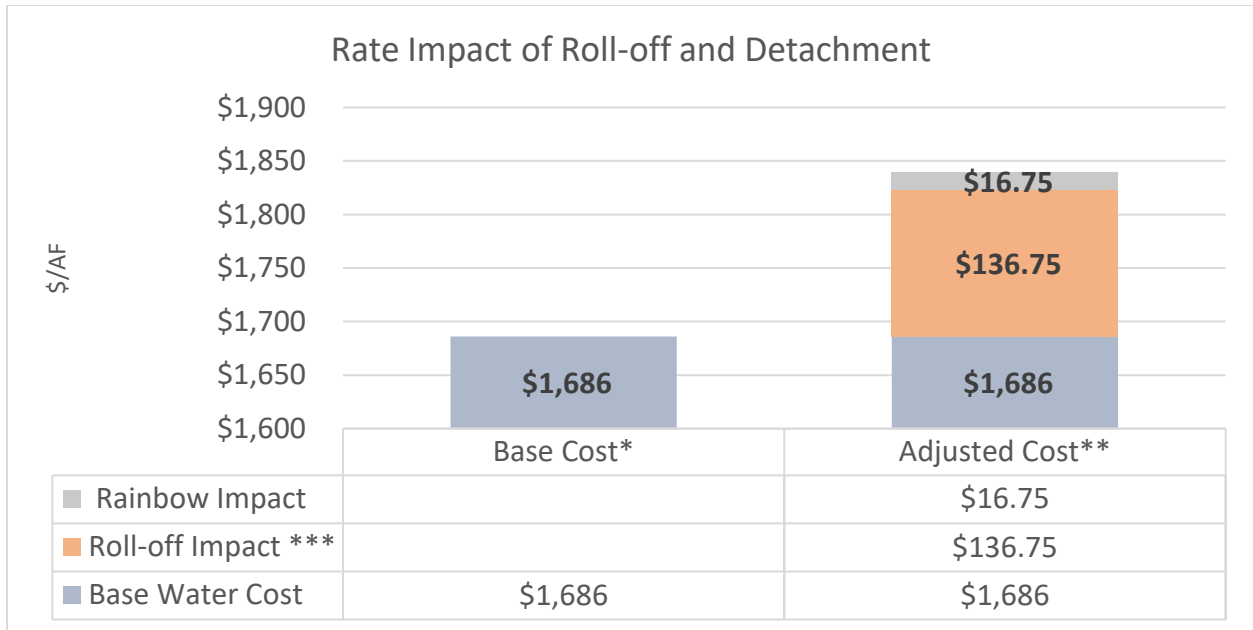
* Based upon SDCWA’s August Preliminary Financial Impact Analysis | De-Annexation.

** Based upon updated water sales projections

Figure 2- Rate Impact of FPUD/RMWD Detachment.

SDCWA has argued that the detaching agency must ensure revenue neutrality for the remaining agencies. Under this concept, RMWD and FPUD would continue to make the same net payment to SDCWA but would receive no services. In turn, SDCWA would use this money to subsidize other member agencies rates to be able to offset the potential <1% rate increase associated with the detachment of RMWD. We feel this concept is flawed at a number of levels:

1. This approach is inconsistent with the SDCWA act and would not have any cost of service basis and would violate proposition 26.
2. Currently member agencies can build local projects and reduce their water demands with a similar effect as detachment. The vast majority of rates allocated to a member agency are based on demands. While some are rolling averages, the costs paid by a District to SDCWA are largely proportional to water demands. Figure 3 shows an example of the rate impacts to other member agencies for three local supply projects that are underway. These projects include Phase I of the City of San Diego Pure Water Program, Pure Water Oceanside and the East County Advanced Purification Facility.



* Based upon SDCWA’s Recommended Calendar Year 2020 Rates and Charges presentation.

** Based upon updated water sales projection for SDCWA of 338,958 AF.

*** Pure Water Phase I, East County AWP, Pure Water Oceanside.

Figure 3 – Rate Impact of Roll-off and Detachment

As shown in Figure 3, the impact of these projects to other remaining member agencies is approximately \$137 per AF or **over 8 times** the projected impact of RMWD detachment. If RMWD was required to make each agency revenue neutral for the impact of their reduced water purchases then the same concept would need to be in place for entities that are rolling off SDCWA and shifting existing SDCWA costs to the remaining agencies, including RMWD, if detachment is not successful. RMWD has a population of approximately 20,000 and currently project to purchase approximately 14,500 AFY of water annually so the cost impact of roll-off at \$137/AF to each person in RMWD is approximately \$100 per year.

RMWD is facing a situation where SDCWA’s rate structure, which encourages roll off, will end up costing our customers about \$100 per year per person per year, while at the same time SDCWA has expressed opposition to our roll off that would only cost remaining member agencies less than \$2 per person per year.

The vast majority of the water used by RMWD is currently delivered from an MWD operated treatment plant through MWD facilities and the District pays SDCWA for this water. Currently, RMWD is charged over \$450/AF on top of the MWD price versus an additional \$11/AF for EMWD (See Figure 4). If RMWD detaches from SDCWA and attaches to EMWD, there is a substantial long-term savings to RMWD customers.

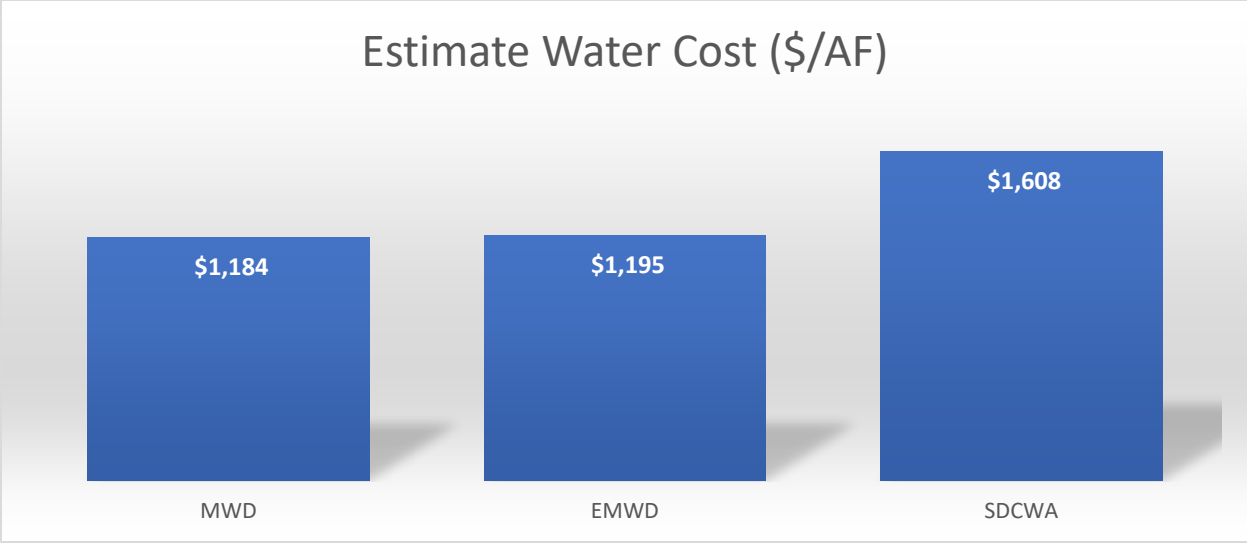


Figure 4 – Wholesale Water Costs

Apart from imported water costs, the largest driver for RMWD rate increases is the generation of revenue to address critical infrastructure that has served well beyond its design lifespan. Well over half of RMWD’s distribution system is over 50 years old and many are closer to 70 years old. Pipeline failures are becoming more frequent and unless significant funds are generated to repair and replace these aging pipelines the problem will only get worse.

RMWD has completed a multiyear (and ongoing) condition assessment project that has focused our capital spending on those pipelines that are at the highest risk of failure. This project has highlighted the amount of revenue needed to accomplish the goal of pipeline rehabilitation and those revenue increases, along with imported water costs, drive RMWD rates.

Figure 5 shows the projected water rate increases for RMWD with and without detachment. As shown in Figure 5, without detachment, cumulative rate increases of just under 25% are anticipated over the next three years. With the reorganization it is anticipated that RMWD could actually lower rates slightly and then have no rate increase for several years based on the reduction in the cost of water with ongoing savings in wholesale water costs of over 25%.

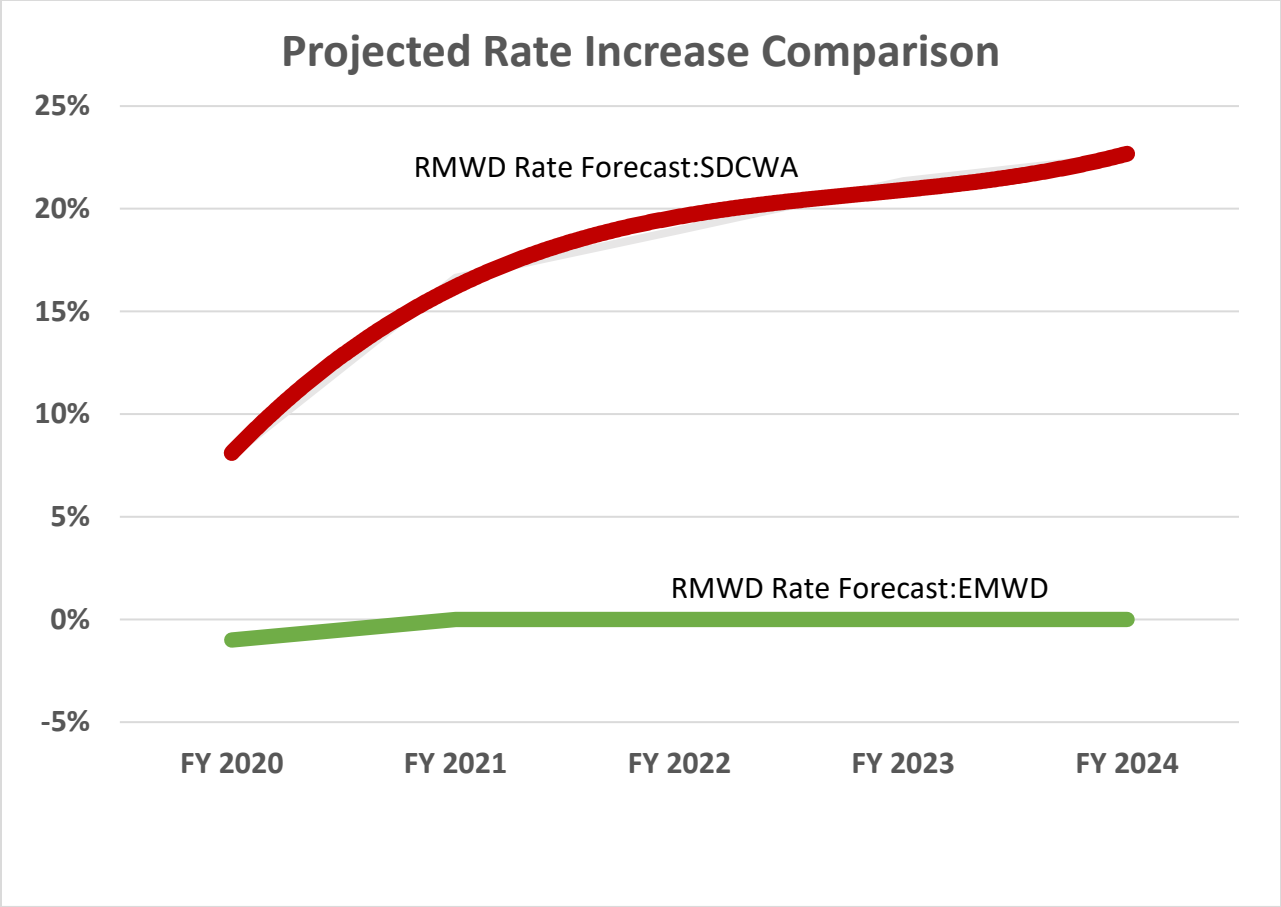


Figure 5 – Projected Rate Impacts of Detachment

RMWD has had to implement significant rate increases over the past decade to address the combined impacts of increased water supply costs, declining sales and aging infrastructure needs. Increasing water rates has had a significant impact on the quality of life in our community due to the loss of agriculture and the increasing impact on water customers in rural areas. Agricultural use consumes 65% of all of the water that RMWD sells, but the increasing cost of water over the years has been very harmful to the agricultural community.

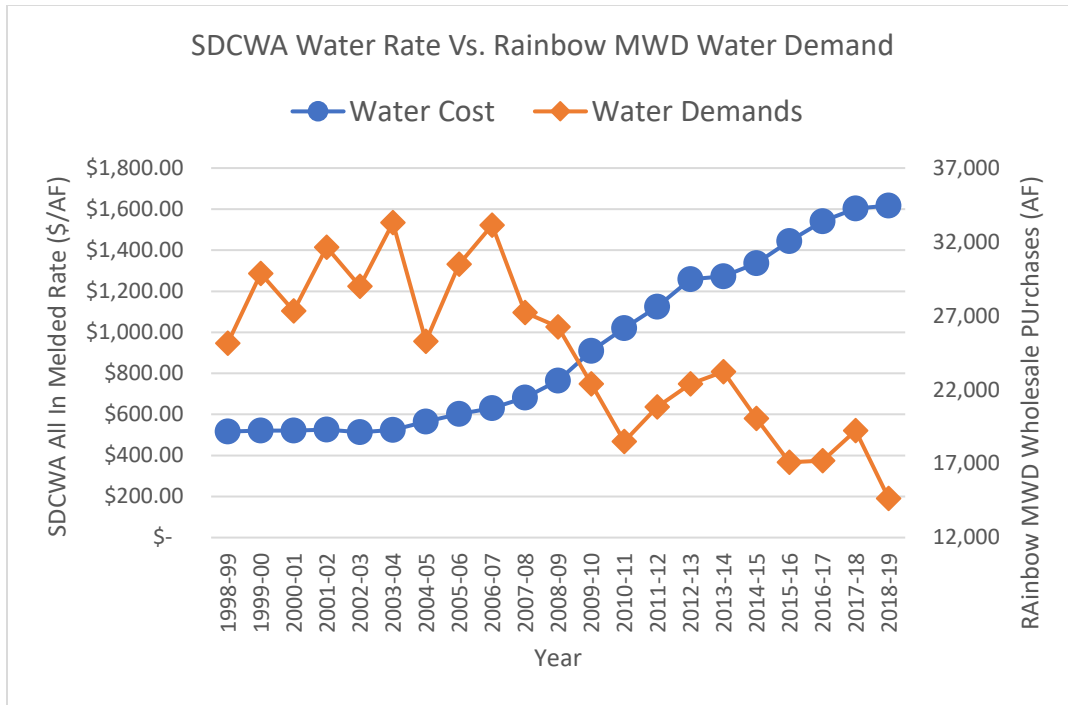


Figure 6: Water Costs and Agricultural Demands

Figure 6 above shows that as the costs related to SDCWA projects that do not benefit our region have increased over the last 15 years, there was a steep drop in agricultural water demand. Thousands of acres of avocado production were lost forever. Many thousands more are on the brink of going under due in large part to water costs. Agriculture is the only real economic activity in the RMWD service area that spans over 80 square miles with only a handful of signalized intersections, no other industry or commercial centers, and very little retail (there is not even a single Starbucks or 7-11 in the entire service area). These trends will continue into the future and further negatively impact our community unless LAFCO supports efforts by RMWD to reduce their water costs through the process of detachment from SDCWA and attachment to EMWD.

“Revenue Neutrality” or “Exit Fee” Concept

In various public statements, SDCWA officials have indicated that RMWD must either maintain “Revenue Neutrality” for SDCWA over time or make some sort of “Exit Fee” payment to SDCWA as a condition of detachment. RMWD has requested on multiple occasions to meet with SDCWA officials to discuss this concept. Each time SDCWA refused to have any specific discussions about what they meant by these terms. Both of these concepts are flawed for a number of reasons:

- The County Water Authority Act has no provisions for either concept. If SDCWA’s debt was secured on the basis of property taxes, those taxes would continue in accordance with the CWA Act. None of SDCWA’s debt is secured by property taxes. The CWA Act has no mention of

“Revenue Neutrality” whatsoever and we could find no other reference to the concept in any LAFCO statute.

- Were RMWD compelled to continue to make payments for infrastructure that it does not use in any way – or have the legal right to use in any way – those payments would be a likely violation of the Proposition 26 Cost of Service principles and thereby illegal under the California Constitution.

Had the State Legislature wanted to have “revenue neutrality” or an “exit fee” be part of the detachment process, it would have included these in the CWA Act. However, those terms are nowhere to be found. What is included in the CWA Act are very clear and detailed provisions for dealing with the financial matters of detachment. We respectfully request that those provisions be followed in this application.

Benefits to Remaining SDCWA Member Agencies

While most of the discussion of impacts to member agencies has centered on presumed negative financial impacts, there are a number of positive impacts for the remaining member agencies of SDCWA after an RMWD detachment is completed. These impacts are wide ranging and include operational and financial benefits:

- While most of San Diego County already has the full benefit of SDCWA’s Emergency Storage Project (ESP), there is one final component of the project that remains incomplete. The project has been under design and construction since 1996 with all other major facilities completed well over ten years ago, but the north county pump stations have not yet reached the design stage. These pump stations are required to move water stored in the ESP reservoirs to the south up into the Fallbrook and RMWD service areas. These northerly regions currently cannot receive the benefit of the ESP – despite the fact that RMWD ratepayers have contributed approximately \$25 Million (Through SDCWA’s Storage Fee and other charges) to the project over the years.

Should RMWD and FPUD detach from SDCWA, these pump station projects can be cancelled. The current budgeted cost of these stations is \$40 Million, so a detachment would save each agency their pro-rata share of \$40 million immediately.

- There will be operational savings as well when the most remote water metering structures in the SDCWA system are transferred to EMWD for day to day operations. These facilities were paid for by RMWD when they were built and a key part of the reorganization will be to transfer control of these facilities to EMWD. SDCWA staff will be able to reduce the number of water metering stations by about 15% with the combined RMWD and FPUD connections no longer requiring their attention.
- Each and every remaining member agency will receive an immediate increase in the amount of available water supply from the ESP once RMWD’s (and FPUD’s) demands are removed from the allocation pool. Valuing this type of reliability is tricky, but if you consider that the Carlsbad desal plant cost about \$1 Billion to produce ~50,000 AF per year, when RMWD’s ~14,000 AF per year is made available to other agencies to use, relative to the desal plan, that water has a

“value” of about \$280 Million. Note that this is not intended to be a one to one type of comparison as water supply values are based on a melded average of all sources of supply, but the desal plant is a benchmark of what SDCWA felt was a prudent investment to generate 50,000 AF per year of water.

- Per SDCWA record keeping, Rainbow MWD has contributed approximately 4% of the total financial contributions SDCWA has received over its history. This means that the customers at Rainbow MWD have paid for 4% of everything SDCWA has on its asset sheet. In their Comprehensive Annual Financial Report, SDCWA shows that the agency has current net assets of \$4.071 Billion and liabilities of \$2.569 Billion which results in a net position of \$1.577 Billion. RMWD ratepayers have contributed over \$560 Million to SDCWA over the years and that money paid for the RMWD “share” of the assets. With the detachment, the assets (pipelines, tanks, treatment plants, etc) that RMWD ratepayers paid for will be left behind to benefit those agencies that remain. 4% of the net position of SDCWA equates to just over \$62 Million in current net asset value that will be redistributed among the other member agencies. This will increase each other agency’s “share” of SDCWA assets and will increase their voting rights percentage at the agency as well.

Water Supply Reliability Analysis

During the course of the analysis leading up to this application to LAFCO, RMWD has conducted a series of studies to validate that the supply reliability from EMWD is equal to or greater than the supply reliability from SDCWA. The first studies were preformed by Ken Weinberg, a nationally recognized expert in water resources and the former Director of Water Resources at SDCWA. Ken’s initial work demonstrated that there was no discernable difference in water supply reliability between EMWD and SDCWA as a wholesale supplier to RMWD.

Subsequent to Ken’s work, EMWD preformed a comprehensive analysis of water supply reliability for their service area in order to ensure that the inclusion of RMWD (and FPUD) would provide proper supply reliability to their new, larger service area. This report (attached as Exhibit C) also demonstrates that under any potential supply condition, EMWD has ample supply resources to serve the demands of all of its wholesale and retail customers.

Compliance with SDLAFCO Policy L-107

SDLAFCO Policy L-107 directs agencies who contemplate these sorts of reorganizations to reach out to affected agencies as well as interested parties in advance of filing an application. SDLAFCO’s goal is for these parties to come to some sort of agreement related to the process and details surrounding the

detachment prior to coming to SDLAFCO. To be clear here, the only affected agency is SDCWA – all SDCWA member agencies may be interested parties, but the District does not seek detachment from those agencies, only SDCWA.

The District, in accordance with SDLAFCO Policy L-107, began its outreach with the primary affected agency, SDCWA, on May 21, 2019. On that day, RMWD General Manager Tom Kennedy met with Sandra Kerl, Acting General Manager of SDCWA and later in the day with SDCWA Board Chairman Jim Madaffer and Vice Chairman Gary Croucher. In these meetings, the District indicated that it was exploring this process and requested that we meet formally to discuss the County Water Authority Act's provisions related to detachment. At the conclusion of the meeting with SDCWA Chair and Vice Chair, we agreed to meet in a few weeks to discuss the matter.

Prior to that meeting, SDCWA served RMWD with a Public Records Act request for information, communications or other documents related to our exploration of the detachment. The meeting that was discussed in May was never set as SDCWA wanted to review the PRA information prior to holding a meeting. Those documents were produced to SDCWA in June 2019. The following is a chronology of the District's efforts to comply with SDLAFCO Policy L-107:

- June 27, 2019 – at the Regular SDCWA Board meeting, both Jack Bebee (GM at FPUD) and Rainbow GM Tom Kennedy notified all SDCWA Board Members in open session about our desire to meet with any of them to discuss this matter.
- July/August 2019 – both Jack Bebee and RMWD GM Tom Kennedy met with several SDCWA member agencies to discuss the matter. There were also discussions at the SDCWA Member Agency Manager meeting that is attended by nearly every agency.
- July 30, 2019 – Representatives from staff and legal counsel from SDCWA, FPUD, and RMWD met at the SDCWA offices to discuss the potential detachment. While FPUD and RMWD came prepared to discuss the provisions of the County Water Authority Act, SDCWA staff and counsel deferred from any such discussion, indicating that they were not up to speed on the Act.
- August 22, 2019 – SDCWA held a closed session meeting on the detachment discussion and excludes both RMWD and FPUD from the discussion on the grounds of “risk of litigation”. To be clear, neither FPUD nor RMWD has any basis for litigating anything with SDCWA, so our exclusion was questionable. RMWD and FPUD were allowed to make a statement, but each was only afforded three minutes to address the Board from the lectern where public comments are received. In his comments, RMWD GM Kennedy reiterated his willingness to discuss the detachment with any interested party. At this closed session, the SDCWA Board authorized a contract for \$1 Million for legal services related to the detachment.
- September 16, 2019 – RMWD GM Kennedy and FPUD GM Bebee met at FPUD's offices with Sandra Kerl, SDCWA Acting GM and consultant Juanita Hayes to discuss detachment issues without their respective legal counsels present. This was a productive meeting at which we all agreed to meet again with our finance staff present to talk about specific details as to how the detachment would impact financial issues with the goal of finding a common ground.
- September 26, 2019 – At the SDCWA regular Board meeting, FPUD's Bebee again informed the entire SDCWA Board in open session that both FPUD and RMWD would like to meet with any interested party to discuss the matter.
- October 9, 2019 – FPUD GM Bebee and RMWD Gm Kennedy, along with FPUD CFO Shank, met with Sandra Kerl and Juanita Hayes at the SDCWA offices. This meeting was the follow up from

the September 16, 2019 meeting and was intended to dig into the details of financial matters. At this meeting, when no SDCWA finance staff was present, SDCWA's Kerl indicated that we would not be having the discussion we had all agreed to a few weeks before. Ms. Kerl indicated that instead of discussions with SDCWA directly, their position was that we needed to meet with the other 22 member agencies. This outcome was memorialized in an email from Ms. Kerl to GM's Kennedy and Bebee on October 10, 2019.

- October 16, 2019 – in an email communication to SDCWA and all member agencies, RMWD GM Kennedy again invited any interested party to meet with the District to discuss the detachment matter. As of the beginning of February 2020, RMWD and FPUD have met with at least 12 member agencies directly with more meetings still scheduled.
- November 6, 2019 – RMWD sent out formal letters to SDCWA and all member agencies notifying them of the District's intent to consider a Resolution of Application at RMWD's December 3, 2019 Board meeting. This letter fulfilled the requirement to provide at least 21 day's written notice in advance of the meeting.

There were a great deal more informal communications regarding the detachment between the District and affected agencies at various meetings over the months, but this summary demonstrates that the District has greatly exceeded the minimum requirements of SDLAFCO Policy L-107.

The Otay Lawsuit

The Rainbow Municipal Water District was sued in San Diego Superior Court by Otay Water District related to the CEQA exemption that the Rainbow board lawfully processed at its meeting where the Resolution of Application was approved. Otay's suit is based on an illogical and unsustainable claim that despite all facts and evidence the change in organization will result in potentially significant impacts on the San Joaquin/Sacramento River Delta and to the environment at large. Otay's petition does not identify or attach any evidence in support of these allegations. Otay also did not raise the legal and factual grounds for its suit at any time prior to the Board's action approving the Resolution of Application. The CEQA exemption is supported by substantial evidence that the Board reviewed and considered before it approved the Resolution of Application. This baseless suit is strongly opposed by both all factual evidence and the Rainbow Board. Settlement discussions are underway at this time. Beyond filing a petition and complaint, Otay has taken no further steps to advance its case toward trial.

Application Documents Attached

Included with this application are a series of Exhibits:

- A- RMWD Resolution of Application
- B- SDLAFCO and RCLAFCO MOU regarding inter-county reorganization
- C- EMWD Supply Reliability Analysis
- D- Subject Agency Supplemental Information Form from EMWD
- E- RMWD Plan for Service
- F- SDLAFCO Form L-107
- G- EMWD Resolution 2019-130 Supporting Proposed Reorganization
- H- Rainbow MWD Boundary Description

RESOLUTION NO. 19-15

RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT AUTHORIZING THE GENERAL MANAGER TO PREPARE AND SUBMIT AN APPLICATION TO THE SAN DIEGO LOCAL AGENCY FORMATION COMMISSION TO DETACH FROM THE SAN DIEGO COUNTY WATER AUTHORITY AND ANNEX TO EASTERN MUNICIPAL WATER DISTRICT

WHEREAS, Rainbow Municipal Water District was established in 1953 and is organized under Section 71000 of the California Water Code; and

WHEREAS, Rainbow Municipal Water District is a special district that provides – among other services – water to the unincorporated communities of Rainbow, Bonsall, and portions of Vista, Oceanside, and Fallbrook; and

WHEREAS, Rainbow Municipal Water District is a member of the San Diego County Water Authority; and

WHEREAS, over the last 25 years, the San Diego County Water Authority which supplies water to individual water districts in San Diego County, has made major investments in new storage and treatment facilities located well south of the Rainbow Municipal Water District service areas; and

WHEREAS, these investments have increased the cost of water to customers of Rainbow Municipal Water District, adding several hundred dollars per acre foot to the cost of water for the customers of Rainbow Municipal Water District, many of whom are engaged in agricultural activities; and

WHEREAS, while most water districts in San Diego County rely entirely on San Diego County Water Authority pipelines for the water they distribute to their customers, Rainbow Municipal Water District has connections directly to the Metropolitan Water District of Southern California (MWD)'s pipelines; and

WHEREAS, Eastern Municipal Water District located in Riverside County is adjacent to Rainbow Municipal Water District, is a special district that also receives water supplies from Metropolitan Water District and provides retail water service to cities and special districts in Riverside County, and has consented to the possible annexation of Rainbow Municipal Water District; and

WHEREAS, Eastern Municipal Water District was in October of 2019 awarded a \$36.3 million grant from the State Water Resources Control Board which will improve groundwater quality and supplies and reduce its reliance on imported water supplies; and

WHEREAS, since 1954 Rainbow Municipal Water District has contributed over \$500 million to construct assets owned by San Diego County Water Authority, which assets will be retained by the San Diego County Water Authority and used for the benefit of its remaining member agencies; and

WHEREAS, if Rainbow Municipal Water District detaches from the San Diego County Water Authority, the San Diego County Water Authority will not have to spend the \$40 million budgeted to complete construction of the North County EPS pump stations to serve Rainbow Municipal Water District and Fallbrook Public Utility District; and

WHEREAS, Rainbow Municipal Water District's detachment from San Diego County Water Authority will lessen the North County area's demand for expanded water facilities and will permit the remaining member agencies of the San Diego County Water Authority to have increased reliability of supplies from San Diego County Water Authority in times of drought and reductions in imported water supplies; and

WHEREAS, the reliability of supplies from Eastern Municipal Water District to the Rainbow Municipal Water District will be equivalent to the supplies received from the San Diego County Water Authority, and

WHEREAS, the Rainbow Municipal Water District and the Fallbrook Public Utility District have entered into a Memorandum of Understanding which would allow Rainbow Municipal Water District to receive emergency supplies from the Fallbrook Public Utility District's Santa Margarita River Conjunctive Use Project that will serve the residents of Rainbow Municipal Water District in the very unlikely scenario where an earthquake or other emergency condition constricts supplies coming from Metropolitan Water District facilities in Riverside County, and

WHEREAS, the detachment of Rainbow Municipal Water District from the San Diego County Water Authority and annexation to Eastern Municipal Water District will be mutually beneficial in that the ratepayers of Rainbow Municipal Water District will obtain water supplies at a lower rate permitting the continuation of agricultural activities as well as general ratepayer reductions in costs while the remaining member agencies of the San Diego County Water Authority will be relieved of expenses of providing water supplies to the North County and will have greater reliability of water supplies in times of drought; and

WHEREAS, the detachment of Rainbow Municipal Water District from the San Diego County Water Authority is authorized by Section 45-11 of the California County Water Authority Act, the law governing the creation and existence of the San Diego County Water Authority; and

WHEREAS, the commencement of such a proceeding is initiated by an application to a Local Agency Formation Commission in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the Riverside Local Agency Formation Commission and the San Diego Local Agency Formation Commission have executed a memorandum of understanding dated October 24, 2019 by which San Diego Local Agency Formation Commission will undertake the processing of any application by Rainbow Municipal Water District to proceed with a reorganization involving modifications of spheres of influence, detachment from San Diego County Water Authority and annexation to Eastern Municipal Water District; and

WHEREAS, the process will require the preparation of various documents and the payments of filing fees and subsequent expenses,

NOW, THEREFORE, the Board of Directors resolves as follows:

1. The General Manager is authorized to prepare and submit to the San Diego Local Agency Formation Commission the application for the proposed reorganization and to provide any and all additional or supplemental forms, data, information, plans and documentation as the San Diego Local Agency Formation Commission staff may request and require from time to time during the processing of the application.
2. The General Manager is authorized to pay the filing fee to the San Diego Local Agency Formation Commission and to pay such additional sums as may be invoiced from the San Diego Local Agency Formation Commission for services rendered in the processing of the application.
3. The General Manager is authorized to coordinate his efforts with such resources as may be needed to process the application and to pay the invoices for the resources with whom he coordinates.
4. This proposal is to be made pursuant to Part 3 of the Cortese-Knox-Hertzberg Local Government Reorganization Act.
5. The nature of the proposal is a reorganization to detach Rainbow Municipal Water District from the San Diego County Water Authority and to annex the Rainbow Municipal Water District to Eastern Municipal Water District in Riverside County.
6. All property within the boundaries of the Rainbow Municipal Water District as it now exists shall be included, and the General Manager is to provide a legal description and map to be provided to the Local Agency Formation Commission.
7. The proposal suggests the following terms and conditions:
 - That pursuant to the express provisions of Section 45-11 of the County Water Authority Act which provide for detachments from a county water authority, the matter be submitted to a vote only by those electors residing within the boundaries of Rainbow Municipal Water District.
 - That pursuant to Section 45-11 of the County Water Authority Act that the taxable property within the excluded area shall continue to be taxable by the county water authority for the purpose of paying the bonded and other indebtedness of the county water authority outstanding or contracted for at the time of the exclusion and until the bonded or other indebtedness has been satisfied; provided further, that if the taxable property within the excluded area or any part thereof is, at the time of the exclusion, subject to special taxes levied or to be levied by the county water authority pursuant to the terms and conditions previously fixed under subdivision (c) or (d) of Section 10 for the annexation of the excluded area or part thereof to the county water authority, the taxable property within the excluded area or part thereof so subject to the special taxes shall continue to be taxable by the county water authority for the purpose of raising the aggregate sums to be raised by the levy of special taxes upon taxable property within the respective annexing areas pursuant to the terms and conditions for the annexation or annexations as so fixed and until the aggregate sums have been so raised by the special tax levies.

8. The reasons for the proposal are as follows:

- Rainbow Municipal Water District will be better positioned to provide water supplies to its customers at significantly lower rates;
- Rainbow Municipal Water District will be better positioned to provide water supplies to those within its boundaries who undertake agricultural activities, a major effort in support of the local economy.
- Rainbow Municipal Water District already receives water supplies from Metropolitan Water District which also supplies water to Eastern Municipal Water District as it does to San Diego County Water District.
- The detachment from San Diego County Water Authority will reduce both currently planned and future capital expenditures necessary to provide its water supplies to the North County area.
- The detachment from San Diego County Water Authority will also eliminate the need to share its reduced water supplies in times of drought conditions and permit the remaining member agencies to share the allocation that would otherwise be made to Rainbow Municipal Water District.

PASSED AND ADOPTED at a Regular meeting of the Board of Directors of Rainbow Municipal Water District held on the 3rd day of December 2019 by the following vote, to wit:

AYES: Directors Brazier, Gasca, Hamilton, and Rindfleisch
NOES: None
ABSENT: Director Mack
ABSTAIN: None

ATTEST:



Dawn Washburn, Board Secretary


Helene Brazier, Board President

**MEMORANDUM OF UNDERSTANDING BETWEEN THE
RIVERSIDE LOCAL AGENCY FORMATION COMMISSION AND
THE SAN DIEGO LOCAL AGENCY FORMATION COMMISSION
INVOLVING A REORGANIZATION PROPOSAL TO DETACH THE FALLBROOK
PUBLIC UTILITY DISTRICT AND RAINBOW MUNICIPAL WATER DISTRICT
FROM THE SAN DIEGO COUNTY WATER AUTHORITY AND
CONCURRENTLY ANNEX TO THE EASTERN MUNICIPAL WATER DISTRICT**

This MEMORANDUM OF UNDERSTANDING ("MOU") is made this 24th day of October 2019 by and between the San Diego Local Agency Formation Commission ("SDLAFCO"), a corporate public entity, and the Riverside Local Agency Formation Commission ("RLAFCO"), a corporate public entity. Each may be referred to individually as "LAFCO" or collectively as "LAFCOs."

RECITALS

WHEREAS, the Fallbrook Public Utility District ("FPUD") is a special district that provides — among other services — water to the community of Fallbrook;

WHEREAS, the Rainbow Municipal Water District ("RMWD") is a special district that provides — among other services — water to the unincorporated communities of Rainbow, Bonsall, and portions of Vista, Oceanside and Fallbrook;

WHEREAS, the San Diego County Water Authority ("SDCWA") is a public agency that produces, imports and sells wholesale water to its 24 retail member agencies and cities in San Diego County;

WHEREAS, FPUD and RMWD are member agencies of SDCWA;

WHEREAS, the Eastern Municipal Water District ("EMWD") is a special district that provides retail water service to some cities and wholesale water to other cities and special districts in Riverside County;

WHEREAS, FPUD and RMWD are contemplating the initiation of proceedings to obtain wholesale water from EMWD and detach from SDCWA and annex to EMWD;

WHEREAS, the contemplated detachment and annexation would require conforming sphere of influence amendments approved by the relevant LAFCO ("Proceedings");

WHEREAS, San Diego County and Riverside County are both an "affected county" for purposes of the Proceedings, which is defined in Government Code section 56012 as "any county that contains, or would contain, any territory for which a change of organization is proposed or ordered either singularly or as part of a reorganization or that contains all or any part of a district for which a change of organization or reorganization is proposed with respect to territory outside that county;"

WHEREAS, Riverside County is the "principal county" for purposes of EMWD's sphere of influence amendment and annexation proceedings because, under Government Code section 56066, Riverside is "the county having the greater portion of the entire assessed value, as shown on the last equalized assessment roll of the county or counties, of all taxable property within a district or districts for which a change of organization or reorganization is proposed;"

WHEREAS, San Diego County is the "principal county" for purposes of SDWA's sphere of influence amendment and detachment proceedings because, under Government Code section 56066, San Diego is "the county having the greater portion of the entire assessed value, as shown on the last equalized assessment roll of the county or counties, of all taxable property within a district or districts for which a change of organization or reorganization is proposed;"

WHEREAS, under Government Code sections 56123, RLAFCO has exclusive jurisdiction to process an application for the proposed change of organization to EMWD, and SDLAFCO has exclusive jurisdiction to process an application for the proposed change of organization to SDCWA;

WHEREAS, under Government Code section 56124, "If a proposed change of organization or a reorganization applies to two or more affected counties, for purposes of this division, exclusive jurisdiction may be vested in the commission of an affected county other than the commission of the principal county if all of the following occur:

- (a) The commission of the principal county approves of having exclusive jurisdiction vested in another affected county.
- (b) The commission of the principal county designates the affected county which shall assume exclusive jurisdiction.
- (c) The commission of the affected county so designated agrees to assume exclusive jurisdiction.";

WHEREAS, RLAFCO approves of having exclusive jurisdiction for purposes of EMWD's sphere of influence amendment and detachment proceedings vested in San Diego County;

WHEREAS, RLAFCO designates San Diego County to assume exclusive jurisdiction for purposes of EMWD's sphere of influence amendment and detachment proceedings;

WHEREAS, SDLAFCO agrees to assume exclusive jurisdiction for purposes of EMWD's sphere of influence amendment and detachment proceedings for any application received for a reorganization as described above;

WHEREAS, the Parties desire to enter into this MOU to memorialize their understanding.

NOW, THEREFORE, in consideration of the covenants, conditions and promises contained herein, the parties mutually agree as follows:

1. Sphere of Influence. Any sphere of influence determination in connection with FPUD's or RMWD's application to detach from SDCWA and annex to EMWD will be the exclusive jurisdiction of SDLAFCO.

2. Reorganization Proceedings. Any reorganization proceeding in connection with FPUD's or RMWD's application to detach from SDCWA and annex to EMWD will be the exclusive jurisdiction of SDLAFCO.

3. Applicable Policies and Procedures. The Proceedings will be governed according to SDLAFCO's policies and procedures. SDLAFCO is not required to follow RLAFCO's policies and procedures in processing a sphere of influence or reorganization application submitted by FPUD or RMWD.

4. Consultation. SDLAFCO agrees to consult with RLAFCO staff regarding the Proceedings and before making any recommendations in connection with FPUD's or RMWD's application to detach from SDCWA and annex to EMWD. RLAFCO agrees to provide technical assistance to process the relevant applications upon SDLAFCO's request. Any technical assistance provided by RLAFCO in connection with the Proceedings will be billed to FPUD and RMWD at RLAFCO's established hourly rate.

5. Term. This MOU will take effect upon its execution by both SDLAFCO and RLAFCO and shall remain in effect until the Proceedings are complete.

6. LAFCOs' Responsibilities. The LAFCOs will advise FPUD, RMWD, SDCWA, and EMWD that the required application and corresponding documentation and fees must be submitted to SDLAFCO pursuant to this MOU. Nothing in this MOU will be construed to limit in any way the provision of State law governing the consideration process for a sphere of influence determination or reorganization proceeding.

7. Modification. This MOU constitutes the entire agreement and understanding between the LAFCOs with respect to the subject matter hereof and supersedes any previous agreements, oral or written. This MOU may be modified only by subsequent mutual written agreement and will not be effective until signed by all parties.

8. Termination. This MOU may be terminated by either LAFCO upon 30 days' notice in writing to the other LAFCO. Under Government Code section 56651, the Proceedings shall be deemed initiated on the date a petition or resolution of application of FPUD or RMWD is accepted for filing and a certificate of filing is issued by the executive officer of SDLAFCO to FPUD or RMWD. Once the Proceedings are initiated, RLAFCO is prohibited from terminating this MOU until SDLAFCO's Proceedings are complete.

9. California Law. This MOU shall be construed in accordance with the laws of the State of California. Any action commenced related to this MOU shall be filed in the Superior Court of either San Diego or Riverside County. This MOU shall be construed as though jointly drafted by the Parties with the assistance of independent legal counsel.

10. Indemnification. LAFCOs agree to indemnify, defend at their own expense, including attorneys' fees, and hold each other harmless from and against all claims, costs, penalties, causes of action, demands, losses and liability of any nature, whatsoever, caused by or arising out of or related to any negligent act or willful misconduct of that party, its officers or employees or any other agent acting pursuant to its control and performing under this MOU.

12. Notices. All notices shall be personally delivered or mailed, via first-class mail to the below listed addresses:

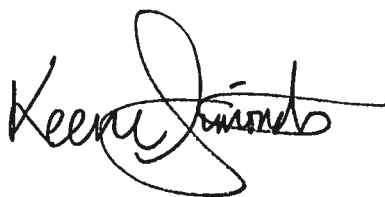
- a. Keene Simonds
Executive Officer
San Diego Local Agency Formation Commission
9335 Hazard Way, Suite 200
San Diego, California 92123
(858) 614-7755
keene.simonds@sdcounty.ca.gov
- b. Gary Thompson
Executive Officer
Riverside Local Agency Formation Commission
6216 Brockton Avenue, Suite 111-B
Riverside, California 92506
(951) 369-0631
gthompson@lafco.org
- c. Courtesy Copy to:
Holly O. Whatley
General Counsel for SDLAFCO
Colantuono, Highsmith & Whatley, PC
790 East Colorado Blvd., Suite 850
Pasadena, California 91101
hwhatley@chwlaw.us
- d. Courtesy Copy to:
Tiffany N. North, Assistant County Counsel
Counsel for RLAFCO
Office of Riverside County Counsel
3960 Orange Street, Ste. 500
Riverside, California 92501
tnorth@rivco.org

13. Severance. Should a provision of this MOU be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable.

14. Counterparts. This MOU may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, these parties have executed this MOU on the day and year shown above.

SAN DIEGO LOCAL AGENCY
FORMATION COMMISSION



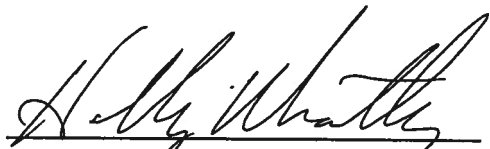
Keene Simonds, Executive Officer

RIVERSIDE LOCAL AGENCY
FORMATION COMMISSION



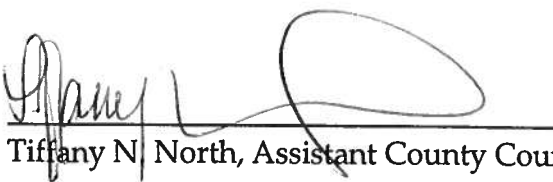
Gary Thompson, Executive Officer

APPROVED AS TO FORM



Holly O. Whatley, General Counsel

APPROVED AS TO FORM



Tiffany N. North, Assistant County Counsel

TECHNICAL MEMORANDUM

Water Resources and Facilities

Planning Department



DATE: February 12, 2020

PREPARED FOR: Fallbrook Public Utility District / Rainbow Municipal Water District

PREPARED BY: Eastern Municipal Water District

SUBJECT: Analysis of Eastern Municipal Water District's Water Supply and System Reliability with the Potential Annexation of Fallbrook Public Utility District and Rainbow Municipal Water District

EXECUTIVE SUMMARY

The Fallbrook Public Utility District (FPUD) and the Rainbow Municipal Water District (RMWD) are retail water suppliers located in the northern-most portion of San Diego County, just south of the City of Temecula, serving primarily agricultural and residential customers. FPUD and RMWD are currently member agencies of the San Diego County Water Authority (SDCWA) and are considering a de-annexation from the SDCWA and an annexation into the Eastern Municipal Water District (EMWD).

FPUD and RMWD are currently being supplied with imported water from the Metropolitan Water District of Southern California's (Metropolitan) Robert A. Skinner Water Treatment Plant via the Metropolitan/San Diego Aqueduct, and would continue to be supplied with the same water by EMWD. The potential de-annexation of FPUD and RMWD from SDCWA is not anticipated to have any significant impacts to regional and local water supply or system reliability and no new supplies would need to be developed or imported. The de-annexation of FPUD and RMWD from the SDCWA would not result in Metropolitan, as a State Water Contractor, increasing its reliance on the Sacramento-San Joaquin Delta (Delta) since FPUD and RMWD would continue to be supplied from Metropolitan's Robert A. Skinner Water Treatment Plant.

The de-annexation of FPUD and RMWD would allow for SDCWA to reduce the amount of imported water it purchases from Metropolitan and EMWD would increase its imported water purchases from Metropolitan the amount equivalent to SDCWA's reduction. **There would be no net increase in imported water to the region.** Under all conditions presented in their respective 2015 Urban Water Management Plans, both SDCWA and EMWD include imported water supplied by Metropolitan as part of their long-term water supply portfolios, thus both remain reliant on imported water supplied by Metropolitan to meet their service area demands. Whether FPUD and RMWD are part of SDCWA or EMWD would not change SDCWA and EMWD's combined demand for imported water from Metropolitan.

FPUD and RMWD would remain dependent on the reliability and availability of Metropolitan supplies. Metropolitan has made substantial investments in large scale regional projects, local supply development, and conservation, to sustain Metropolitan's ability to provide "adequate and reliable supplies of high-quality water to meet present and future needs."

Through Metropolitan's adaptive management approach and integrated resources planning, Metropolitan is able to balance regional water supply sources, storage assets, and demand management to handle a wide range of water supply scenarios, including single year, and multi-year drought conditions and interruption in local supplies. However, Metropolitan acknowledges that severe hydrologic conditions may require the implementation of their Water Supply

Allocation Plan (WSAP), which determines how member agencies would have their supplies from Metropolitan allocated during declared shortages.

It is important to note that under the WSAP, **Metropolitan does not physically limit member agency purchases**, but instead, incentivizes demand management through rate surcharges that apply to purchases above an agency's calculated allocation. In addition, the WSAP calculates allocations based on each member agency's service area as a whole. Historically, EMWD has elected to divide Metropolitan's allocation amongst its retail agencies using the WSAP as a guide. This means that even if a particular retail agency were to exceed its portion of the allocation, as long as the region as a whole does not exceed the Metropolitan allocation, the retail agency that exceeded its portion of the allocation, would not be assessed a surcharge.

EMWD has evaluated how the annexation of FPUD and RMWD would impact its water supply portfolio in an allocation year under three planning scenarios: 2015, at the height of the statewide drought restrictions; 2019, under current day conditions; and 2035, as an evaluation of long-term conditions. This analysis examined how much of EMWD's regional demands could be met without requiring customers to pay Metropolitan's allocation surcharge under the WSAP Regional Shortage Levels of 1, 3, and 5.

The WSAP has 10 Regional Shortage Levels, but since its adoption in 2008, Metropolitan has never declared a shortage level more severe than Regional Shortage Level 3 (which was adopted during the 2014 – 2016 drought emergency). It is also reasonable to assume that should a Level 3 or Level 5 Regional Shortage be implemented, Metropolitan member agencies would initiate various levels of their Water Shortage Contingency Plans that are required by the California Water Code 10632.

Table ES-1 shows the percent of available water supply compared to EMWD's service area demands both with and without the additional FPUD and RMWD demands for each of the three planning scenarios under the different WSAP Regional Shortage Levels. Based on this analysis, EMWD has a regional buffer of up to 22 percent with the addition of FPUD and RMWD. Therefore, under all of the evaluated conditions, based on actual achieved levels of conservation (or projected conservation levels with respect to the 2035 scenario), adequate supplies existed such that no single EMWD retail agency, including RMWD and FPUD, would be subject to the Metropolitan allocation surcharge even at a WSAP Regional Shortage Level 5.

Table ES-1: Wholesaler Supply Availability Under WSAP Without Paying MWD Allocation Surcharges (% of Projected Demand Served)

Scenario	Service Area	Available Water Supply vs. Demand during WSAP Regional Shortage		
		Level 1	Level 3	Level 5
2015 Drought Conditions	Current EMWD Service Area	126.2%	116.3%	106.3%
	<i>With FPUD/RMWD Annexation</i>	122.4%	112.1%	101.8%
Current Day 2019 Conditions	Current EMWD Service Area	122.3%	112.3%	102.4%
	<i>With FPUD/RMWD Annexation</i>	122.7%	112.1%	101.6%
Projected 2035 Conditions ^(a)	Current EMWD Service Area	104.5%	108.1%	105.9%
	<i>With FPUD/RMWD Annexation</i>	103.1%	106.0%	103.1%

(a) 2035 scenario assumes that implementation of water supplier Water Shortage Contingency Plans result in 10 percent conservation in a Level 3 Regional Shortage, and 15 percent conservation in a Level 5 Regional Shortage

Sufficient water to meet demands would be fully available for FPUD and RMWD if their service is provided by EMWD. Furthermore, the WSAP considers all full service MWD demands and does not differentiate between water supply end uses. Therefore, agricultural demands being served by EMWD would experience the same level of reliability as the overall regional demands.

EMWD has also made substantial investments in local projects, and similar to Metropolitan, is able to balance its local and imported supplies to meet wholesale and retail demands. Even during 2015, when Metropolitan initiated the Regional Shortage Level 3, EMWD had additional water available above EMWD's service area demands and therefore would have been able to accommodate FPUD and RMWD's demands above their Metropolitan allocation without being subject to any surcharges.

Based on the analysis EMWD performed, FPUD and RMWD are forecasted to experience 100 percent water supply reliability as part of EMWD under current and future conditions and under various water supply allocation scenarios. FPUD and RMWD would also receive the same system reliability as they do currently under SDCWA since the same infrastructure would be used to treat and convey the water into their respective service areas.

INTRODUCTION

The Fallbrook Public Utility District (FPUD) and the Rainbow Municipal Water District (RMWD) are retail water suppliers located in the northern-most portion of San Diego County, just south of the City of Temecula, serving primarily customers in the agricultural and residential sectors. FPUD and RMWD are currently member agencies of the San Diego County Water Authority (SDCWA), a wholesaler that sources its water supplies from a portfolio that includes imported water from the Metropolitan Water District of Southern California (Metropolitan), water purchased/transferred from the Imperial Irrigation District (IID), and a purchase agreement for water produced by the Carlsbad Desalination Plant. All of RMWD's demands are currently being supplied by water purchased from the SDCWA. The majority of FPUD's demands are also

currently being supplied by water purchased from the SDCWA, with a small portion of FPUD's demands being supplied by a single groundwater well.

FPUD and RMWD are considering a de-annexation from the SDCWA and annexing into the Eastern Municipal Water District (EMWD). EMWD is also a member agency of Metropolitan and provides retail and wholesale water service to an approximately 555 square mile area in western Riverside County. In addition to imported water purchased from Metropolitan, EMWD's water supply portfolio includes potable groundwater, desalinated groundwater, and recycled water.

FPUD and RMWD are evaluating water supply and system reliability as well as potential financial impacts associated with remaining a part of SDCWA compared to becoming a member agency of EMWD. This Technical Memorandum (TM) compares the water supply reliability for FPUD and RMWD if they remain a member of SDCWA or became a member agency of EMWD.

The TM includes the following sections:

- System Descriptions – This section describes SDCWA, EMWD, and Metropolitan's water supply and delivery systems as they relate to delivering water to FPUD and RMWD.
- Comparison of Wholesaler Water Supply Portfolios – This section details SDCWA and EMWD water supply portfolios.
- Water Supply and System Reliability – This section discusses the potential water supply and system reliability impacts of the FPUD and RMWD de-annexation from SDCWA at a regional level.
- Water Supply Impact of a FPUD/RMWD Annexation – This section presents a detailed case study that evaluates a variety of dry year scenarios and how EMWD may be able to mitigate the impacts of a Metropolitan allocation.
- Operational Impact of Detachment/Annexation – In this section, potential operational impacts are discussed.

SYSTEM DESCRIPTIONS

SAN DIEGO COUNTY WATER AUTHORITY

SDCWA is a water wholesaler located in the western portion of San Diego County, covering just under 1,500 square miles. SDCWA has 24 member agencies, consisting of six cities, five water districts, eight municipal water districts, three irrigation districts, a public utility district, and a federal military reservation. Many of SDCWA's member agencies have developed their own local water supplies ranging from groundwater, surface water, recycled water, and brackish groundwater recovery. The SDCWA's supplies consist of purchases from Metropolitan, water transfers from the IID, and desalinated ocean water from the Carlsbad Desalination Plant.

SDCWA receives imported water from Metropolitan via the San Diego Aqueduct, a series of pipelines that originate from Metropolitan's Robert A. Skinner Water Treatment Plant and the adjacent Lake Skinner. The pipelines are operated by Metropolitan to a delivery point six miles south of the Riverside/San Diego County boundary. In their 2015 Urban Water Management Plan (UWMP), SDCWA reported that it purchased close to 250,000 AF of water from Metropolitan in 2015, but projected that quantity to decrease to approximately 136,000 AF in

2020 due to member agencies increasing their local supplies via investments in water recycling, potable reuse, and brackish groundwater recovery. SDCWA projects the amount of imported water purchased from Metropolitan to return to 2015 levels by 2040.

With respect to FPUD and RMWD's supply from SDCWA, essentially all of their imported water deliveries come from the Robert A. Skinner Water Treatment Plant, and the majority of that quantity is delivered from the portion of the San Diego Aqueduct operated by Metropolitan.

EASTERN MUNICIPAL WATER DISTRICT

EMWD is a retail and wholesale water supplier located in western Riverside County with a service area of roughly 555 square miles that includes seven cities and several smaller water agencies. EMWD is a member agency of Metropolitan, and purchases both treated and raw imported water to supply its customers. For retail and wholesale service, treated water purchases are delivered from either Metropolitan's Henry J. Mills Water Treatment Plant or Robert A. Skinner Water Treatment Plant. Retail raw water purchases are delivered from a number of connections either directly to agricultural customers or for treatment at one of the two water filtration plants owned and operated by EMWD. EMWD's raw water system is also used to wholesale water to sub-agencies.

Local resources make up a significant portion of EMWD's water supply portfolio. In the eastern (Hemet/San Jacinto) and northern portion (Moreno Valley) of its service area, EMWD operates a number of potable groundwater wells. The groundwater in the Hemet/San Jacinto area is adjudicated under the Hemet-San Jacinto Watermaster (HSJWM), and EMWD possesses an adjusted base production right to pump from this region of the groundwater basin. In addition, EMWD owns and operates two desalination facilities (with a third under construction) that provide a potable supply from a region of brackish groundwater located in the western portion (Perris Valley) of its service area. EMWD also utilizes all of the wastewater treated at its four Regional Water Reclamation Facilities (RWRFs).

In the event of an imported water supply disruption, EMWD does maintain the ability to temporarily increase its supply available from local sources by pumping from groundwater in storage in the Hemet/San Jacinto Basin. EMWD has accumulated carry over credits with the HSJWM from the unused portion of the Soboba Settlement Water Recharge, unused adjusted base production right credits, pumping credits purchased from other entities in the region, and groundwater stored as a result of participation in Metropolitan's cyclic storage program.

EMWD's wholesale customers have a number of their own local supplies consisting primarily of groundwater, surface water, and recycled water.

For calendar year 2018, approximately 52 percent of EMWD's retail demand was met with local water supplies, while the remaining 48 percent was met via imported water. Roughly 95 percent of wholesale customer demands in 2018 were met via imported water, with the remainder being supplied with recycled water.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Metropolitan imports water from the Colorado River (via the Colorado River Aqueduct) and Northern California (via the State Water Project). Water from these sources is stored in three major reservoirs with a combined capacity of over 1 million acre-feet, all located within Riverside

County as well as six smaller reservoirs with a combined capacity of approximately 32,000 acre-feet at various locations within the Los Angeles, Orange, and San Bernardino Counties. Imported water is treated at one of five water treatment plants located throughout Metropolitan's service area with a combined capacity of roughly 2.36 billion gallons per day.

In addition to its imported water supplies, Metropolitan has developed and/or supported a variety of storage, transfer, local supply, and educational programs aimed at increasing its overall supply reliability.

For example, Metropolitan has engaged with a number of Central Valley agricultural districts and other Southern California State Water Project contractors and formed partnerships that allow Metropolitan to store its share of State Water Project supplies during wet years for use during dry years. Similarly, Metropolitan incentivizes member agencies to store local resources (such as groundwater) during wet years by offering credits to purchase additional imported water through its cyclic storage programs. Metropolitan also supports the development of local resources within its service area through financial incentives for local agencies to develop supplies that include water recycling, groundwater recovery, and seawater desalination.

In addition, Metropolitan continues to make significant investments in conservation, public outreach, and education programs that reduce demand within its service area. These include programs such as rebates for high efficiency fixtures and turf replacement.

Finally, Metropolitan has made sizeable investments in its ability to store water. Two of Metropolitan's major reservoirs are located within EMWD boundaries: Diamond Valley Lake, which was completed in March of 2000 and has a capacity of approximately 810,000 acre-feet (roughly doubling the region's water storage capacity), serves as a lynchpin of Metropolitan's ability to serve the Southern California region's drought and emergency water supply needs for a period of up to six months; and Lake Skinner, which has a capacity of approximately 44,000 acre-feet. Metropolitan's water treatment plants in the area include the Henry J. Mills treatment plant, which provides roughly 220 million gallons per day to EMWD and the Western Municipal Water District, and the Robert A. Skinner treatment plant (fed by Lake Skinner), which has a supply capacity of 350 million gallons per day, and provides supplies to a number of agencies including EMWD, EMWD's wholesale customers, and both FPUD and RMWD.

The general locations of these facilities are shown in Figure 1.

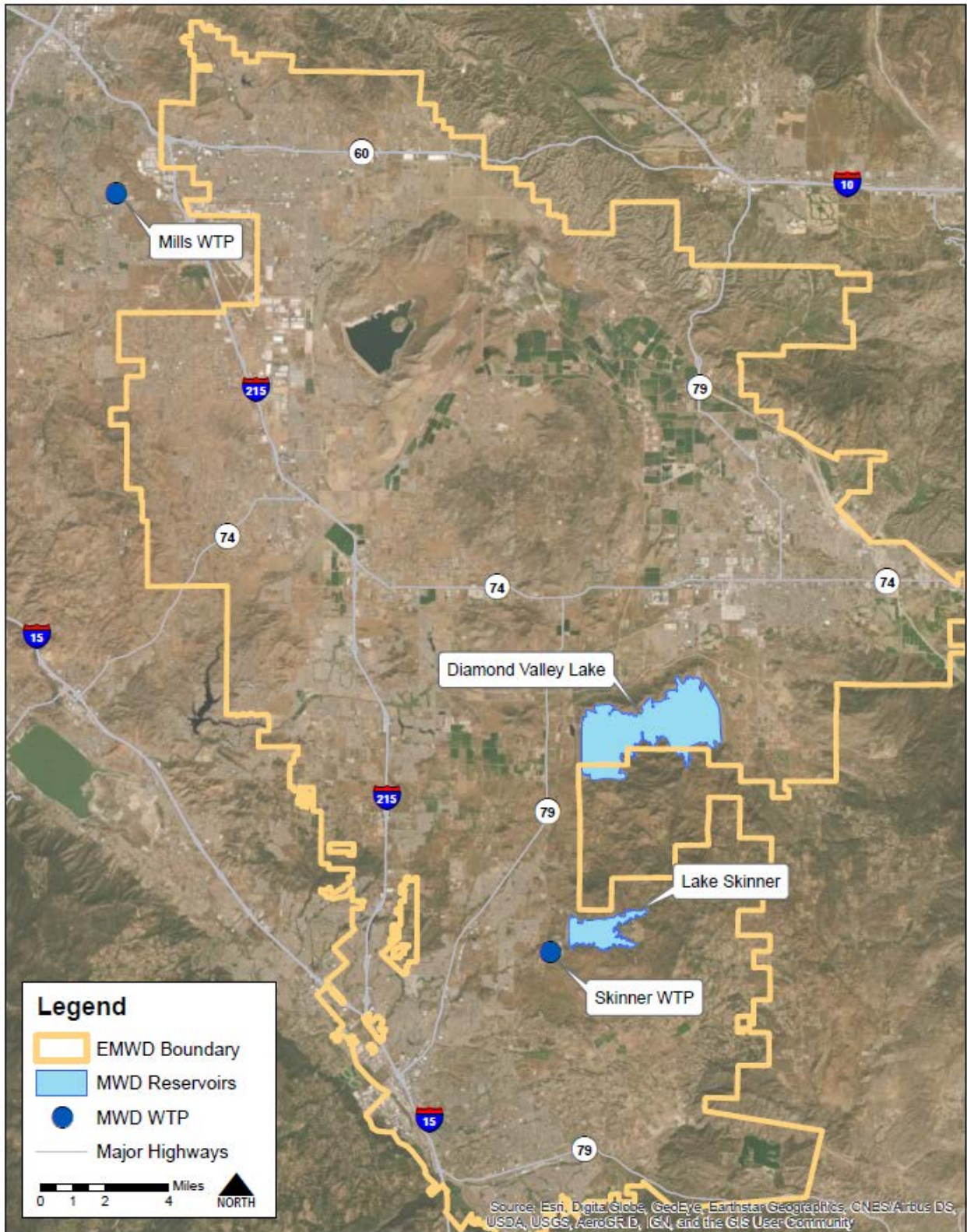


Figure 1: Major Metropolitan Facilities in the Vicinity of EMWD's Service Area

COMPARISON OF WHOLESALE WATER SUPPLY PORTFOLIOS

Details of the SDCWA and EMWD water supply portfolios are presented below. Information is taken from their respective 2015 UWMPs, with some updates made based on available information regarding local supply projects. In all cases, new local supply projects not reported in the 2015 UWMP were assumed to reduce the respective agency's reliance on water purchased from Metropolitan.

SAN DIEGO COUNTY WATER AUTHORITY

	2020	2025	2030	2035	2040
Water Authority Supplies					
IID Water Transfer	190,000	200,000	200,000	200,000	200,000
ACC and CC Lining Projects	80,200	80,200	80,200	80,200	80,200
Carlsbad Desalination Plant	50,000	50,000	50,000	50,000	50,000
Sub-Total	320,200	330,200	330,200	330,200	330,200
Member Agency Supplies (Verifiable Supplies)					
Surface Water	51,580	51,480	51,380	51,280	51,180
Water Recycling	40,459	43,674	45,758	46,118	46,858
San Diego Pure Water ⁽¹⁾	0	33,600	33,600	83,000	83,000
East County Adv. Purification	0	12,900	12,900	12,900	12,900
Seawater Desalination	6,000	6,000	6,000	6,000	6,000
Potable Reuse	3,300	3,300	3,300	3,300	3,300
Brackish GW Recovery	12,100	12,500	12,500	12,500	12,500
Groundwater	17,940	19,130	20,170	20,170	20,170
Sub-Total	131,379	182,584	185,608	245,268	245,908
Metropolitan Water District Supplies					
Imported Water ⁽²⁾	136,002	135,340	160,913	128,963	152,665
Total Projected Supplies	587,581	648,124	676,721	694,431	718,773

(1) Assume Phases 2 and 3 of San Diego Pure Water both are not online until 2035

(2) SDCWA's 2015 UWMP did not include supplies available from the San Diego Pure Water and East County Advanced Purification projects. These new supplies are assumed to offset SDCWA purchases of imported water from Metropolitan.

Based on 2015 UWMP information (updated to include San Diego Pure Water and East County Advanced Purification), the portion of SDCWA's supply portfolio (when including member agency supplies) reliant on Metropolitan ranges from 19 percent (2035) to 24 percent (2030) over the next 20 years. Based on a weighted average over this period, roughly 21 percent of SDCWA's supply portfolio consists of purchases from Metropolitan.

EASTERN MUNICIPAL WATER DISTRICT

	2020	2025	2030	2035	2040
EMWD Supplies					
Groundwater*	12,303	12,303	12,303	12,303	12,303
Brackish Desalination	7,000	13,000	13,000	13,000	13,000
Perris North CPRP (GW)	0	6,700	6,700	6,700	6,700
Purified Water Replenishment	0	4,000	4,000	15,000	15,000
Recycled Water - Retail	45,245	48,334	50,017	51,800	53,300
Recycled Water - Wholesale	1,656	4,766	5,183	5,600	5,600
Subtotal	66,204	89,103	91,203	104,403	105,903
Sub-Agency Supplies					
Groundwater	51,998	62,948	70,393	71,120	71,826
Surface Water	290	4,500	4,500	4,500	4,500
Recycled Water	4,036	5,099	7,248	8,527	8,598
Subtotal	56,324	72,547	82,141	84,147	84,924
Metropolitan Water District Supplies					
Imported Water - Retail	81,197	78,397	89,797	89,897	100,397
Imported Water - Wholesale	50,500	54,100	57,700	61,200	64,800
Subtotal	131,697	132,497	147,497	151,097	165,197
Total Projected Supplies	254,225	294,147	320,841	339,647	356,024

*EMWD may elect to pump more groundwater than indicated based on availability of carry-over credits and water accumulated under the cyclic storage program

Based on 2015 UWMP information (updated to include current supply project timelines for EMWD), the portion of EMWD's supply portfolio (when including sub-agencies) reliant on Metropolitan ranges from 44 percent (2035) to 52 percent (2020) over the next 20 years. Based on a weighted average over this period, roughly 47 percent of EMWD's supply portfolio consists of purchases from Metropolitan.

IMPACT OF DETACHMENT/ANNEXATION ON WATER SUPPLY PORTFOLIOS

Based on their 2015 UWMPs, RMWD projects water demands of approximately 20,810 AF in 2020 and 20,660 AF in 2040, while FPUD projects water demands of approximately 12,319 AF in 2020 and 14,247 AF in 2040. If FPUD and RMWD were to de-annex from SDCWA, these quantities of imported water demand would be reduced from SDCWA's total and added to EMWD's total.

WATER SUPPLY AND SYSTEM RELIABILITY

The potential de-annexation of FPUD and RMWD from SDCWA is not anticipated to have any significant impacts to regional and local water supply and system reliability. FPUD and RMWD are currently being supplied with imported water from Metropolitan's Robert A. Skinner Water Treatment Plant via the Metropolitan/San Diego Aqueduct, and would continue to be supplied

with the same water by EMWD. FPUD and RMWD would remain dependent on the reliability and availability of Metropolitan supplies.

REGIONAL RELIABILITY – METROPOLITAN

Metropolitan remains fully committed to maintaining its current high level of service and reliability to its member agencies in varying hydrologic conditions. After the drought of 1987-1992, Metropolitan recognized the need to develop a long-term water resources strategy to reliably meet the needs of its service area. The result was an adaptive water management approach that allows Metropolitan to make continual refinements and investments in its robust regional supply portfolio, local project incentives, and conservation, which are reflected in Metropolitan's Integrated Resources Plan (IRP). The IRP is updated every 5 years, with the next update to be completed in 2020.

As with previous IRP updates, Metropolitan will re-assess the future supplies from the State Water Project and the Delta. Prior updates have resulted in Metropolitan adapting to court litigation, tighter future regulations in connection with the twin-tunnel California WaterFix approach, and will again be re-aligned with respect to the new, single-tunnel approach to Delta Conveyance. As EMWD and SDCWA are both member agencies of Metropolitan, whether FPUD and RMWD are served by EMWD or SDCWA would have a net zero impact on the Delta when considered from a regional perspective. Since FPUD and RMWD's imported water needs are currently being met with water from Metropolitan's Robert A. Skinner Water Treatment Plant, the existing condition would essentially be maintained under EMWD management and no new supplies would need to be developed or imported. The de-annexation of FPUD and RMWD from the SDCWA will not result in Metropolitan, as a State Water Contractor, to increase its reliance on the Delta as the same water currently being delivered via SDCWA would be delivered via EMWD.

Metropolitan's integrated resources planning process also identified the need to drastically increase storage capacity in anticipation of regional drought and similar local shortages, an example being Diamond Valley Lake, which secures up to six months in emergency supplies for the region.

Other opportunities identified by Metropolitan's adaptive management approach include groundwater storage programs such as cyclic storage programs, which incentivize water suppliers to import additional water in-lieu of pumping groundwater during wet years.

Metropolitan also has the capacity to provide additional imported water to agencies that have lost access to local supplies for extended periods of time. Examples include Santa Monica due to Methyl tert-butyl ether groundwater contamination, volatile organic compounds in the City of Los Angeles, environmental restrictions in the Owens Valley, and most recently, per- and poly-fluoroalkyl substances (PFAS) in Orange County.

Metropolitan has continued to encourage regional investment in local supplies and conservation by its member agencies through its Local Resource Program, Cyclic Storage Program, and ongoing conservation program funding. To date, Metropolitan has invested approximately \$800 million in conservation, \$470 million in recycling, and \$160 million in groundwater recovery. These investments by Metropolitan's various member agencies improve the reliability of the Metropolitan region as a whole, including EMWD and SDCWA.

Metropolitan has also planned for its potential contribution to the Colorado River Drought Contingency Plan (DCP) and does not expect its supplies to be curtailed under the DCP. The unused 2018 water coupled with wetter than expected hydrology in the Colorado River Basin in 2019 has resulted in over 1 million acre-feet of water stored by Metropolitan in Lake Mead, which can be used as Metropolitan's contribution to the DCP without impacting Metropolitan's supplies should hydrologic conditions warrant reductions in agency withdrawals.

In the short term, Metropolitan's reliability will also benefit from regional growth occurring at a slower pace than anticipated over the last several planning cycles. Both Metropolitan and its member agencies have continued to make improvements to their respective water supply portfolios during this period, and accordingly, until the Southern California region hits another high growth cycle, an additional margin of supply reliability will have been added.

These programs, investments, and on-going response to changing demands have improved Metropolitan's reliability and will allow Metropolitan to maintain its historic high level of service to its member agencies in both the short and long term future.

WATER SUPPLY ALLOCATION PLAN (WSAP)

In the event that severe hydrologic conditions impact Metropolitan's supply sources, the Water Supply Allocation Plan (WSAP) calculates how member agencies, including SDCWA and EMWD, would have their supplies from Metropolitan allocated.

When implementing the WSAP, Metropolitan aims to capture each member agency's supplies and demands using a historical base period that reflects non-drought conditions. Each member agency's base period demands are adjusted for factors such as growth. The quantity of adjusted demand that would not be met by a member agency's allocation year local supplies is considered the agency's wholesale demand on Metropolitan's supply sources. Each successive regional shortage level of the WSAP encourages demand management by reducing the amount of a member agency's wholesale demand that is not subject to an allocation surcharge. The WSAP would not limit the amount of water that is actually purchased by a member agency.

Since some member agencies rely more heavily on Metropolitan's imported water supplies than others, the WSAP includes a Retail Impact Adjustment to ensure that agencies do not see any undue shortages (relative to other member agencies) during an allocation year. This adjustment is prorated on a linear scale based on each member agency's dependence on Metropolitan.

The WSAP also includes a provision for member agency investment in an "extraordinary supply" which would only be in use during a Metropolitan allocation year. When calculating a member agency's allocation year wholesale demand, extraordinary supplies are only partially included (scaled based on regional shortage level) with the member agency's total local supply. As a result, member agencies may be able to partially offset supply reductions imposed by Metropolitan under the WSAP.

A detailed example of how Metropolitan would calculate a member agency's allocation is available in Appendix G of Metropolitan's WSAP document (December 2014 Revision). The minimum percentage of base wholesale demands that Metropolitan will allocate under each Regional Shortage Level is shown below in Table 1.

Table 1: WSAP Shortage Levels

Regional Shortage Level	Wholesale Minimum Percentage	Maximum Retail Impact Adjustment Percentage
1	92.5%	2.5%
2	85.0%	5.0%
3	77.5%	7.5%
4	70.0%	10.0%
5	62.5%	12.5%
6	55.0%	15.0%
7	47.5%	17.5%
8	40.0%	20.0%
9	32.5%	22.5%
10	25.0%	25.0%

*Regional shortage level 3 has not been exceeded by Metropolitan since the adoption of the WSAP in February 2008

LOCAL IMPLEMENTATION OF THE WSAP

A number of Metropolitan’s member agencies, including EMWD, serve both retail and wholesale customers (sub-agencies). In these cases, Metropolitan’s WSAP does not set individual allocations for sub-agencies, and instead considers the supplies and demands of member agencies as a whole, inclusive of both retail and wholesale service. The member agency would then locally administer the distribution of allocated water amongst individual sub-agencies and if necessary, assess surcharges to cover costs incurred by sub-agencies exceeding their allocation.

Historically, EMWD has elected to use Metropolitan’s WSAP formula to determine each sub-agency’s initial share of Metropolitan’s allocation. However, since Metropolitan only evaluates demands from EMWD in aggregate (without accounting for whether the demands come from EMWD retail customers or specific wholesale customers), this provides an opportunity to mitigate the impact of the WSAP for sub-agencies that are unable to sufficiently reduce demands.

In the event that a sub-agency uses water above their portion of the allocation, EMWD would not assess a surcharge on the sub-agency as long as EMWD as a whole does not exceed its overall Metropolitan allocation. However, should EMWD as a whole exceed its overall allocation, EMWD would pass through any surcharges levied by Metropolitan based on a sub-agency’s usage.

For example, if sub-agency “A” were to exceed their portion of the allocation by 50 AF, but sub-agencies “B” and “C” each were under their portion by 25 AF (and EMWD’s retail service area, along with all other sub-agencies use exactly their share of the allocation), EMWD would not assess a fee on sub-agency “A”.

However, if sub-agency “A” is the only sub-agency to exceed their portion of the allocation (with EMWD’s retail service area and all other sub-agencies using their exact share of the overall allocation), then sub-agency “A” would be charged the full allocation surcharge incurred by EMWD.

IMPACT OF WSAP

Under the WSAP's 2014 revision, in the event of an allocation year, agencies would be subject to a surcharge of \$1,480 per acre-foot for water use between 100 percent and 115 percent of their allocated imported water supply, or a surcharge of \$2,960 per acre-foot for water use over 115 percent of their annual allocation. Metropolitan does not physically limit the amount of water available to a member agency at any Regional Shortage Level of its WSAP.

EMWD expects to be able to alleviate impacts of a Metropolitan allocation through several extraordinary supply projects that are currently under development. EMWD is a participant in the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP), which is a watershed scale program involving five partner agencies (EMWD, Inland Empire Utilities Agency, Orange County Water District, San Bernardino Valley Municipal Water District, and Western Municipal Water District) of which a major component involves the recharge and storage of surface water in local groundwater basins during wet years. Beyond SARCCUP, EMWD is also pursuing its Enhanced Recharge and Recovery Program (ERRP), which would give EMWD an additional resource for wet year storage.

EMWD currently projects 6,500 acre-feet of extraordinary (dry year) supply from SARCCUP and up to 23,500 acre-feet of dry year supply available upon the completion of all phases of ERRP. The availability of these supplies would mitigate cutbacks that EMWD would otherwise experience under the WSAP.

In addition to the forthcoming availability of extraordinary supplies, EMWD is also able to mitigate the impact of cutbacks under the WSAP directly as a retail agency via demand management measures such as increased conservation messaging and adjusting customer water budgets through EMWD's Water Shortage Contingency Plan. During the recent drought emergency, EMWD was able to reduce retail demands by approximately 20 percent, which was significantly greater than the required reduction under the WSAP. This potential demand management could allow wholesale agencies to take a greater proportion of Metropolitan's supply allocation if needed.

WATER SUPPLY IMPACT OF A FPUD/RMWD ANNEXATION

To quantify how the annexation of FPUD and RMWD would impact dry year supplies under a Metropolitan allocation, EMWD has prepared an analysis of how the WSAP would have been applied to EMWD under 3 planning horizons: calendar year 2015 (at the height of the statewide drought restrictions), calendar year 2019 (to reflect present day conditions), and calendar year 2035 (to reflect long term/future conditions).

SCENARIO 1: 2015 DROUGHT CONDITIONS

The first scenario considered by this analysis examines how EMWD's customers, along with FPUD and RMWD, would have fared during the severe drought conditions that resulted in the 2014 – 2016 emergency conservation order issued by Governor Brown.

The calculations for this scenario utilize the following assumptions and methodologies:

1. The base period used to calculate Metropolitan’s allocation is calendar year 2013 and 2014 – this is similar to the base period used by Metropolitan during the drought conditions (Metropolitan calculated using fiscal year data).
2. FPUD and RWMD are assumed to be 100 percent reliant on imported water, and their base period demands were assumed to be equivalent to the 2013 totals reported to the State Water Resources Control Board under the emergency conservation regulation.
3. The growth adjustment for each agency was based on population estimates generated by the California Department of Finance. Since the base period was 2013-2014, the growth rate was calculated as the growth from the 2013-2014 average population value to the 2015 population value.
4. Allocation year local supplies were assumed to be equal to actual local supply usage in calendar year 2015 in most cases.
5. No adjustments documented in the WSAP for conservation demand hardening or low per-capita use were assumed to be available.
6. No extraordinary supplies were considered.
7. The calculated supplies available (before reaching Metropolitan’s allocation surcharge) was compared against each agency’s actual usage in calendar year 2015.

The initial evaluation of these conditions took place assuming that Regional Shortage Level 1 of the WSAP is in effect. In this case, due to effective demand management measures taken by water suppliers during the drought, demand was reduced to such a significant degree below the WSAP baseline such that there would have been no need for any supplier within EMWD’s service area to purchase water subject to Metropolitan’s allocation surcharge. This remains the case even if FPUD and RMWD had been part of EMWD’s service area at the time. The results are shown below in Table 2.

Table 2: Supplies Available Under WSAP Allocation, Shortage Level 1 (Values in Acre-Feet)

Service Area	Total Potable Demand	Local Potable Supply	Est. MWD Allocation	Est. Supply Available (w/o Surcharge)	% Demand Supplied (w/o Surcharge)
EMWD Retail Service Area	75,912	21,858	66,359	88,216	116.2%
City of Hemet	3,768	3,768	1,065	4,833	128.3%
City of Perris	2,201	659	1,872	2,531	115.0%
City of San Jacinto	2,271	2,271	602	2,873	126.5%
Lake Hemet MWD	13,999	9,689	6,589	16,278	116.3%
Murrieta County WD	727	0	1,331	1,331	183.0%
Nuevo Water Company	1,069	822	416	1,238	115.8%
Rancho California WD	33,675	23,088	28,379	51,467	152.8%
Service Area Total	133,623	62,155	106,510	168,665	126.2%
Fallbrook PUD	11,727	0	12,851	12,851	109.6%
Rainbow MWD	20,062	0	21,125	21,125	105.3%
Expanded Service Area Total	165,412	62,155	140,392	202,547	122.4%

These conditions were then evaluated with Regional Shortage Level 3 of the WSAP in effect. This represents the actual allocation level enacted by Metropolitan during the drought conditions. In this case, FPUD and RMWD would have been subject to an allocation surcharge had they been able to independently purchase water from Metropolitan. However, since EMWD's retail customers, along with the remainder of EMWD's wholesale customers, were able to significantly reduce their demands during the drought emergency, sufficient buffer (of roughly 20,000 acre-feet) remained within EMWD's allocation that FPUD and RMWD would not have had to purchase water subject to the allocation surcharge. The results are documented below in Table 3.

Table 3: Supplies Available Under WSAP Allocation, Shortage Level 3 (Values in Acre-Feet)

Service Area	Total Potable Demand	Local Potable Supply	Est. MWD Allocation	Est. Supply Available (w/o Surcharge)	% Demand Supplied (w/o Surcharge)
EMWD Retail Service Area	75,912	21,858	58,496	80,354	105.9%
City of Hemet	3,768	3,768	907	4,675	124.1%
City of Perris	2,201	659	1,649	2,308	104.8%
City of San Jacinto	2,271	2,271	512	2,783	122.5%
Lake Hemet MWD	13,999	9,689	5,681	15,370	109.8%
Murrieta County WD	727	0	1,191	1,191	163.8%
Nuevo Water Company	1,069	822	357	1,179	110.3%
Rancho California WD	33,675	23,088	24,703	47,791	141.9%
Service Area Total	133,623	62,155	93,187	155,342	116.3%
Fallbrook PUD	11,727	0	11,498	11,498	98.0%
Rainbow MWD	20,062	0	18,901	18,901	94.2%
Expanded Service Area Total	165,412	62,155	123,305	185,461	112.1%

These conditions were also evaluated with the WSAP's Regional Shortage Level 5 in effect. Note that Metropolitan has never implemented this level of their WSAP since the adoption of the plan in 2008. Similar to the Regional Shortage Level 3 results, sufficient buffer remained in the overall Metropolitan allocation for EMWD's service area (roughly 10,000 acre-feet) that FPUD and RMWD would not have had to purchase water subject to the allocation surcharge. The results are documented below in Table 4.

Table 4: Supplies Available Under WSAP Allocation, Shortage Level 5 (Values in Acre-Feet)

Service Area	Total Potable Demand	Local Potable Supply	Est. MWD Allocation	Est. Supply Available (w/o Surcharge)	% Demand Supplied (w/o Surcharge)
EMWD Retail Service Area	75,912	21,858	50,633	72,491	95.5%
City of Hemet	3,768	3,768	748	4,516	119.9%
City of Perris	2,201	659	1,426	2,085	94.7%
City of San Jacinto	2,271	2,271	422	2,693	118.6%
Lake Hemet MWD	13,999	9,689	4,772	14,461	103.3%
Murrieta County WD	727	0	1,051	1,051	144.5%
Nuevo Water Company	1,069	822	298	1,120	104.8%
Rancho California WD	33,675	23,088	21,027	44,115	131.0%
Service Area Total	133,623	62,155	79,863	142,018	106.3%
Fallbrook PUD	11,727	0	10,145	10,145	86.5%
Rainbow MWD	20,062	0	16,678	16,678	83.1%
Expanded Service Area Total	165,412	62,155	106,219	168,374	101.8%

It should be noted that EMWD continues to make investments that will maintain and further improve this water supply reliability. Since the conclusion of the 2014-2016 conservation order, EMWD has elected to participate in Metropolitan's Cyclic Storage Program, enabling EMWD to further accumulate carry over credits in the adjudicated portion of its groundwater basin, and is implementing various water banking projects as discussed in the extraordinary supply section of this memorandum.

SCENARIO 2: CURRENT DAY CONDITIONS (2019)

The second scenario considered by this analysis examines how EMWD's customers, along with FPU and RMWD, would have fared had Metropolitan implemented the WSAP during 2019.

The calculations for this scenario utilize the following assumptions and methodologies:

1. The base period used to calculate Metropolitan's allocation remains calendar year 2013 and 2014 – this represents the most recent period where demands were not influenced

- by drought response both at the local and state level and is consistent with Metropolitan's intent to define a base period that reflects non-drought conditions.
2. FPUD and RWMD are assumed to be 100 percent reliant on imported water, and their base period demands were assumed to be equivalent to the totals reported to the State Water Resources Control Board under the voluntary conservation reporting.
 3. The growth adjustment for each agency was based on population estimates generated by the California Department of Finance. Since the base period was 2013-2014, the growth rate was calculated as the growth from the 2013-2014 average population value to the 2019 population value.
 4. Allocation year local supplies were assumed to be equal to actual local supply usage in calendar year 2019.
 5. No adjustments documented in the WSAP for conservation demand hardening or low per-capita use were assumed to be available.
 6. No extraordinary supplies were considered.
 7. The calculated supplies available (before reaching Metropolitan's allocation surcharge) was compared against each agency's actual usage in calendar year 2019.
 8. EMWD's local and imported supplies were adjusted to represent what the values would have been had EMWD not participated in Metropolitan's Cyclic Storage Program.
 9. While 2019 was actually a wet year rather than a dry year, the hydrology still resulted in reduced service area demands – accordingly, 2019 totals were assumed to reflect a dry year with some degree of customer conservation in place.
 10. 2019 data was not fully available for all agencies when this TM was written – in these cases, either 2018 data was substituted, or partial 2019 values were extrapolated to give an estimate for the full year.

If Metropolitan had declared a Regional Shortage Level 1, and no agencies achieved any level of conservation beyond what is reflected in their 2019 totals, no agency would have been required to pay an allocation surcharge. These results are shown below in Table 5.

Table 5: Supplies Available Under WSAP Allocation, Shortage Level 1 (Values in Acre-Feet)

Service Area	Total Potable Demand	Local Potable Supply	Est. MWD Allocation	Est. Supply Available (w/o Surcharge)	% Demand Supplied (w/o Surcharge)
EMWD Retail Service Area	77,738	19,961	72,578	92,540	119.0%
City of Hemet	3,685	3,685	1,288	4,973	135.0%
City of Perris	2,289	629	2,024	2,653	115.9%
City of San Jacinto	2,260	2,260	771	3,031	134.1%
Lake Hemet MWD	12,739	12,441	4,955	17,396	136.6%
Murrieta County WD	1,605	0	1,417	1,417	88.3%
Nuevo Water Company	961	558	748	1,306	135.9%
Rancho California WD	43,164	20,967	32,448	53,414	123.7%
Service Area Total	144,439	60,501	116,089	176,590	122.3%
Fallbrook PUD	9,430	0	12,952	12,952	137.4%
Rainbow MWD	17,910	0	21,292	21,292	118.9%
Expanded Service Area Total	171,780	60,501	150,251	210,752	122.7%

This scenario then evaluated the potential outcome had Metropolitan declared a Regional Shortage Level 3. Under these conditions, supplies remain sufficient such that no water purchases subject to the allocation surcharge are required. These results are documented below in Table 6.

Table 6: Supplies Available Under WSAP Allocation, Shortage Level 3 (Values in Acre-Feet)

Service Area	Total Potable Demand	Local Potable Supply	Est. MWD Allocation	Est. Supply Available (w/o Surcharge)	% Demand Supplied (w/o Surcharge)
EMWD Retail Service Area	77,738	19,961	64,105	84,066	108.1%
City of Hemet	3,685	3,685	1,099	4,784	129.8%
City of Perris	2,289	629	1,785	2,414	105.5%
City of San Jacinto	2,260	2,260	658	2,918	129.1%
Lake Hemet MWD	12,739	12,441	4,237	16,678	130.9%
Murrieta County WD	1,605	0	1,267	1,267	79.0%
Nuevo Water Company	961	558	652	1,210	125.9%
Rancho California WD	43,164	20,967	28,346	49,313	114.2%
Service Area Total	144,439	60,501	101,733	162,234	112.3%
Fallbrook PUD	9,430	0	11,589	11,589	122.9%
Rainbow MWD	17,910	0	19,050	19,050	106.4%
Expanded Service Area Total	171,780	60,501	132,127	192,628	112.1%

Finally, under the conditions of Scenario 2, water supplies were assessed under the assumption that Metropolitan had declared an unprecedented allocation at Regional Shortage Level 5. Even under these conditions, conservation efforts limited demand in the region such that no retail agency would have been subject to an allocation surcharge. These results are documented below in Table 7.

Table 7: Supplies Available Under WSAP Allocation, Shortage Level 5 (Values in Acre-Feet)

Service Area	Total Potable Demand	Local Potable Supply	Est. MWD Allocation	Est. Supply Available (w/o Surcharge)	% Demand Supplied (w/o Surcharge)
EMWD Retail Service Area	77,738	19,961	55,631	75,592	97.2%
City of Hemet	3,685	3,685	911	4,596	124.7%
City of Perris	2,289	629	1,546	2,176	95.1%
City of San Jacinto	2,260	2,260	545	2,805	124.1%
Lake Hemet MWD	12,739	12,441	3,520	15,961	125.3%
Murrieta County WD	1,605	0	1,118	1,118	69.7%
Nuevo Water Company	961	558	556	1,114	115.9%
Rancho California WD	43,164	20,967	24,244	45,211	104.7%
Service Area Total	144,439	60,501	87,377	147,878	102.4%
Fallbrook PUD	9,430	0	10,225	10,225	108.4%
Rainbow MWD	17,910	0	16,809	16,809	93.9%
Expanded Service Area Total	171,780	60,501	114,003	174,504	101.6%

An additional analysis was conducted using a more conservative base period of 2017-2018 (where demands were influenced by drought response actions) and compared against 2019 actuals. This analysis generated similar results to the conditions evaluated in Scenario 2.

SCENARIO 3: FUTURE CONDITIONS (2035)

The final scenario considered by this analysis examines how EMWD's customers, along with FPU and RWMD, would fare in the future. This scenario utilizes UWMP data from the 2035 planning horizon.

The calculations for this scenario utilize the following assumptions and methodologies:

1. The base period used to calculate Metropolitan's allocation is calendar year 2035 under average hydrology of the UWMP.
2. FPU and RWMD are assumed to be 100% reliant on imported water – this is a conservative assumption as FPU's 2015 UWMP projects 3,200 acre-feet of local groundwater supply available by 2035.
3. No growth adjustment was made in the calculations since the base period and the allocation period are both 2035.

4. Allocation year local supplies were assumed to be equal to dry year supplies documented for the 2035 planning horizon in the UWMP. EMWD supplies were updated to reflect projects anticipated to be complete by 2035.
5. No adjustments documented in the WSAP for conservation demand hardening or low per-capita use were assumed to be available.
6. EMWD assumes that SARCCUP and Phase II of its ERRP project are available as extraordinary supplies, however to be conservative, supplies that would be available from EMWD's Purified Water Replenishment project are not considered in this scenario.
7. No other extraordinary supplies are assumed to be available.

For scenario 3 conditions, if Metropolitan were to implement a Regional Shortage Level 1 allocation in 2035, EMWD would have a buffer of roughly three percent of the total service area demands available before reaching the threshold for an allocation surcharge. These results are documented below in Table 8.

Table 8: Supplies Available Under WSAP Allocation, Shortage Level 1 (Values in Acre-Feet)

Service Area	Est. Potable Demand	Local Potable Supply	Extraord. Supply	Est. MWD Allocation	Est. Supply Available (w/o Surcharge)	% Demand Supplied (w/o Surcharge)
EMWD Retail Service Area	134,000	32,103	17,700	95,855	145,658	108.7%
City of Hemet	5,110	5,542	0	0	5,542	108.5%
City of Perris	2,750	650	0	1,983	2,633	95.7%
City of San Jacinto	3,614	3,422	0	178	3,600	99.6%
Lake Hemet MWD	17,235	17,310	0	0	17,310	100.4%
Murrieta County WD	6,500	0	0	6,175	6,175	95.0%
Nuevo Water Company	1,420	820	0	561	1,381	97.3%
Rancho California WD	45,865	30,886	0	13,979	44,865	97.8%
Service Area Total	216,494	90,733	17,700	117,899	226,332	104.5%
Fallbrook PUD	14,247	0	0	13,535	13,535	95.0%
Rainbow MWD	20,850	0	0	19,808	19,808	95.0%
Expanded Service Area Total	251,591	90,733	17,700	151,083	259,516	103.1%

Should Metropolitan implement a Regional Shortage Level 3 in 2035, and EMWD customers are able to achieve 10 percent conservation against average year conditions, supplies remain sufficient to avoid paying the allocation surcharge, with an overall buffer (with FPUD and RMWD) of roughly six percent. These results are shown below in Table 9.

Table 9: Supplies Available Under WSAP Allocation, Shortage Level 3, with 10% Conservation (Values in Acre-Feet)

Service Area	Adjusted Potable Demand	Local Potable Supply	Extraord. Supply	Est. MWD Allocation	Est. Supply Available (w/o Surcharge)	% Demand Supplied (w/o Surcharge)
EMWD Retail Service Area	120,600	32,103	17,700	83,772	133,575	110.8%
City of Hemet	4,599	5,542	0	0	5,542	120.5%
City of Perris	2,475	650	0	1,748	2,398	96.9%
City of San Jacinto	3,253	3,422	0	150	3,572	109.8%
Lake Hemet MWD	15,512	17,310	0	0	17,310	111.6%
Murrieta County WD	5,850	0	0	5,525	5,525	94.4%
Nuevo Water Company	1,278	820	0	484	1,304	102.0%
Rancho California WD	41,279	30,886	0	11,976	42,862	103.8%
Service Area Total	194,845	90,733	17,700	102,173	210,606	108.1%
Fallbrook PUD	12,822	0	0	12,110	12,110	94.4%
Rainbow MWD	18,765	0	0	17,723	17,723	94.4%
Expanded Service Area Total	226,432	90,733	17,700	131,530	239,963	106.0%

Finally, should Metropolitan implement a Regional Shortage Level 5 allocation in 2035, and customers are able to achieve 15 percent conservation against average conditions, supplies would be sufficient to avoid the allocation surcharge, with an overall buffer (including FPUD and RMWD) of roughly three percent. These results are shown below in Table 10.

Table 10: Supplies Available Under WSAP Allocation, Shortage Level 5, with 15% Conservation (Values in Acre-Feet)

Service Area	Adjusted Potable Demand	Local Potable Supply	Extraord. Supply	Est. MWD Allocation	Est. Supply Available (w/o Surcharge)	% Demand Supplied (w/o Surcharge)
EMWD Retail Service Area	113,900	32,103	17,700	71,689	121,492	106.7%
City of Hemet	4,344	5,542	0	0	5,542	127.6%
City of Perris	2,338	650	0	1,513	2,163	92.5%
City of San Jacinto	3,072	3,422	0	121	3,543	115.3%
Lake Hemet MWD	14,650	17,310	0	0	17,310	118.2%
Murrieta County WD	5,525	0	0	4,875	4,875	88.2%
Nuevo Water Company	1,207	820	0	407	1,227	101.6%
Rancho California WD	38,985	30,886	0	9,974	40,860	104.8%
Service Area Total	184,020	90,733	17,700	86,448	194,881	105.9%
Fallbrook PUD	12,110	0	0	10,685	10,685	88.2%
Rainbow MWD	17,723	0	0	15,638	15,638	88.2%
Expanded Service Area Total	213,852	90,733	17,700	111,978	220,411	103.1%

AGRICULTURAL SUPPLY RELIABILITY

The WSAP is based on an agency's total demands and does not differentiate supply by use, for example water supplied for agricultural uses. Agriculture is an important part of EMWD's service area, and EMWD maintains the same level of reliability for agricultural uses as for all other demands. Based on the reliability analyzed above under the WSAP Regional Shortage Level 3, there would have been no impact to EMWD's, FPUD or RMWD's agriculture customers during the 2015 drought conditions.

SYSTEM RELIABILITY

FPUD and RMWD rely on the imported water that is transported through the San Diego Aqueduct operated by Metropolitan. Pipelines 4 and 5, which are part of this aqueduct system, cross the Elsinore Fault Zone in the Temecula Valley, with portions of the pipelines in areas with moderate to high liquefaction potential and may consequently be subject to disruption in the event of a major earthquake. However, Metropolitan maintains an emergency response plan for maintaining or quickly restoring service to its member agencies following a major earthquake or other catastrophic event.

The La Verne Shops, which include machine, fabrication, coating, and valve shops, are set up to provide emergency services for Metropolitan and their member agencies. The fabrication shop can roll pipe on a 24-hour-per-day basis and is able to fabricate two pipe sections up to 12 feet in diameter simultaneously. Metropolitan also maintains stockpiles and materials on hand, and has its own construction equipment and crews ready to mobilize as needed. Pre-selected urgent repair contractors can also provide additional construction support in case of an emergency. This emergency response plan and the ability to roll pipe at the La Verne shops expedited the emergency repairs necessary as a result of the Northridge earthquake, where Metropolitan was able to repair a line break on an eight-foot section of 84-inch pipe and restore service within 72 hours.

Maintaining these manufacturing and construction capabilities supports Metropolitan's efforts to efficiently operate and maintain its infrastructure and to expedite the repair of pipelines 4 and/or 5 should they be damaged in a major earthquake.

Metropolitan has also adopted a policy that allows for isolation of Metropolitan's system for the purpose of conveying potable water. This would allow either EMWD or Rancho California Water District (an agency covering much of the Temecula area that receives wholesale water service from EMWD and the Western Municipal Water District) to provide potable water through existing connections to the Metropolitan system to supply water to FPUD and RMWD in the event of an emergency.

OPERATIONAL IMPACT OF DETACHMENT/ANNEXATION

Operationally, the potential detachment of FPUD and RMWD from SDCWA is anticipated to cause little to no impact for all agencies. FPUD and RMWD are currently being supplied with imported water from Metropolitan's Robert A. Skinner Water Treatment Plant via the San Diego Aqueduct, and would continue to be supplied with the same water by EMWD. These connections are shown below in Figure 2.

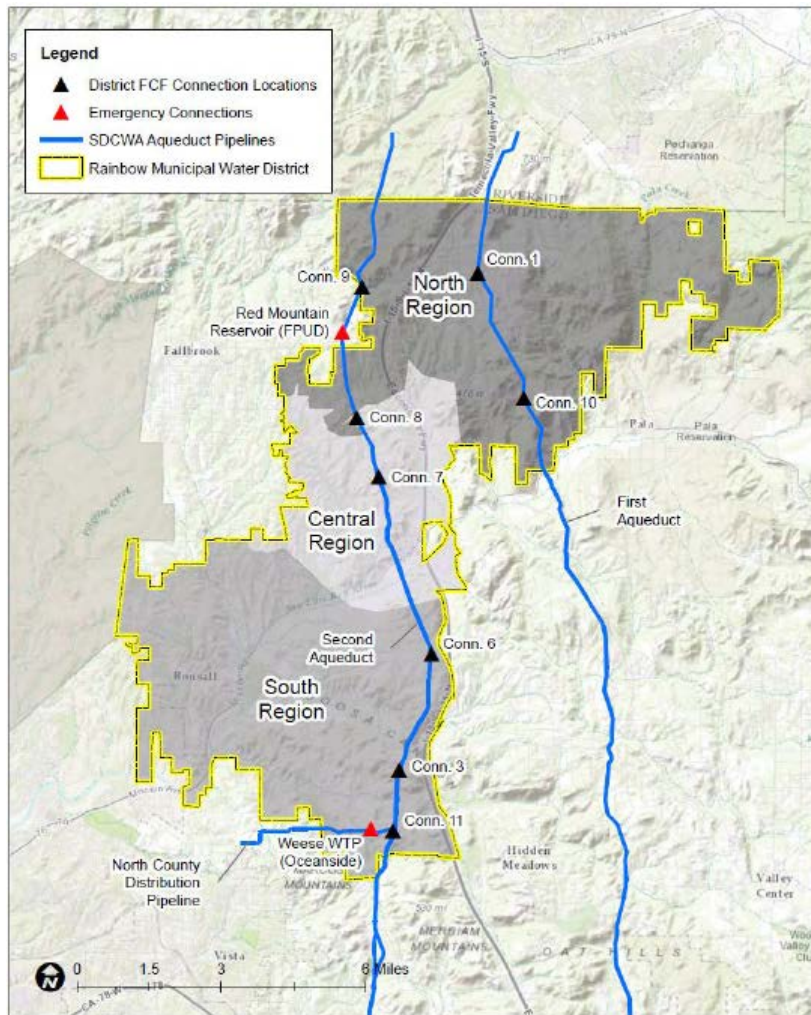


Figure 2: FPUD / RMWD Connections to San Diego Aqueduct

IMPACT OF SOUTHERN CALIFORNIA RELIANCE ON DELTA SUPPLIES

As EMWD and SDCWA are both member agencies of Metropolitan, this move would have a net zero impact on the California Delta when considered from a regional perspective. Since FPUD and RMWD's imported water needs are currently being met with water from Metropolitan's Robert A. Skinner Water Treatment Plant, the existing condition would essentially be maintained under EMWD management and no new supplies would need to be developed or imported.

CONCLUSIONS

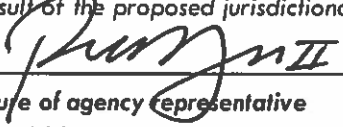
EMWD would remain a highly reliable water supplier even with the addition of FPUD and RMWD to its service area as wholesale customers and FPUD and RMWD would experience 100 percent water supply reliability as part of EMWD. This reliability will be maintained in the future with EMWD's commitment to its ongoing development of local and extraordinary water supplies. These projects include a third brackish groundwater desalination plant that is under construction, the development of additional potable groundwater wells, and significant investment in water banking projects such as SARCCUP and ERRP. Furthermore, EMWD's

robust conservation program and long term supply planning has allowed EMWD to mitigate the impacts of Metropolitan's WSAP even under historically severe drought conditions.

Similarly, Metropolitan's regional reliability has improved significantly over the several preceding decades with numerous storage and reliability programs including the construction of its Diamond Valley Lake reservoir, the implementation of its cyclic storage program, and ongoing funding of local resource projects and conservation programs. This increased reliability means that even during dry year conditions requiring implementation of its WSAP, Metropolitan does not physically limit member agency purchases, but instead, incentivizes demand management through allocation surcharges that apply to purchases above an agency's calculated allocation.

SUBJECT AGENCY SUPPLEMENTAL INFORMATION FORM

NOTE: A copy of this form must be completed and signed by each local agency that will gain or lose territory as a result of the proposed jurisdictional boundary change. Attach additional sheets if necessary.

	Paul Jones II
Signature of agency representative	Print name
General Manager	
Title	
951-928-6130	12.18.19
Telephone	Date

A. JURISDICTIONAL INFORMATION:

Name of agency:
Eastern Municipal Water District

1. Is the proposal territory within the agency's sphere of influence? Yes No
2. Upon annexation, will the proposal territory be included within an assessment district and be subject to assessment for new or extended services? Yes No
3. Does the agency have plans to establish any new assessment district that would include the proposal territory? Yes No
4. Will the proposal territory assume any existing bonded indebtedness? Yes No
If yes, indicate any taxpayer cost: \$ _____
5. Will the proposal territory be subject to any special taxes, benefit charges, or fees? Yes No
If yes, please provide details of all costs: _____

6. Is the agency requesting an exchange of property tax revenues as a result of this proposal? Yes No
7. Is this proposed jurisdictional change subject to a master property tax agreement or master enterprise district resolution? Yes No
8. FOR CITY ANNEXATIONS: Does the proposal territory contain existing commercial development that generates retail sales of ten million dollars or more per year? Yes No
9. FOR CITY ANNEXATIONS: If any part of the proposal territory is under a Williamson Act contract, please contact the LAFCO office for special instructions regarding petition or resolution of application requirements.

EXPEDITED PROPOSAL PROCESSING: Processing of jurisdictional boundary change proposals can be expedited by approximately 60 days if all affected landowners consent to the waiver of protest and termination (conducting authority) proceedings and subject agencies do not oppose the waiver. If you do NOT want to waive these proceedings, then attach a written statement to the subject agency information form containing a signature, date, and declaration of opposition to a waiver of such proceedings.

C. WATER SERVICE:

1. (a) Does the subject agency have adequate water supply and sufficient contractual and/or operational capacity available to serve the proposal territory? YES NO

(b) *If yes*, describe the proposal territory's estimated water demand and the agency's available water supply and capacity (expressed in acre-feet or million gallons per day):

Current RMWD demands are 16,000 AFY. EMWD would meet these demands with purchased water from MWD, which has the supply capacity to meet RMWD's current and projected future demands.

(c) *If no*, what plans does the agency have to increase its water capacity?

N/A

YES NO

2. Specify any improvements (on and off-site) that will be necessary to connect and serve the anticipated development. Indicate the total cost of these improvements and method of financing (e.g., general property tax, assessment district, landowner or developer fees): The existing connections between RMWD's system and the San Diego Aqueduct will continue to be used.

Water will be supplied to the San Diego Aqueduct through EMWD's existing connection at the Skinner WTP.

YES NO

3. (a) Has the agency issued a letter of water availability for the proposal territory?

(b) *If yes*, please provide a copy of the letter. (This documentation should be completed by the agency no longer than 6 months prior to submittal to LAFCO.)

4. (a) The distance for connection of the proposal territory to the agency's existing water system is 0 feet.

(b) Describe the location of the connection to the agency's existing water system: RMWD has a number of existing connections to the San Diego Aqueduct

YES NO

5. (a) Is the agency currently under any drought-related conditions and/or restrictions?

(b) *If yes*, describe the conditions and specify any related restrictions: N/A

YES NO

6. (a) Will the proposal territory utilize reclaimed water?

(b) *If yes*, describe the proposal territory's reclaimed water use and the agency's available reclaimed water supply and capacity (expressed in acre-feet or million gallons per day): N/A

(c) The distance for connection of the proposal territory to the agency's existing reclaimed water system is N/A feet.

(d) Describe the location of the connection to the agency's existing reclaimed water system: N/A

(e) *If no*, has the agency considered availability of reclaimed water to the proposal territory? YES NO

(f) What restrictions prevent use of reclaimed water? RMWD currently conveys wastewater to the City of Oceanside.

RMWD has determined use of reclaimed water is not feasible at this time due to cost of the distribution system required and the nature of the groundwater basin. Future evaluations to be completed.

7. Will the proposal territory be annexed to an improvement district?

YES NO

Rainbow Municipal Water District

Plan for Providing Service

Application for Reorganization

March 17, 2020

1.0 INTRODUCTION

This document is part of the application for Reorganization from the Rainbow Municipal Water District (RMWD) to the San Diego County Local Agency Formation Commission (“LAFCO”). RMWD is requesting a governmental reorganization consisting of: a) the detachment of RMWD from the San Diego County Water Authority (SDCWA) and b) annexation to the Eastern Municipal Water District (EMWD) as part of the reorganization application. The plan provides the RMWD, LAFCO, affected property owners, and other interested persons with information regarding existing and proposed local government services for the proposed annexation.

Summary of Municipal Services

Municipal Service	Current Provider	Provider After Reorganization
Wastewater Collection and Treatment	Rainbow Municipal Water District	Rainbow Municipal Water District
Water Supply	Rainbow Municipal Water District	Rainbow Municipal Water District

2.0 MUNICIPAL SERVICES

2.1 Description of Service Territory

2.1.1 Rainbow Municipal Water District (RMWD)

History

The Rainbow Municipal Water District serves the unincorporated communities of Rainbow and Bonsall, along with portions of the unincorporated community of Fallbrook, and a small area within the City of Oceanside. The areas of the District had been inhabited by members of several Native American tribes that lived within the greater San Luis Rey River valley for thousands of years before the arrival of European settlers, beginning with Spanish Missionaries in the late 1700’s.

The Rainbow area did not have its first non-mission related permanent European settlement until 1869 Peter Larsen filed for the first homestead. Other settlers followed and the first school, Vallecitos Adobe School, was built in 1885. James Rainbow and W. F. Gold purchased the Larsen homestead and plotted the Valleys’ first subdivision in 1887. The area, previously known as "Vallecitos", (little valley), was renamed "Rainbow Valley" in the late 1880s, after Mr. James Peebles Marshall Rainbow, who bought the homestead.

The Bonsall area was first settled around the same time and its name was chosen by the US Post Office when it created the Bonsall Post Office in 1889. The Bonsall name came from Mr. James Bonsall, a retired Methodist minister who developed a fruit orchard in the area around that time.

Little growth took place in the first half of the 20th Century as growth in agriculture was limited by access to water supplies and was dependent on dry farming techniques supplemented with shallow groundwater basins. With the advent of Colorado River water imported by the Metropolitan Water District RMWD was formed in 1953 and the District joined the San Diego County Water Authority (SDCWA) and the Metropolitan Water District of Southern California (MWD). Commercial agriculture expanded in the District's service area because of the availability of reliable and affordable imported water and the District began serving the growing water needs of the agricultural community.

In 1978, MWD augmented its supply system with water from the California State Water Project and began delivering water from both systems to San Diego County. Today, the SDCWA provides all of the District's potable water with nearly all of that water coming directly from the MWD owned and operated Lake Skinner Water Treatment Plant.

The District also possesses the authority to provide sewer service throughout its service area. Due to the nature of the District being very rural, most customers remain on private septic systems. Approximately 2700 properties are served with sewer service, most along the highway 76 corridor. Wastewater is conveyed to the City of Oceanside's San Luis Rey Water Reclamation plant where the District has rights to 1.5 Million Gallons per Day (MGD) of treatment capacity. Current wastewater flows average just under 1 MGD.

The District remains rural in nature with agriculture being the dominant economic activity in the District's 82 square mile service area. Agricultural water sales still account for over 65% of all District water sales. Figure 1 shows RMWD's service area and boundaries.

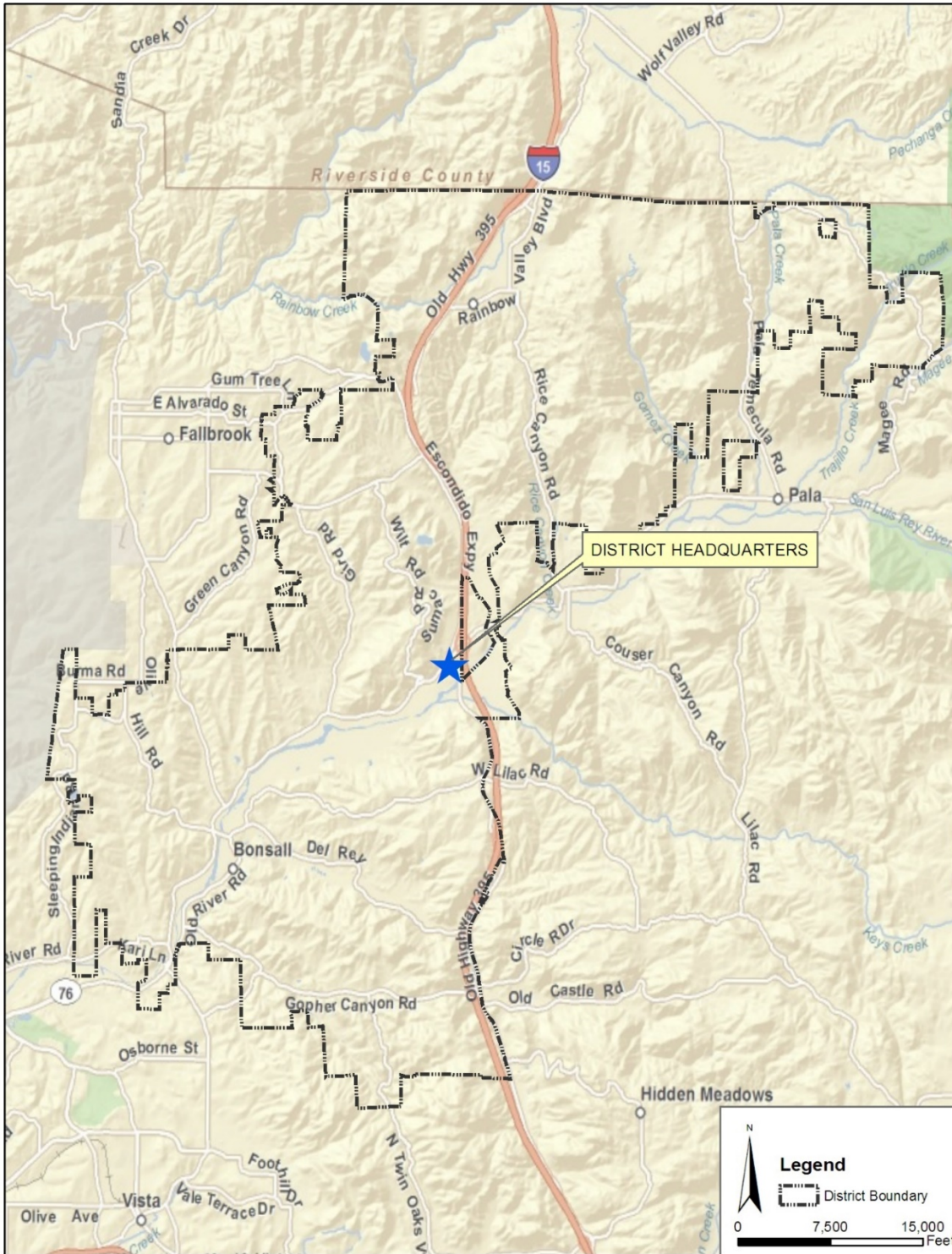
Because of its geographic location, RMWD is unique and mostly independent of the SDCWA Aqueduct system, its reservoirs and its water treatment plant. Nearly all of RMWD's water is treated at MWD owned treatment plants. RMWD has eight main treated water connections, four of which are directly connected to MWD owned pipelines. The other four are on SDCWA owned pipelines, mainly serving the southern portion of the District's service area generally in the area south of Highway 76 and west of Interstate 15. Although RMWD pays SDCWA for emergency water service, due to the lack of regional SDCWA infrastructure it cannot physically receive deliveries from SDCWA to most of its service area in a catastrophic emergency or in the event of an extended SDCWA shutdown for repair.

Governance and Organizational Structure

The Rainbow Municipal Water District Board of Directors is composed of five members who are elected by divisions of the District for four-year alternating terms, with the president being elected by the Board from among its members. Advisory Committees composed of residents

from all divisions of the District assist the Board in water issues and financial planning. Operation, maintenance, and administration of the system is carried out by a staff of 54 full time employees under the direction of the General Manager, Thomas Kennedy.

FIGURE 1 (Placeholder) Service Area and Local Economy



The Rainbow Municipal Water District (RMWD), comprising a total area of 82 square miles, is located in northwestern San Diego County, approximately two hours driving time from Los Angeles and one hour from San Diego. It is approximately 40 miles northeast of downtown San Diego, California and 90 miles southeast of the City of Los Angeles. RMWD shares common boundaries with Riverside County, Camp Pendleton Marine Corps Base, the unincorporated community of Fallbrook and the City of Oceanside. RMWD's boundaries encompass the unincorporated communities of Rainbow and Bonsall, as well as portions of Pala, Fallbrook and Vista.

Facilities

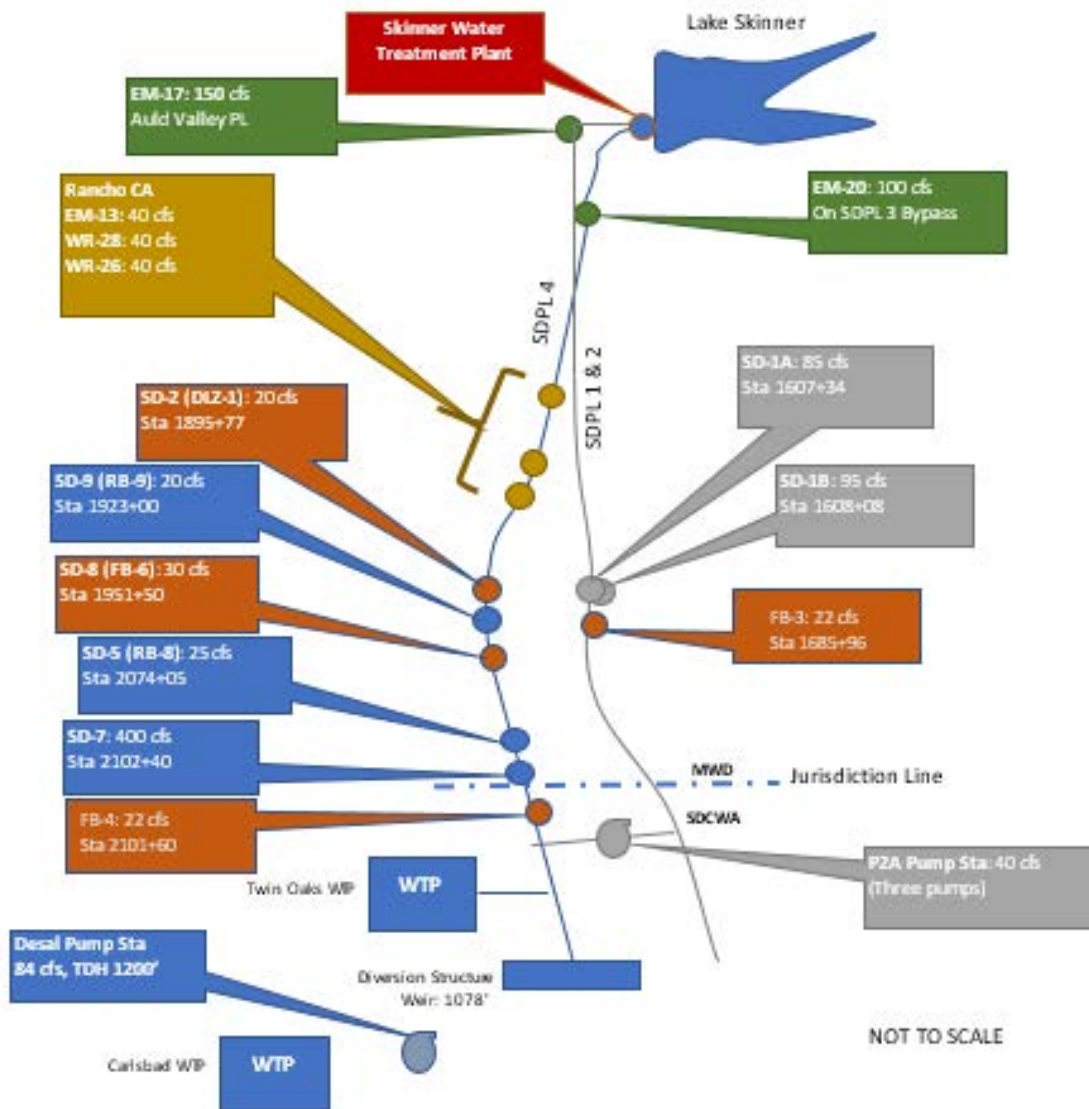
The principal activity of the District is the development and operation of a water transmission and distribution system capable of delivering potable water throughout the District. The District's area of service is predominantly agricultural and includes approximately 5,300 homes and a total metered service of 8,200. In addition to water service, the District provides wastewater collection and disposal service to approximately 2,700 accounts. On February 13, 2002, Rainbow Municipal Water District entered into a contract with the City of Oceanside, California to provide for the construction, operation, maintenance, and replacement of a wastewater system to service the needs of both The City and the District. That Agreement was updated and approved in 2019. The City owns the wastewater conveyance, treatment, and disposal facilities and the District has the contractual right to discharge wastewater into the City's system as well as capacity rights in the San Luis Rey Wastewater Treatment Plant.

RMWD imports 100% of its water from the SDCWA. The District has four connections to MWD's system and four connections to SDCWA's system. **Figure 2** provides a schematic of how imported water is delivered to RMWD. SDCWA currently purchases treated water from MWD that is treated at the Skinner Water Treatment Plant (WTP) and delivered to RMWD's eight connections. While the primary source of supply for RMWD is the Skinner WTP, during certain hydraulic conditions, SDCWA can move water north from the Twin Oaks WTP into the southern portion of RMWD's service area, feeding three of the four connections on SDCWA's pipelines. This is a non-standard method of operation for SDCWA and the conditions exist only when demand for treated water south of the Twin Oaks WTP falls below the output of the Twin Oaks WTP. There is no hydraulic condition present within the SDCWA operating parameters that could deliver water from SDCWA owned WTPs at a useable pressure to the fourth connection on the SDCWA owned pipeline or any of the four connections on MWD owned pipelines.

During the majority of demand conditions, treated water to RMWD comes from the Lake Skinner WTP owned by MWD. This will remain the standard mode of operation under reorganization.

With approval of the application for annexation to EMWD, imported water treated at Skinner WTP will continue to be delivered to the four RMWD connections that are directly connected to the MWD system. The four southerly connections owned by SDCWA could still be used under a water wheeling agreement, but the four northerly connections have sufficient capacity to meet all RMWD demands.

FIGURE 2



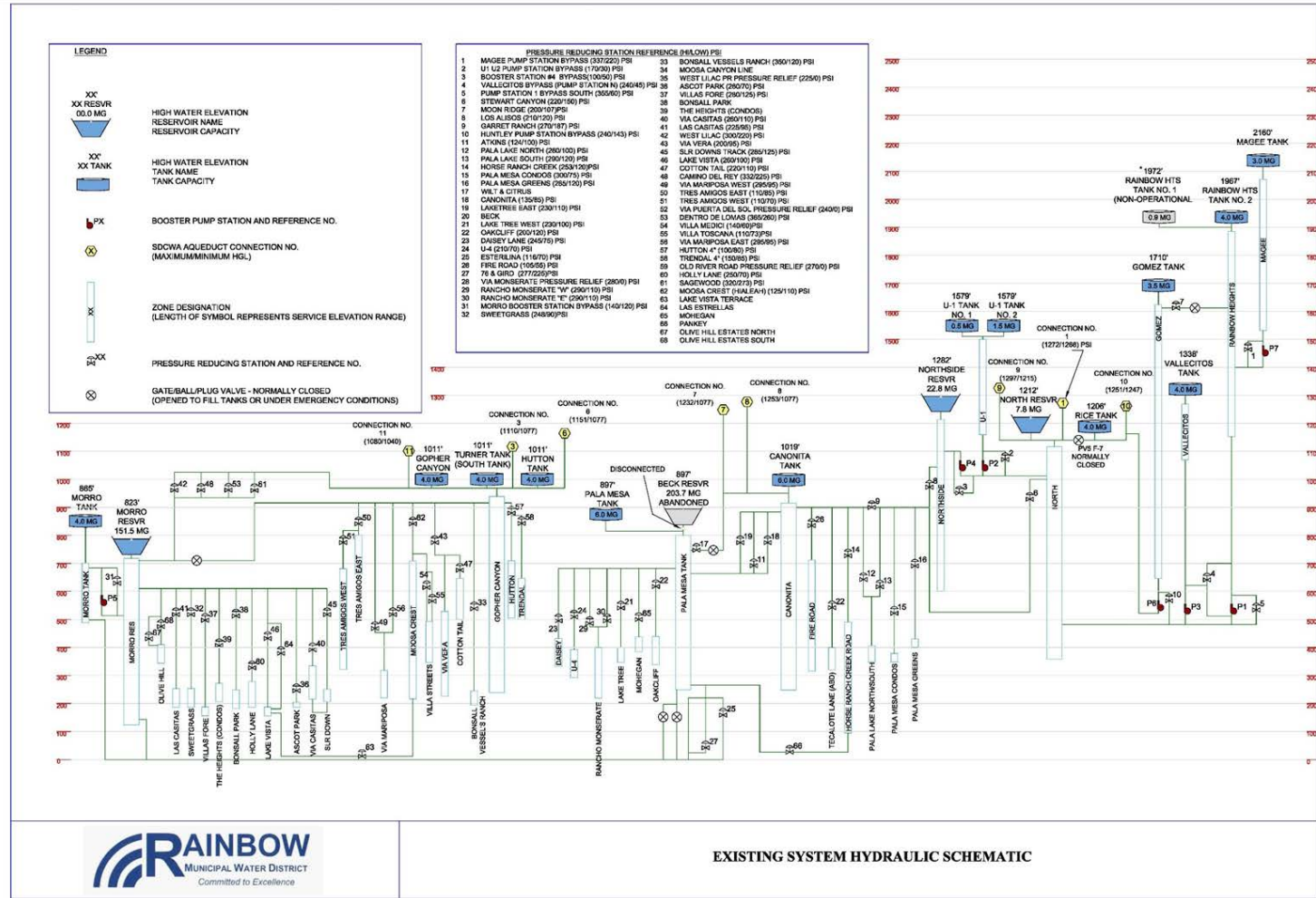
LEGEND

Signifies RMWD Connection to Imported Water System

NOT TO SCALE

RMWD's existing water distribution system is comprised of 12 major pressure zones with storage facilities. Four of the major zones are supplied directly from the SDCWA aqueduct connections and the remaining major zones are supplied through pressure reducing stations or booster pump stations. The four major pressure zones can also be served from RMWD's northerly connections supplied by MWD. In addition to the major zones, there are 30 reduced pressure areas that are supplied from the major zones through pressure reducing stations. The RMWD hydraulic profile schematic (Figure 3) shows the aqueduct connections, pressure zones, storage facilities, booster pump stations, pressure reducing stations and emergency supply interconnects.

FIGURE 3



Economy

Agricultural land use has been undergoing a gradual change from primarily avocados and citrus to a mixture of crops including other subtropical fruit and nut orchards such as macadamias, persimmons, kiwis, cherimoyas, grapes, dragon fruit, etc. Avocado production is heavily impacted by increases in water costs which is one of the primary drivers in the loss of avocado production within the District. In addition, ornamental flowers and commercial nurseries are increasing in prominence and have helped to preserve the agricultural orientation of the community. Decreases in agriculture, primarily due to increasing water cost are expected to remain close to the historic long-term trend.



2.1.2 San Diego County Water Authority (SDCWA)¹

History

The San Diego County Water Authority (SDCWA) was established pursuant to legislation adopted by the California State Legislature in 1943 (County Water Authority Act) to provide a supplemental supply of water as the San Diego region's civilian and military population expanded to meet wartime activities. Because of the strong military presence, the federal government arranged for supplemental supplies from the Colorado River in the 1940s. In 1947, water began to be imported from the Colorado River via a single pipeline that connected to Metropolitan's Colorado River Aqueduct (CRA) located in Riverside County. To meet the water demand for a growing population and economy, SDCWA constructed four additional pipelines between the 1950s and early 1980s that are all connected to Metropolitan's distribution system and deliver water to San Diego County. SDCWA is now the county's predominant source of water, supplying from 75 to 95 percent of the region's needs depending upon weather conditions and yield from surface, recycled, and groundwater projects.

Governance & Organizational Structure

The decision-making body of the SDCWA is its 36-member Board of Directors. Each of the 24 member agencies of the SDCWA has at least one representative on the SDCWA Board of Directors. Member agencies may appoint one additional representative for each additional 5% of total assessed value of property taxable by the CWA for purposes within the public agency's boundaries. As a result, RMWD is entitled to representation by 1 director. The City of San Diego, the largest member agency in terms of assessed value is entitled to 10 Directors.

Under the CWA Act, a member agency's vote is based on its "total financial contribution" to the CWA since the CWA's organization in 1944. Total financial contribution includes all amounts paid in taxes, assessments, fees, and charges to or on behalf of the SDCWA or Metropolitan Water District of Southern California (MWD). The CWA Act authorizes each CWA Board of Directors member to cast one vote for each \$5,000,000, or major fractional part thereof, of the total financial contribution paid by the member agency. Based on this formula, RMWD is entitled to 3.975% of the total vote in Calendar Year 2020. For comparison purposes the City of San Diego is entitled to 39.76% of the total vote in calendar year 2020. The four largest urban water agencies (City of San Diego, City of Oceanside, Helix Water District and Otay Water District) have a combined vote total of 57.5% in calendar year 2020.

Service Area and Local Economy

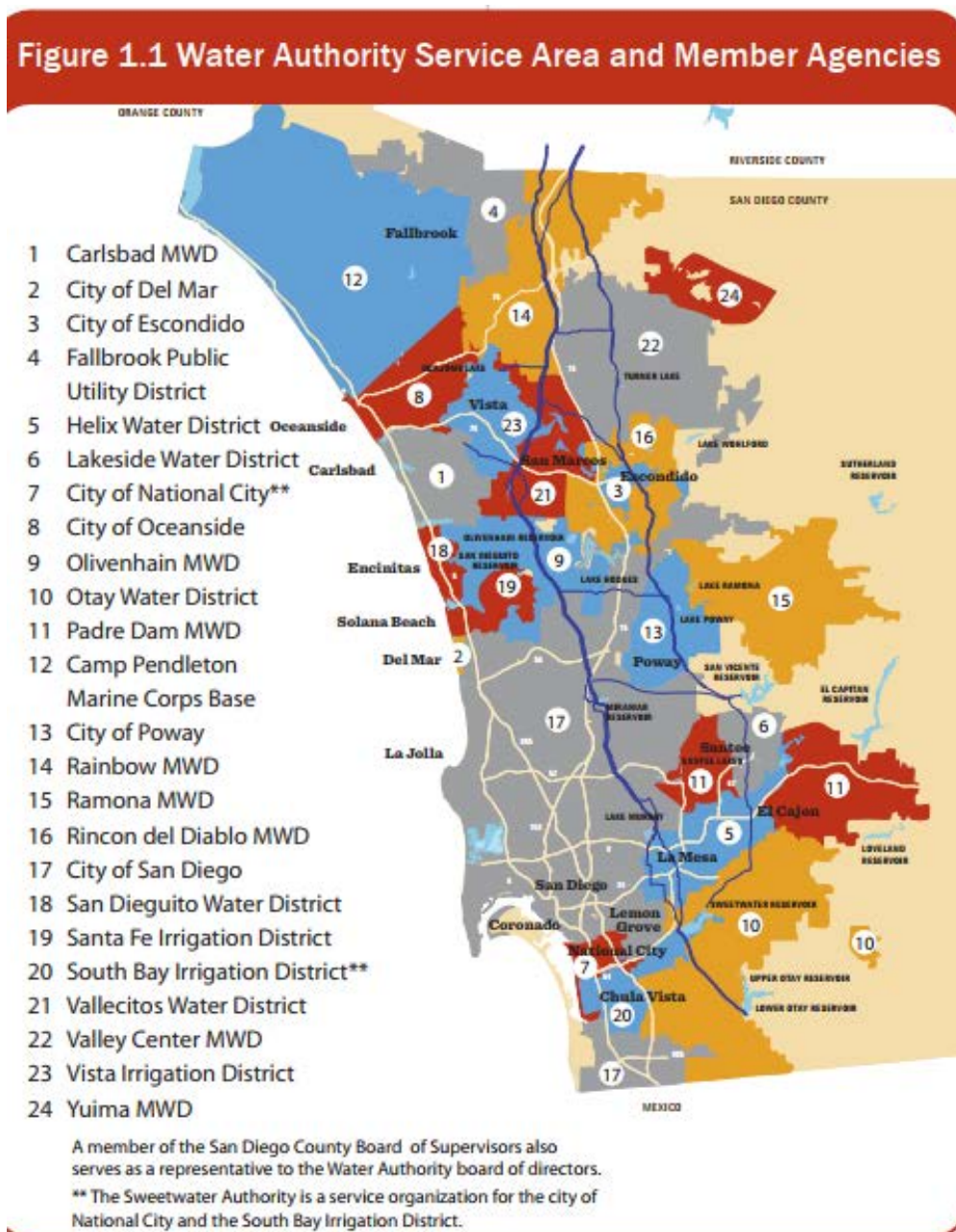
SDCWA's boundaries extend from the border with Mexico in the south, to Orange and Riverside counties in the north, and from the Pacific Ocean to the foothills that terminate the coastal plain in the east. With a total of 951,000 acres (1,486 square miles), the Water Authority's service area encompasses the western third of San Diego County. Figure 4 (Titled Figure 1-1) shows

¹ This section taken from SDCWA Urban Water Management Plan

SDCWA's service area, its member agencies, and aqueducts (shown as blue lines) SDCWA's 24 member agencies purchase water from SDCWA for retail distribution within their service territories. The member agencies' six cities, five water districts, eight municipal water districts, three irrigation districts, a public utility district, and a federal military reservation have diverse and varying water needs.

In terms of land area, the city of San Diego is the largest member agency with 210,726 acres. The smallest is the city of Del Mar, with 1,159 acres. Some member agencies, such as the cities of National City and Del Mar, use water almost entirely for municipal and industrial purposes. Others, including Valley Center, Rainbow, and Yuima Municipal Water Districts, deliver water that is used mostly for agricultural production.

FIGURE 4



Facilities

Imported water supplies are delivered to SDCWA member agencies through a system of large-diameter pipelines, pumping stations, and reservoirs. The pipelines deliver supplies from the Metropolitan Water District are divided into two aqueduct alignments, both of which originate at Lake Skinner in southern Riverside County and run in a north to south direction through the SDCWA service area. MWD's ownership of these pipelines extends to a "delivery point" six miles into San Diego County. From there, Pipelines 1 and 2 comprise the First San Diego Aqueduct, which reaches from the delivery point to the San Vicente Reservoir. Pipelines 3, 4, and 5 form the Second San Diego Aqueduct. These pipelines are located several miles to the west of the First San Diego Aqueduct.

Storage facilities are used by SDCWA to both manage daily operations and provide reserves for seasonal, drought, and emergency storage needs. Water Authority seasonal, drought, and emergency storage capacity currently includes 234,000 AF of in-region surface water. All of this stored water is located well south of the Rainbow service area and facilities needed to move this water north to serve the Rainbow service area have not been constructed. In addition to the Twin Oaks Valley WTP, the Water Authority entered into an agreement with the Helix Water District to purchase 36 MGD of treatment capacity from the R.M. Levy WTP. Water from the Levy plant supplements treated water service to eastern San Diego County. storage and 70,000 AF of out of region leased groundwater storage in the San Joaquin Valley.

Economy

SDCWA's service area characteristics have undergone significant changes over the last several decades. Driven by an average annual population increase of 50,000 people per year, large swaths of rural land were shifted to urban uses to accommodate the growth in population. This shift in land use has resulted in the region's prominent urban and suburban character. It should be noted here that the San Diego County General Plan restricts the amount of growth capacity and agricultural land conversion in the Rainbow service area. San Diego County also has a rich history of agriculture, beginning with the large cattle ranches established in the 18th century and continuing through the diverse range of crops and products grown today. Although the total number of agricultural acres under production has declined, the region maintains a significant number of high value crops, such as cut-flowers, ornamental trees and shrubs, nursery plants, avocados, and citrus. Based on the 2009 Crop Statistics and Annual Report by the San Diego County Department of Agricultural Weights and Measures, the region has 6,687 farms –more than any other county in the nation. San Diego County agriculture is a \$1.5 billion dollar per year industry, and ranks first in the state in gross value of agricultural production for flowers, foliage, and nursery products.

Today, San Diego boasts an economy that is not dominated by any one sector; in fact, no sector accounts for more than 15 percent of the regional economy. Several sectors are "economic drivers," specifically tourism, the military, and the "innovation" sector, which together make up a third of the regional economy. Tourism is an obvious strength, due in

part to the weather, the beaches, the San Diego Zoo, and the Convention Center. The military is pivoting toward Asia and has committed to San Diego, as have many military contractors, like General Dynamics (makers of the Predator drone) and ViaSat (satellite communications leaders). Moreover, innovation will continue to drive San Diego's economy, with forward-looking technologies with massive growth potential from companies like QUALCOMM (pioneers in mobile phone technology), Illumina (revolutionized DNA sequencing with tremendous potential to improve healthcare and quality of life), and ESET (cybersecurity experts). San Diego also fares well in industries like healthcare, education, and a lean government sector. These sectors are generally population-driven—they rise in tandem with population—and, like the economic driver sectors, have proven through the Great Recession to be less affected by economic cycles. In sum, “recession-resilient” sectors account for over 60 percent of the San Diego economy.

2.1.3 Eastern Municipal Water District (EMWD)²

History

Eastern Municipal Water District (EMWD) is a public water agency formed in 1950 by popular vote. In 1951, it was annexed into the MWD and gained access to a supply of imported water from the Colorado River Aqueduct (CRA). When EMWD was formed in 1950 it was a small agency, primarily serving agricultural customers. Since then, potable water use in EMWD's service area has shifted from primarily agricultural to urban use. The reduction in agricultural demand has two major causes: rural farmland has been transformed to urban housing, and most remaining agricultural demands have been shifted to the recycled water system.

Today, EMWD remains one of MWD's 26 member agencies and receives water from Northern California through the State Water Project (SWP) in addition to deliveries through the CRA. EMWD's initial mission was to deliver imported water to supplement local groundwater for a small, mostly agricultural, community. Over time, EMWD's list of services has evolved to include groundwater production, desalination, water filtration, wastewater collection and treatment, and regional water recycling. EMWD provides both retail and wholesale water service covering a total population of over 750,000. EMWD's mission is “to provide safe and reliable water and wastewater management services to our community in an economical, efficient, and responsible manner, now and in the future.”

Governance and Organizational Structure

A five-member Board of Directors governs EMWD. Each Director serves an area of equivalent population size within EMWD's boundaries and is elected to office every four years. As a member agency of MWD, EMWD also has a member appointed to the MWD Board.

² Excerpted from EMWD Urban Water Management Plan

Service Area and Local Economy

EMWD is located in western Riverside County, approximately 75 miles east of Los Angeles. EMWD provides potable water, recycled water, and wastewater services to an area of approximately 555 square miles in western Riverside County. The 555 square mile service area includes seven incorporated cities in addition to unincorporated areas in the County of Riverside.

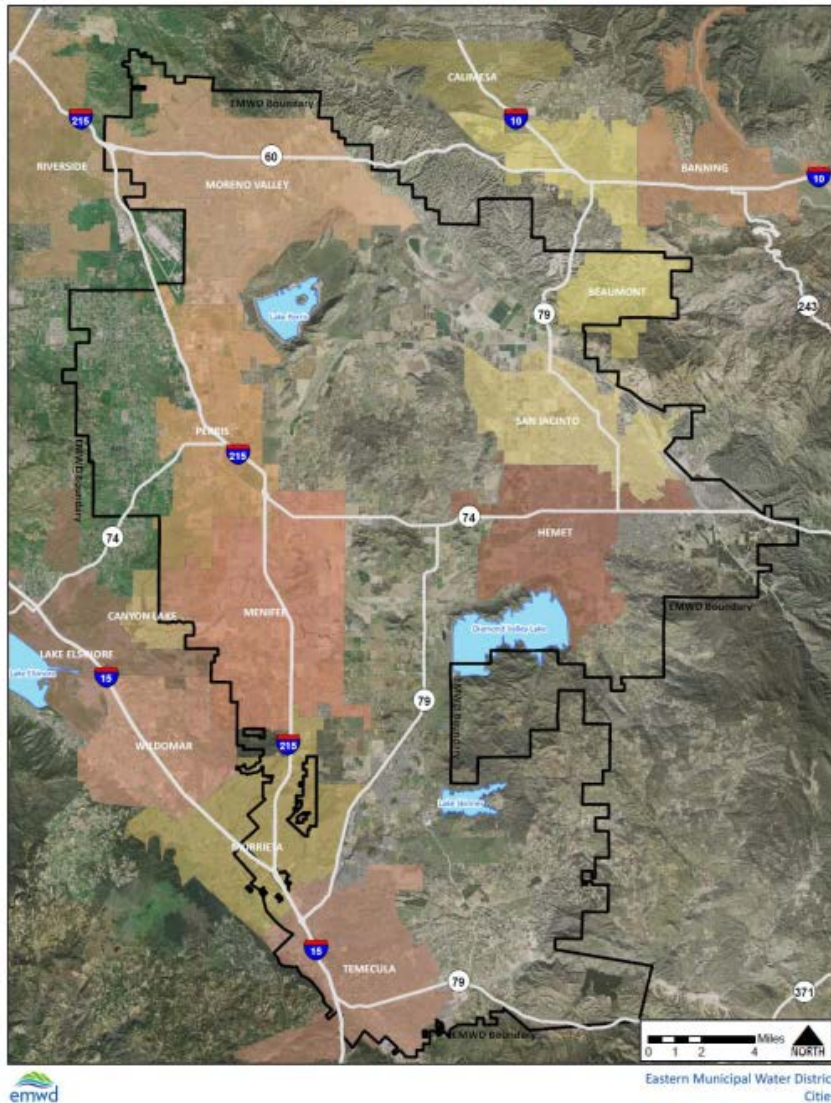
EMWD is both a retail and wholesale agency, serving a retail population of 546,146 people and a wholesale population of 215,075 people. The agency was initially formed in 1950 to bring imported water to the area and in 1951 was annexed into the Metropolitan Water District of Southern California (MWD). EMWD is now one of MWD's 26 member agencies.

FIGURE 5

Eastern Municipal Water District

2015 Urban Water Management Plan

Figure 3-1: Areas Within EMWD Boundaries



Facilities

The majority of EMWD's supplies are imported water purchased through MWD from the State Water Project (SWP) and the Colorado River Aqueduct (CRA). Imported water is delivered to EMWD either as potable water treated by MWD, or as raw water that EMWD can either treat at one of its two local filtration plants or deliver as raw water for non-potable uses. EMWD's local supplies include groundwater, desalinated groundwater, and recycled water. Groundwater is pumped from the Hemet/San Jacinto and West San Jacinto areas of the San Jacinto Groundwater Basin. Groundwater in portions of the West San Jacinto Basin is high in salinity and requires desalination for potable use. EMWD owns and operates two desalination plants that convert brackish groundwater from the West San Jacinto Basin into potable water. EMWD also owns, operates, and maintains its own recycled water system that consists of four Regional Water Reclamation Facilities and several storage ponds spread throughout EMWD's service area that are all connected through the recycled water system. As of 2014, EMWD has used 100 percent of the recycled water it produces.

Since its formation as a water agency, EMWD has shifted from primarily serving agricultural uses to primarily serving urban uses. Today, EMWD's retail customers are mostly residential, with other uses consisting of commercial, industrial, institutional, landscape and agricultural. In addition to retail potable water demand, EMWD delivers water to seven wholesale customer agencies and meets a significant portion of demand with recycled water.

Economy

As the population within EMWD's service area continues to grow, the characteristics of the service area are continually changing. Tract homes, commercial centers and new industrial warehouses are replacing areas of agriculture and vacant land. By 2040, EMWD's total population is projected to grow by over 500,000 people, a 67 percent increase over the current population.

As part of the broader Inland Empire Southern Riverside county's economy reflects strong sectors in Logistics , Construction, Health Care, Manufacturing , Professional, Management & Scientific, and Finance, Insurance & Real Estate. Construction has historically been the major driver of the economy given its undeveloped land and Southern California's need for single family homes, apartments, industrial facilities, and infrastructure. Health Care firms are expanding in the Inland Empire. These same economic sectors are reflected within EMWD's service area. Much of the service area is characterized by above the national average in median household income.

EMWD has a history of boom and bust development cycles. From the mid- 1980's to 1990's, population growth in EMWD routinely exceeded 10 percent per year. In the early 1990's, growth slowed during an economic recession. During the late 1990's, growth began to steadily increase, and the first five years of the 2000's again brought accelerated population growth to the area. Growth within EMWD's service area reached its peak rate in 2005, but then there was a major decline in housing development and growth slowed again. Starting in 2006 EMWD saw a sharp decline in the number of new connections added, reaching a low point in 2010. Since 2010, new

connections have slowly been increasing; but they remain well below the peak levels of new development seen in the early 2000's.

2.2 Existing Service Providers and Service Provider after Reorganization

Table 1 provides the current public services provider for the RMWD service area and the responsible public service provider upon LAFCO's approval of the detachment and annexation. LAFCO uses the Plan of Services to determine whether the impacted agencies have the capacity to provide the necessary public services to the annexation area. The Plan of Services does not serve or address the fiscal impact of the proposed reorganization.

Table 1 Municipal Services Summary

Municipal Service	Current Provider	Provider If Annexed to EMWD
Wastewater Collection and³ Treatment	Rainbow Municipal Water District	Rainbow Municipal Water District
Water Supply	Rainbow Municipal Water District	Rainbow Municipal Water District

2.2.1 Level and Range of Services

As noted above, RMWD water supply is 100% dependent on imported water supplied by SDCWA from 8 different connections to both MWD owned pipelines (northerly connections) and SDCWA owned pipelines (southerly connections). Operation of the RMWD retail water distribution system is very complex due to the large number of pressure zones, supply locations, and large capacity storage facilities. Furthermore, the water distribution system is flexible in that supply from the eight aqueduct connections can be routed to different parts of the distribution system by making changes to several key valve settings. Reservoir water levels are connected to the RMWD Supervisory Control and Data Acquisition (SCADA) system, such that the water operators are able to monitor the system throughout the day at the water operations center.

Operation of RMWD's retail water distribution system will not appreciably change under reorganization and the District will continue to provide the same level of service to its customers.

³ Since there is no change in service boundaries or inclusion of additional territory RMWD will have sufficient wastewater capacity to collect, treat and dispose of wastewater in its service area under the request for reorganization. Current membership in SDCWA or annexation to EMWD has no effect on infrastructure needs or operation of the District's wastewater collection, treatment or disposal system. The system will operate as planned under reorganization.

- RMWD will continue to receive treated imported water from MWD
- RMWD will continue have its water treated to all state and federal public health regulations at MWD's Skinner Water Treatment Plant
- RMWD will continue to benefit from MWD's investments in supply reliability and water storage

Delivery of imported water from EMWD under a reorganization may operationally vary from current practice based on the wholesale water connections used by RMWD to take delivery of imported water. There are two scenarios for the continued delivery of imported water to RMWD connections in a reorganization:

- A. In the event that under reorganization RMWD is able to enter into a wheeling agreement with SDCWA consistent with state wheeling statutes and cost of service principles RMWD will continue to use its southerly connections in addition to its northerly connections. Under this scenario there will be no change in imported water deliveries and operation of the retail distribution system.
- B. In a reorganization where RMWD is unable to enter into a wheeling agreement with SDCWA, RMWD is capable of taking all deliveries using its four northerly connections. In fact, RMWD routinely operates without the use of the southerly connections. SDCWA performs annual maintenance shutdowns, and more recently, emergency shutdowns on the aqueduct. During these instances, RMWD uses its existing distribution system, network, including pumping and storage to move water from MWD owned connections into the southern service area.

In Scenario B RMWD will only receive water from its northerly MWD owned connections. In this operating scenario RMWD will require some minor modifications to its distribution system to ensure that the demands of the southerly portion of the District's service area can be met in the most cost efficient and operationally flexible manner. These improvements include:

- Pipeline from the Rice Canyon tank to the new development areas just north of Highway 76 and east of Interstate 15 will be constructed in conjunction with the new Meadowood development. This pipeline has been identified by the District in previous Water System Master Plans. It is expected that the pipeline will be completed by mid-2021.
- The replacement of a segment of pipeline (under 1 mile) in Gird Road that was already identified for replacement as part of the District's Condition Assessment Program. This pipeline will be upsized to accommodate the increased flows from north to south.

- A short (under 1 mile) pipeline near the Olive Hill Estates development off Olive Hill Road that will increase the capacity to move water into and out of the District’s 150 Million Gallon (MG) Morro Reservoir.
- A reconfiguration of pressure zones in the Pala Mesa area to increase the take capacity from the connections owned by MWD in that area (RB8 and RB9). This project was already identified in the District’s Condition Assessment Program as needed to reduce system pressures in the lower Pala Mesa area.
- The reconfiguration of two seasonal water pumping stations used during regular SDCWA emergency and routine maintenance shutdown events. These stations will be converted from diesel powered pumps to all electric powered pump stations. These projects were identified in previous master planning efforts and have independent utility apart from detachment.
- The completion of the interconnect pump station with the City of Oceanside’s Weese Filtration Plant. This project is a joint effort on the part of the City and the District to utilize unused capacity in the Weese plant. The plant is located within Rainbow’s service area and is immediately adjacent to one of the District’s main southern zone storage tank. When both the City and RMWD are member agencies, the process of raw water transfers and treatment services are handled within existing SDCWA policies – these are used in many locations around the County. Post detachment, the City, SDCWA, RMWD, and EMWD will need to coordinate a wheeling agreement to move raw water from EMWD through SDCWA’s system to the Weese plant. This wheeling agreement would establish the cost to move the water and clarify the billing process.

Other Services

Certain services provided by SDCWA to RMWD will be provided under similar availability by EMWD. These include current MWD funded and SDCWA funded water conservation programs available to RMWD customers under similar conditions as currently provided. Commercial, Multi-Family and Residential rebate programs similarly available as a member agency of SDCWA would be available to RMWD customers under membership in EMWD.

EMWD does not offer agricultural customers a discount water program in exchange for lesser reliability equivalent to SDCWA’s Special Agricultural Water (SAWR) Program. In exchange for a lesser level of reliability in a shortage, commercial agricultural customers participating in the SAWR receive a substantial discount on the price of water purchased from SDCWA. However, EMWD has proposed a nominal charge in addition to the cost of MWD water that results in a lower cost to all RMWD customers than SDCWA’s SAWR. **Table 2** compares the different calendar year 2020 SDCWA water rates (SAWR and Full Service (FS) to those proposed by EMWD.

TABLE 2

2020 SDCWA SAWR, Full Service M&I and Potential EMWD Charges

<i>Rate</i>	<i>SAWR</i>	<i>SDCWA FS</i>	<i>EMWD</i>
<i>Treated</i>	\$1,231	\$1,686	\$1,078
<i>RTS</i>	28	28	82
<i>CC</i>	24	24	24
<i>IAC</i>	43	43	0
<i>EMWD</i>			11
<i>Total</i>	\$1,326	\$1,781	\$1,195
<i>Rate Differential From SDCWA FS</i>	(\$455/AF)		(\$586/AF)

Source :SDCWA and MWD websites

Note: IAC is converted to \$ per AF based on FPUD/RMWD 2020 shares divided by FPUD/RMWD 3 year average of SDCWA deliveries

MWD RTS is based on FPUD and RMWD 2020 shares divided by FPUD and RMWD 10 year deliveries

MWD CC is based on FPUD and RMWD actual 2020 shares divided by FPUD RMWD 3 year average

Stand-By Availability charge is considered equivalent regardless of membership and not shown

Reliability

Ensuring EMWD has sufficient water supplies to meet anticipated demands under a wide range of potential future drought scenarios for FPUD customers is of critical importance. In assessing FPUD water supply reliability under reorganization it is necessary to evaluate the availability of MWD’s imported water to EMWD during drought related MWD water shortages.

RMWD conducted a number of studies to ensure that its customers water supply reliability needs would be met if EMWD became the District’s wholesaler. The initial studies looked at projected supply availability under SDCWA and EMWD, assuming EMWD would not be able to provide additional supplies. Ultimately EMWD completed a detailed analysis based on their specific knowledge and experience in of drought response and water shortage management planning. EMWD is responsible for apportioning its allocation of MWD water during a shortage and in demand management approaches for its retail customers and wholesale member agencies during droughts. All of those factors are taken into account by EMWD in its study which demonstrates that RMWD demands would be met under all potential future drought scenarios⁴. The Executive

⁴ Metropolitan Water District of Southern California and Eastern Municipal Water District Water Supply Reliability January 2020 Eastern Municipal Water District

Summary from the EMWD analysis is excerpted below and the full report is included in RMWD's application package to SDLAFCO.

EMWD Water Supply Reliability Analysis Executive Summary

The Fallbrook Public Utility District (FPUD) and the Rainbow Municipal Water District (RMWD) are retail water suppliers located in the northern-most portion of San Diego County, just south of the City of Temecula, serving primarily agricultural and residential customers. FPUD and RMWD are currently member agencies of the San Diego County Water Authority (SDCWA) and are considering a de-annexation from the SDCWA and an annexation into the Eastern Municipal Water District (EMWD).

FPUD and RMWD are currently being supplied with imported water from the Metropolitan Water District of Southern California's (Metropolitan) Robert A. Skinner Water Treatment Plant via the Metropolitan/San Diego Aqueduct, and would continue to be supplied with the same water by EMWD. The potential de-annexation of FPUD and RMWD from SDCWA is not anticipated to have any significant impacts to regional and local water supply or system reliability and no new supplies would need to be developed or imported. The de-annexation of FPUD and RMWD from the SDCWA would not result in Metropolitan, as a State Water Contractor, increasing its reliance on the Sacramento-San Joaquin Delta (Delta) since FPUD and RMWD would continue to be supplied from Metropolitan's Robert A. Skinner Water Treatment Plant.

The de-annexation of FPUD and RMWD would allow for SDCWA to reduce the amount of imported water it purchases from Metropolitan and EMWD would increase its imported water purchases from Metropolitan the amount equivalent to SDCWA's reduction. **There would be no net increase in imported water to the region.** Under all conditions presented in their respective 2015 Urban Water Management Plans, both SDCWA and EMWD include imported water supplied by Metropolitan as part of their long-term water supply portfolios, thus both remain reliant on imported water supplied by Metropolitan to meet their service area demands. Whether FPUD and RMWD are part of SDCWA or EMWD would not change SDCWA and EMWD's combined demand for imported water from Metropolitan.

FPUD and RMWD would remain dependent on the reliability and availability of Metropolitan supplies. Metropolitan has made substantial investments in large scale regional projects, local supply development, and conservation, to sustain Metropolitan's ability to provide "adequate and reliable supplies of high-quality water to meet present and future needs."

Through Metropolitan's adaptive management approach and integrated resources planning, Metropolitan is able to balance regional water supply sources, storage assets, and demand management to handle a wide range of water supply scenarios, including single year, and multi-year drought conditions and interruption in local supplies. However, Metropolitan acknowledges that severe hydrologic conditions may require the implementation of their Water Supply Allocation Plan (WSAP), which determines how member agencies would have their supplies from Metropolitan allocated during declared shortages.

It is important to note that under the WSAP, **Metropolitan does not physically limit member agency purchases,** but instead, incentivizes demand management through rate surcharges that apply to purchases above an agency's calculated allocation. In addition, the WSAP calculates allocations based

on each member agency's service area as a whole. Historically, EMWD has elected to divide Metropolitan's allocation amongst its retail agencies using the WSAP as a guide. This means that even if a particular retail agency were to exceed its portion of the allocation, as long as the region as a whole does not exceed the Metropolitan allocation, the retail agency that exceeded its portion of the allocation, would not be assessed a surcharge.

EMWD has evaluated how the annexation of FPUD and RMWD would impact its water supply portfolio in an allocation year under three planning scenarios: 2015, at the height of the statewide drought restrictions; 2019, under current day conditions; and 2035, as an evaluation of long-term conditions. This analysis examined how much of EMWD's regional demands could be met without requiring customers to pay Metropolitan's allocation surcharge under the WSAP Regional Shortage Levels of 1, 3, and 5.

The WSAP has 10 Regional Shortage Levels, but since its adoption in 2008, Metropolitan has never declared a shortage level more severe than Regional Shortage Level 3 (which was adopted during the 2014 – 2016 drought emergency). It is also reasonable to assume that should a Level 3 or Level 5 Regional Shortage be implemented, Metropolitan member agencies would initiate various levels of their Water Shortage Contingency Plans that are required by the California Water Code 10632.

Table ES-1 shows the percent of available water supply compared to EMWD's service area demands both with and without the additional FPUD and RMWD demands for each of the three planning scenarios under the different WSAP Regional Shortage Levels. Based on this analysis, EMWD has a regional buffer of up to 22 percent with the addition of FPUD and RMWD. Therefore, under all of the evaluated conditions, based on actual achieved levels of conservation (or projected conservation levels with respect to the 2035 scenario), adequate supplies existed such that no single EMWD retail agency, including RMWD and FPUD, would be subject to the Metropolitan allocation surcharge even at a WSAP Regional Shortage Level 5.

Table ES-1: Wholesaler Supply Availability Under WSAP Without Paying MWD Allocation Surcharges (% of Projected Demand Served)

Scenario	Service Area	Available Water Supply vs. Demand during WSAP Regional Shortage		
		Level 1	Level 3	Level 5
2015 Drought Conditions	Current EMWD Service Area	126.2%	116.3%	106.3%
	<i>With FPUD/RMWD Annexation</i>	<i>122.4%</i>	<i>112.1%</i>	<i>101.8%</i>
Current Day 2019 Conditions	Current EMWD Service Area	122.3%	112.3%	102.4%
	<i>With FPUD/RMWD Annexation</i>	<i>122.7%</i>	<i>112.1%</i>	<i>101.6%</i>
Projected 2035 Conditions ^(a)	Current EMWD Service Area	104.5%	108.1%	105.9%
	<i>With FPUD/RMWD Annexation</i>	<i>103.1%</i>	<i>106.0%</i>	<i>103.1%</i>

(a) 2035 scenario assumes that implementation of water supplier Water Shortage Contingency Plans result in 10 percent conservation in a Level 3 Regional Shortage, and 15 percent conservation in a Level 5 Regional Shortage

Sufficient water to meet demands would be fully available for FPUD and RMWD if their service is provided by EMWD. Furthermore, the WSAP considers all full service MWD demands and does not differentiate between water supply end uses. Therefore, agricultural demands being served by EMWD would experience the same level of reliability as the overall regional demands.⁵

EMWD has also made substantial investments in local projects, and similar to Metropolitan, is able to balance its local and imported supplies to meet wholesale and retail demands. Even during 2015, when Metropolitan initiated the Regional Shortage Level 3, EMWD had additional water available above EMWD’s service area demands and therefore would have been able to accommodate FPUD and RMWD’s demands above their Metropolitan allocation without being subject to any surcharges.

Based on the analysis EMWD performed, FPUD and RMWD are forecasted to experience 100 percent water supply reliability as part of EMWD under current and future conditions and under various water supply allocation scenarios. FPUD and RMWD would also receive the same system reliability as they do currently under SDCWA since the same infrastructure would be used to treat and convey the water into their respective service areas.

Catastrophic Emergency

For the last 20 years SDCWA has been implementing the Emergency Storage Project (ESP). The ESP is a system of new, existing and expanded reservoirs , pipelines and pump stations that will ensure that its member agencies receive a 75% Level of Service during a catastrophic earthquake that severs San Diego County from MWD’s imported water system. SDCWA’s ESP

⁵ Under SDCWA’s Special Agricultural Water Rate (SAWR) program participants are allocated water at the MWD cutback level in exchange for a discount from SDCWA Full Service water rate

manages the risk of seismic events on the San Andreas, San Jacinto and Elsinore faults. Although RMWD has been paying for the ESP through its water rates for over 20 years it is not able to receive ESP service due to a yet to be constructed pump station and appurtenant facilities by SDCWA. It should be noted that SDCWA's planning documents for these facilities indicate that SDCWA will need to use MWD's aqueduct system to make ESP deliveries to both RMWD and FPUD.

Once constructed RMWD's customers would be able to receive ESP water in a catastrophic emergency. RMWD's customers would receive a 75% level of service while RMWD's SAWR customers would be cut at twice the rate of non-SAWR customers (50% cutback compared to 25% for non-SAWR customers). This lower level of reliability is in exchange for the discounted water rate SAWR customers pay and in recognition that in an emergency outdoor irrigation water will be a low priority.

MWD also has an Emergency Response Plan and emergency water storage for its member agencies and their sub-agencies. MWD maintains sufficient storage in its 800,000 acre foot Diamond Valley Lake and other storage reservoirs to provide a similar 75% Level of Service in the event of earthquakes on the San Andreas and San Jacinto earthquake faults that would sever the imported water conveyance system for the State Water Project and Colorado River. The difference between SDCWA and MWD emergency storage programs is the response to a seismic event on the Elsinore Fault in southern Riverside county that disrupts service from MWD's treatment plants, reservoirs and local pipelines. The Elsinore Fault is considered the least active of the 3 earthquake faults and MWD in its Emergency Response Plan intends to complete repairs on those facilities within 14 days of the seismic event and restore service to at least the 75% level. When facilities SDCWA's ESP are completed it expects to provide emergency water for a 75% Level of Service to RMWD customers from the beginning of the seismic event on the Elsinore Fault and the interruption of imported water deliveries. It should be noted however, that the pipelines that connect RMWD to SDCWA's emergency storage in the south have failed repeatedly over the last 10 years where they cross Moosa Creek and are currently being operated under special operating conditions due to the condition of those pipelines. Any significant seismic event that would rupture pipelines to the north would nearly certainly damage SDCWA's pipelines at Moosa Creek.

Rainbow maintains robust storage in our system to handle loss of water from imported sources. Our Morro Reservoir alone holds nearly 450 Acre Feet of water – enough to service the entire service area for weeks in an emergency condition. In an effort to address the reorganization's potential for 14 days with limited or no service in the event of an earthquake on the Elsinore Fault, RMWD signed an MOU with the Fallbrook Public Utility District (FPUD) to receive local water supply during an emergency from its Santa Margarita River Conjunctive Use Project (SMRCUP). FPUD is constructing the SMRCUP in partnership with U.S. Marine Corps Base Camp Pendleton to share local water in the Santa Margarita River through a groundwater storage and recovery project.

While the SMRCUP is designed to be a baseline supply for FPUD and Camp Pendleton, the MOU will allow a portion of this local water to be provided to RMWD in the event of a

catastrophic emergency on the -imported water system, such as an earthquake along the Elsinore Fault. As noted above, RMWD has ample storage to provide service during the anticipated 14 days it will take MWD to effect repairs but due to the unanticipated nature of a catastrophic event the level of storage in RMWD reservoirs may be less than full. Local supply from the SMRCUP will provide an additional layer of water supply reliability to the RMWD service area. Construction of a bi-directional pipeline and groundwater treatment plant is expected to begin in the Fall of 2019 and be operational by 2023. These construction activities and the provision of a new, more reliable water supply will occur as planned under reorganization which will not affect the provision or cost of this service to RMWD customers.

3.0 FINANCING

In California, funding for special districts comes in two distinct types, based on their source (or sources) of revenue: Enterprise Districts and Non-Enterprise Special Districts.

Non-Enterprise Districts deliver services that provide general benefits to entire communities. They are primarily funded by property taxes. Enterprise Districts finance district operations via fees for public service, similar to a business. Under this model, the customers that consume goods or services such as drinking or irrigation water, waste disposal, or electricity, pay a fee. Rates are set by a governing board and there is a nexus between the costs of providing services and the rates customers pay. Sometimes enterprise district may also receive property taxes which comprise a portion of their budget.

The District's accounting system and practices are based upon Generally Accepted Accounting Principles (GAAP) and are kept on an accrual basis. Under the accrual basis, revenues are recognized when earned and expenditures are recognized when a liability is incurred. The District's budget is prepared on a cash basis, which means that projected revenues are recognized when cash is assumed to be received and projected expenses are recognized when cash is disbursed.

The District operates as an enterprise fund, which has a set of self-balancing accounts that record the financial position of each of the District's services. The service funds track revenues from service fees and operating expenses specific to each service. This, in turn, makes each service fund independent and self-sufficient, and also ensures service fees are set to recover only costs associated with the particular service.

Budget adjustments are made if projects or expenditures are needed that fall outside the District's adopted budget. These items are brought to the Board for approval and to appropriate the funds. A mid-year budget update is also provided to the Board each year to update spending trends and identify early any potential shortfalls. The District maintains a balanced budget, which means that sources of funds equals uses of funds. Reserve fund withdrawals, if necessary, provide a source of funds. Likewise deposits to reserves are a use of funds and are unappropriated balances.

Annual Budget Process

Each year, the District develops and adopts a new budget for the upcoming fiscal year. The budgeting process begins in January and starts with the budget message. The budget message establishes the priorities of the District in the next fiscal year and provides department managers guidance on how to prioritize their budget needs.

The capital and operating budget are included in the District's preliminary budget. Once assembled, the preliminary budget is reviewed by the General Manager and staff in a series of meetings. Adjustments are made to the preliminary budget and the revised preliminary budget is reviewed by the RMWD Budget and Finance Committee. Once the Committee's comments are incorporated and the proposed budget developed, budget workshops with the Board, if required, are held. The final proposed budget is then sent to the Board for review. Once Board comments are incorporated into the document, the recommended budget is presented at the board meeting and adopted.

SAN DIEGO LAFCO JURISDICTIONAL CONSULTATION Policy L-107 Form

Completion of this Jurisdictional Consultation Form is necessary if there are jurisdictional issues associated with a pending or future LAFCO application. The purpose of the jurisdictional consultation procedure is to encourage the early identification and resolution of jurisdictional issues and concerns. To assist LAFCO staff in the review of your LAFCO application and to determine whether adequate measures have been taken to identify and resolve issues, please respond to the following questions.

1. What jurisdictional issues pertain to the LAFCO proposal or pending LAFCO action?

- a. Differing development standards between existing and proposed service providers or jurisdictions;
- b. Existing and/or planned land uses and zoning, including densities, community character, and appropriate jurisdictional transition areas;
- c. Existing and/or planned provision of governmental services, including any potential impacts to service levels or financial ability to sustain service levels;

2. What parties (local agencies or organizations) are opposed to the proposed LAFCO action? Otay Water District, San Diego County Water Authority

3. Are there any other local community or governmental concerns associated with the LAFCO proposal or pending LAFCO action: Yes No

Please specify: De minimis fiscal impacts to SDCWA

4. Respond to the following for efforts that have been taken to resolve jurisdictional issues:

a. List the dates of any meetings/discussions held to resolve jurisdictional issues: See Supplemental Information Package

b. List the jurisdictions and organizations that participated in the meetings/discussions: See Supplemental Information Package

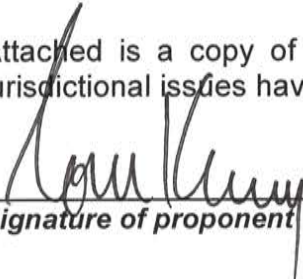
c. What was the outcome of the meetings/discussions: Unfortunately, the San Diego County Water Authority has refused to engage in meaningful discussions

5. If the jurisdictional issues were not resolved, discuss whether additional consultation is needed and a preferred outcome: Absent a willing partner in consultation at the San Diego County Water Authority, it is unclear whether additional consultation could be fruitful
-
6. If the parties resolved the issues associated with the pending or future LAFCO action, then sign the statement (below) and return this form and any applicable agreements that have been reached.

As a representative/proponent of the proposed LAFCO action (e.g., annexation, detachment, sphere change, etc.), I believe the jurisdictional issues associated with this LAFCO proposal:

- have been resolved
 have not been resolved

Attached is a copy of the related agreement or other document demonstrating that jurisdictional issues have been satisfactorily resolved.



Tom Kennedy

Signature of proponent

Print name

760-728-1178

March 18, 2020

Telephone

Date

**San Diego Local Agency Formation Commission
 9335 Hazard Way, Suite 200
 San Diego, CA 92123
 (858) 614-7755**

RESOLUTION NO. 2019-130

A RESOLUTION OF THE BOARD OF DIRECTORS OF EASTERN MUNICIPAL WATER DISTRICT IN SUPPORT OF A PROPOSED REORGANIZATION TO DETACH THE FALLBROOK PUBLIC UTILITY DISTRICT AND RAINBOW MUNICIPAL WATER DISTRICT FROM THE SAN DIEGO COUNTY WATER AUTHORITY AND CONCURRENTLY ANNEX TO EASTERN MUNICIPAL WATER DISTRICT

WHEREAS, Fallbrook Public Utility District (“FPUD”) and Rainbow Municipal Water District (“RMWD”) each provide retail water service within individual areas of service located within San Diego County, California; and

WHEREAS, Eastern Municipal Water District (“EMWD”) provides both retail and wholesale water service within Riverside County, California, and is a member agency of the Metropolitan Water District of Southern California (“Metropolitan”); and

WHEREAS, FPUD and RMWD are wholesale water customers of the San Diego County Water Authority (“SDCWA”), also a member agency of Metropolitan, and are geographically adjacent to EMWD; and

WHEREAS, EMWD and SDCWA each acquire imported water from Metropolitan and make imported water supplies available on a wholesale basis to retail water agencies within their respective service areas; and


WHEREAS, FPUD and RMWD are contemplating the initiation of proceedings with the San Diego Local Agency Formation Commission (“SDLAFCO”) to detach from SDCWA and annex to EMWD for the direct receipt of Metropolitan water deliveries in lieu of water supplies that are currently provided to them by SDCWA; and

WHEREAS, the contemplated detachment and annexation would require conforming sphere of influence amendments; and

WHEREAS, in accordance with California Environmental Quality Act (“CEQA”) Guidelines Section 15378, this proposed action before the Board does not constitute a “project” as defined by CEQA and further environmental review is not required at this time.

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of Eastern Municipal Water District does hereby support FPUD's and RMWD's applications to SDLAFCO to detach from SDCWA, annex to EMWD, amend EMWD's sphere of influence to add the affected territory (i.e., FPUD and RMWD's jurisdictional boundaries), and amend SDCWA's sphere of influence to remove the affected territory.

PASSED, APPROVED, and ADOPTED on December 11, 2019.



Ronald W. Sullivan, President

ATTEST:



Sheila Zelaya, Secretary

(SEAL)



RAINBOW MUNICIPAL WATER DISTRICT BOUNDARY

DESCRIPTION

Prepared by Scott Harry, PE, PLS
KARN Engineering and Surveying
Fallbrook CA

All that certain real property situated in the County of San Diego, State of California, the boundaries more particularly described as follows:

1. Beginning at the common Northerly corner of Section's 3 and 4, T9S, R3W, SBB&M, thence Easterly, along the North line of Section's 3, 2 and 1, T9S, R3W, SBB&M, to the Northeast corner of said Section 1;
2. Thence along the range line between Range 3 West and Range 2 West, SBB&M, to the Northwest corner of Section 6, T9S, R2W, SBB&M;
3. Thence Easterly, along the North line of Section's 6, 5,4 and 3, T9S, R2W, SBB&M, to the North-South centerline of the Northwest $\frac{1}{4}$, of said Section 3;
4. Thence Southerly, along said North-South centerline of the Northwest $\frac{1}{4}$, of Section 3, to the East-West centerline of said Northwest $\frac{1}{4}$, of Section 3;
5. Thence Easterly, along said East-West centerline of the Northwest $\frac{1}{4}$, of Section 3, to the Southwest corner of Assessor Parcel No. 109-391-09;
6. Thence Northerly and Easterly, along the Southerly boundary of Assessor Parcel No. 109-391-02, to the Southwest corner of Assessor Parcel No. 109-391-03;
7. Thence Easterly, along the Southerly boundary and Northerly, along the Easterly boundary of Assessor Parcel No. 109-391-03 to the North line of said Section 3;
8. Thence Easterly, along the North line of said Section 3 and Section 2, T9S, R2W, SBB&M, to the Northeast corner of said Section 2;
9. Thence Southerly, along the East line of said Section 2 and Section 11, T9S, R2W, SBB&M, to the East-West centerline of the Northwest $\frac{1}{4}$, of Section 12, T9S, R2W, SBB&M;

10. Thence Easterly, along said East-West centerline of said Northwest $\frac{1}{4}$, of Section 12, to the North-South centerline of said Northwest $\frac{1}{4}$, of Section 12;
11. Thence Southerly, along said North-South centerline of the Northwest $\frac{1}{4}$, of Section 12, to the East-West centerline of said Section 12;
12. Thence Easterly, along said East-West centerline of Section 12, to the center thereof;
13. Thence Northerly, along the North-South centerline of said Section 12, to the North line thereof;
14. Thence Easterly, along said North line of Section 12, to the Northeast corner thereof;
15. Thence Southerly, along the East line of said Section 12 and Section 13, T9S, R2W, SBB&M, to the Northerly corner of Assessor Parcel No. 109-200-09;
16. Thence Southwesterly, along the Northerly and Westerly boundary of Assessor Parcel No. 109-200-09, to the East-West center line of said Section 13;
17. Thence Westerly, along said East-West center line of Section 13, to the West line thereof;
18. Thence Southerly, along said West line of Section 13, to the East-West center line of the Southeast $\frac{1}{4}$, of Section 14, T9S, R2W, SBB&M;
19. Thence Westerly, along said East-West centerline of the Southeast $\frac{1}{4}$, of Section 14, to the North-South centerline of said Southwest $\frac{1}{4}$, of Section 14;
20. Thence Southerly, along said North-South centerline of the Southeast $\frac{1}{4}$, of Section 14, to the East-West center line of the Southwest $\frac{1}{4}$, of the Southeast $\frac{1}{4}$, of said Section 14;
21. Thence Westerly, along said East-West centerline of the Southwest $\frac{1}{4}$, of the Southeast $\frac{1}{4}$, of Section 14, to the Northwest corner of Assessor Parcel No. 109-160-20;
22. Thence Southerly, along the Westerly boundary and Easterly, along the southerly boundary of Assessor Parcel No. 109-160-20, to said North-South center line of the Southeast $\frac{1}{4}$, of Section 14;
23. Thence Southerly, along said North-South center line of the Southeast $\frac{1}{4}$, of Section 14, to the South line thereof;

24. Thence Westerly, along said South line of Section 14, to the North-South center line of the Southwest $\frac{1}{4}$, of Section 14;
25. Thence Northerly, along said North-South centerline of the Southwest $\frac{1}{4}$, and continuing along the North-South centerline of the Northwest $\frac{1}{4}$, of said Section 14, to the East-West centerline of said Northwest $\frac{1}{4}$, of Section 14;
26. Thence Easterly, along said East-West centerline of the northwest $\frac{1}{4}$, and continuing along the East-West centerline of the Northeast $\frac{1}{4}$, of said Section 14, to the North-South centerline of said Northeast $\frac{1}{4}$, of Section 14;
27. Thence Northerly, along said North-South centerline of the Northeast $\frac{1}{4}$, of Section 14 to the South line of Section 11, T9S, R2W, SBB&M;
28. Thence Westerly, along said South line of Section 11, to the North-South centerline of said Section 11;
29. Thence Northerly, along said North-South centerline of Section 11, to the East-West centerline of the Southwest $\frac{1}{4}$, of said Section 11;
30. Thence Westerly, along said East-West centerline of the Southwest $\frac{1}{4}$, of Section 11, to the North-South centerline of said Southwest $\frac{1}{4}$, of Section 11;
31. Thence Northerly, along the North-South centerline of said Southwest $\frac{1}{4}$, of Section 11, to the East-West centerline of said Section 11;
32. Thence Westerly, along said East-West centerline of Section 11, to the West line thereof;
33. Thence Southerly, along said West line of Section 11, to the Southeast corner of Section 10, T9S, R2W, SBB&M;
34. Thence Westerly, along the South line of said Section 10, to the North-South centerline of the Northeast $\frac{1}{4}$, of Section 15, T9S, R2W, SBB&M;
35. Thence Southerly, along said North-South centerline of the Northeast $\frac{1}{4}$, of Section 15, to the East-West centerline of said Northeast $\frac{1}{4}$, of Section 15;
36. Thence Westerly, along said East-West centerline of the Northeast $\frac{1}{4}$, of Section 15, to the North-South centerline of said Section 15;

37. Thence Northerly, along said North-South centerline of Section 15, to the North line thereof;
38. Thence Westerly, along said North line, to the North-South centerline of the Northwest $\frac{1}{4}$, of said Section 15;
39. Thence Southerly, along said North-South centerline of the Northwest $\frac{1}{4}$, of Section 15, and continuing along the North-South centerline of the Southwest $\frac{1}{4}$, of Section 15, to the South line thereof;
40. Thence Westerly, along said South line of Section 15, and continuing along the North line of Section 21, T9S, R2W, SBB&M, to the North-South centerline of said Section 21;
41. Thence Southerly, along said North-South centerline of Section 21, to the South line thereof;
42. Thence Westerly, along said South line of Section 21, to the North-South centerline of the Southwest $\frac{1}{4}$, of said Section 21;
43. Thence Northerly, along said North-South centerline of the Southwest $\frac{1}{4}$, of Section 21, to the East-West centerline of said Section 21;
44. Thence Westerly, along said East-West centerline of Section 21, to the West line thereof;
45. Thence Southerly, along said West line of Section 21, and continuing along the East line of Section 29, T9S, R2W, SBB&M, to the East-West centerline of the Southeast $\frac{1}{4}$, of said Section 29;
46. Thence Westerly, along said East-West centerline of said Southeast $\frac{1}{4}$, of Section 29, to the North-South centerline of the Southeast $\frac{1}{4}$, of said Southeast $\frac{1}{4}$, of Section 29;
47. Thence Southerly, along said North-South centerline of the Southeast $\frac{1}{4}$, of the Southeast $\frac{1}{4}$, of Section 29, to the East-West centerline of said Southeast $\frac{1}{4}$, of the Southeast $\frac{1}{4}$, of Section 29;
48. Thence Westerly, along said East-West centerline of said Southeast $\frac{1}{4}$, of the Southeast $\frac{1}{4}$, of Section 29, to the North-South centerline of said Southeast $\frac{1}{4}$, of Section 29;
49. Thence Southerly, along said North-South centerline of the Southeast $\frac{1}{4}$, of Section 29, to the South line thereof;

50. Thence Westerly, along said South line of Section 29, to the North-South centerline of Section 32, T9S, R2W, SBB&M;
51. Thence Southerly, along said North-South centerline of Section 32, to the center thereof;
52. Thence Westerly, along the East-West centerline of said Section 32, to the West line thereof;
53. Thence Southerly, along said West line of Section 32, to the East-West centerline of the Southeast $\frac{1}{4}$, of Section 31, T9S, R2W, SBB&M;
54. Thence Westerly, along said East-West centerline of the Southeast $\frac{1}{4}$, of Section 31, to the North-South centerline of said Southeast $\frac{1}{4}$, of Section 31;
55. Thence Northerly, along said North-South centerline of the Southeast $\frac{1}{4}$, of Section 31, and continuing along the North-South centerline of the Northeast $\frac{1}{4}$, of Section 31, to the North line thereof;
56. Thence Westerly, along said North line of Section 31, to the North-South centerline of the Northwest $\frac{1}{4}$, of said Section 31;
57. Thence Southerly, along said North-South centerline of the Northwest $\frac{1}{4}$, of Section 31, to the East-West centerline of said Northwest $\frac{1}{4}$, of Section 31;
58. Thence Westerly, along said East-West centerline of the Northwest $\frac{1}{4}$, of Section 31, to the Northeast corner of Parcel Map No. 2222, recorded January 4, 1974, in the County of San Diego, State of California, as file no. 74-002917 of official records;
59. Thence Southerly, along the East line and Northwesterly, along the South line of said Parcel Map No. 2222, to the West line of said Section 31;
60. Thence along the range line between Range 2 West and Range 3 West, SBB&M, to the East line of Section 36, T9S, R3W, SBB&M;
61. Thence Northerly, along said East line of Section 36, to the Northeast corner thereof;
62. Thence Westerly, along the South line of Section 25, T9S, R3W, SBB&M, to the Northeast corner of Parcel 1, of Parcel Map No. 13703, recorded February 28, 1985, in the County of San Diego, State of California, as file no. 85-066725 of official records;

63. Thence Southerly, along the East line of said Parcel Map No. 13703, to the most Southerly corner of Parcel 4, of said Parcel Map No. 13703;
64. Thence South 56° 47' 51" West, a distance of 30.00 feet to the centerline of "Shearer Crossing", as shown of said Parcel Map No. 13703;
65. Thence Southerly, along said centerline of "Shearer Crossing", to the North line of Map No. 11877, recorded August 11, 1987, in the County of San Diego, State of California, as file no. 87-452916 of official records;
66. Thence Easterly, along the North line and Southerly, along the East line of said Map No. 11877, to the Northwest corner of Assessor Parcel No. 125-100-17;
67. Thence Southerly, along the Westerly boundary of said Assessor Parcel No. 125-100-17, to the Northwest corner of Assessor Parcel No. 125-100-19;
68. Thence Southerly, along the Westerly boundary of said Assessor Parcel No. 125-100-19, to the Easterly boundary of Assessor Parcel No. 125-100-08;
69. Thence Southerly, along said Westerly boundary of Assessor Parcel No. 125-100-08, to the North line of Section 13, T10S, R3W, SBB&M;
70. Thence Westerly, along said North line of Section 13, to the centerline of right-of-way for U.S. Highway 395, as located by the State of California, Department of Public Works Survey of Road X1-SD-77-G, as shown on State Highway Map No. 24, consisting of sheets 1-30, inclusive, on file in the office of the County Recorder of San Diego County as file No. 141886, in Book 4, page 24 of Highway Maps;
71. Thence Southerly, along said centerline, being the survey line lying within the exterior boundaries for right-of-way for U.S. Highway 395, as so located by said State of California, Department of Public Works Survey of Road X1-SD-77-G, as shown on said State Highway Map No. 24, said survey line being identified upon said Highway Map No. 24 by the designation thereon in numerical sequence of engineer's stations 33 + 00-G to 753, to the intersection with the North-South centerline of Section 25, T10S, R3W, SBB&M;
72. Thence radially from said centerline, to the Easterly boundary of Assessor Parcel No. 127-221-21;

73. Thence Northeasterly, along said Easterly boundary of Assessor Parcel No. 127-221-21 and continuing along the Easterly boundary of Assessor Parcel No. 127-221-18 and Assessor Parcel No. 127-221-20 to the North corner of said Assessor Parcel No. 127-221-20;
74. Thence Southwesterly, along the Northerly and Westerly boundary of said Assessor Parcel No. 127-221-20 and continuing along the westerly boundary of Assessor Parcel No's. 127-221-21, 127-221-24, 127-221-28 and 127-221-31 to the westerly corner of said Assessor Parcel No. 127-221-31;
75. Thence Southeasterly, along the Southerly boundary and Northeasterly, along the Easterly boundary of said Assessor Parcel No. 127-221-31 and continuing Northeasterly, along the Southeasterly boundary of Assessor Parcel No. 127-221-28 and continuing along the Easterly boundaries of Assessor Parcel No's. 127-221-06 and 127-221-25 to the Northeasterly corner of said Assessor Parcel No. 127-221-25;
76. Thence Southeasterly, along a line perpendicular to the centerline of said right-of-way for U.S. Highway 395, as located by the State of California, Department of Public Works Survey of Road X1-SD-77-G, to the intersection of said centerline of right-of-way for U.S. Highway 395;
77. Thence Southerly, along said centerline of right-of-way for U.S. Highway 395, as so located by said State of California, Department of Public Works Survey of Road X1-SD-77-G, and continuing southerly along the centerline of said right-of-way for said U.S. Highway 395 as located by State of California, Department of Public Works Survey of Road X1-SD-77-F, as shown of State Highway Map No. 23, consisting of sheets 1-23, inclusive, on file in the office of the County Recorder of San Diego County as File No. 137991, in Book 4, Page 23 of Highway Maps, said centerline of said right-of-way for U.S. Highway 395 being the survey line lying within the exterior boundaries of the right-of-way for said U.S. Highway 395 as so located by said State of California, Department of Public Works Survey of Road X1-SD-77-F as shown on said State Highway Map No. 23, said survey line being identified upon said Highway Map No. 23 by the designation thereon in numerical sequence of engineers' stations 128 to 633 + 00-F, inclusive, to the

- intersection with a line that is parallel and 270.02 feet southerly with the East-West centerline of Section 12, T11S, R3W, SBB&M;
78. Thence Westerly and parallel with said East-West centerline of said Section 12, to the North-South centerline of the Southwest $\frac{1}{4}$ of said Section 12;
 79. Thence Northerly, along the said North-South centerline of said Southwest $\frac{1}{4}$ of Section 12, a distance of 270.02 feet to said East-West centerline of said Section 12;
 80. Thence Westerly, along the East-West centerline of said Section 12 and Section 11, T11S, R3W, SBB&M, to the North-South centerline of the Southwest $\frac{1}{4}$, of said Section 11;
 81. Thence Southerly, along said North-South centerline of the Southwest $\frac{1}{4}$, of Section 11, to the Southeast corner of Parcel Map No. 12187, recorded June 17, 1982, in the County of San Diego, State of California, as file no. 82-187378 of official records;
 82. Thence Westerly, along the South boundary of said Parcel Map No. 12187, to the East line of Section 10, T11S, R3W, SBB&M;
 83. Thence Southerly, along said East line of said Section 10, to the Southeast corner thereof;
 84. Thence Westerly, along the South line of said Section 10, to the North-South centerline of the Southwest $\frac{1}{4}$ of said Section 10;
 85. Thence Northerly, along said North-South centerline of said Southwest $\frac{1}{4}$ of Section 10, to the East-West centerline of said Section 10;
 86. Thence Westerly, along the said East-West centerline of said Section 10, and continuing along the East-West centerline of Section 9, T11S, R3W, SBB&M to the North-South centerline of the Northeast $\frac{1}{4}$ of said Section 9;
 87. Thence Northerly, along said North-South centerline of said Northeast $\frac{1}{4}$ of Section 9, and continuing along the North-South centerline of the Southeast $\frac{1}{4}$ of Section 4, T11S, R3W, SBB&M, to the East-West centerline of said Southeast $\frac{1}{4}$ of Section 4;
 88. Thence Westerly, along said East-West centerline of said Southeast $\frac{1}{4}$ of Section 4, to the North-South centerline of said Section 4;
 89. Thence Northerly, along said North-South centerline of Section 4, to the center thereof;

90. Thence Westerly, along the East-West centerline of said Section 4, to the North-South centerline of the Southwest $\frac{1}{4}$ of said Section 4;
91. Thence Southerly, along the said North-South centerline of said Southwest $\frac{1}{4}$ of Section 4, to the East-West centerline of said Southwest $\frac{1}{4}$ of Section 4;
92. Thence Westerly, along said East-West centerline of said Southwest $\frac{1}{4}$ of Section 4, and continuing along the East-West centerline of the Southeast $\frac{1}{4}$ of Section 5, T11S, R3W, SBB&M, to the North-South centerline of said Section 5;
93. Thence Northerly, along said North-South centerline of said Section 5, to the North line thereof;
94. Thence along the township line between Township 11 South and Township 10 South, SBB&M, to the North-South centerline of Section 32, T10S, R3W, SBB&M;
95. Thence Northerly, along said North-South centerline of said Section 32, to the East-West centerline of the Southwest $\frac{1}{4}$ of said Section 32;
96. Thence Westerly, along said East-West centerline of said Southwest $\frac{1}{4}$ of Section 32, to the West line thereof;
97. Thence Northerly, along said West line of Section 32, to the East-West centerline of Section 31, T10S, R3W, SBB&M;
98. Thence Westerly, along the said East-West centerline of Section 31, to the Northwest corner of Map No. 14585, recorded May 8, 2003, in the County of San Diego, State of California, as file no. 2003-0540540 of official records;
99. Thence Southerly, along the Westerly boundary of said Map No. 14585, to the Southwest corner thereof;
100. Thence Easterly, along the South line of said Map No. 14585, to the North-South centerline of said Section 31;
101. Thence Southerly, along said North-South centerline, of Section 31, to the South line thereof;
102. Thence along the township line between Township 10 South and Township 11 South, SBB&M, to the North-South centerline of said Section 6, T11S, R3W, SBB&M;

103. Thence Southerly, along said North-South centerline of Section 6, to the East-West centerline of the Northeast $\frac{1}{4}$, of the Northwest $\frac{1}{4}$, of Section 6;
104. Thence Westerly, along said East-West centerline of the Northeast $\frac{1}{4}$, of the Northwest $\frac{1}{4}$, of Section 6, to the North-South centerline of said Northeast $\frac{1}{4}$, of the Northwest $\frac{1}{4}$, of Section 6;
105. Thence Southerly, along said North-South centerline of the Northeast $\frac{1}{4}$, of the Northwest $\frac{1}{4}$, of Section 6, to the East-West centerline of the Northwest $\frac{1}{4}$, of said Section 6;
106. Thence Westerly, along said East-West centerline of the Northwest $\frac{1}{4}$, of Section 6, to the North-South centerline of said Northwest $\frac{1}{4}$, of Section 6;
107. Thence Southerly, along said North-South centerline of the Northwest $\frac{1}{4}$, of Section 6, to the East-West centerline of said Section 6;
108. Thence Westerly, along the said East-West centerline of Section 6, to the West line thereof;
109. Thence Northerly, along said West line of Section 6, to the Southwest corner of Assessor Parcel No. 170-020-09;
110. Thence Northeasterly, along the Southerly boundary and Northerly, along the East boundary, of said Assessor Parcel No. 170-020-09, to the North line of said Section 6;
111. Thence along the township line between Township 11 South and Township 10 South, SBB&M, to the Southwest corner of Assessor Parcel No. 126-260-18;
112. Thence Northerly, along the West boundary of said Assessor Parcel No. 126-260-18, to the East-West centerline of the Southwest $\frac{1}{4}$, of Section 31, T10S, R3W, SBB&M;
113. Thence Westerly, along said East-West centerline of the Southwest $\frac{1}{4}$, of Section 31, to the West line thereof;
114. Thence along the range line between Range 3 West and Range 4 West, SBB&M, to the East line of Section 36, T10S, R4W, SBB&M;
115. Thence Southerly, along said East line of Section 36, to the Southeast corner of Assessor Parcel No. 122-130-03;

116. Thence Westerly, along the Southerly boundary of said Assessor Parcel No. 122-130-03, to the North-South centerline of the Southeast $\frac{1}{4}$, of said Section 36;
117. Thence Northerly, along said North-South centerline of the Southeast $\frac{1}{4}$, of Section 36, to the East-West centerline of said Section 36;
118. Thence Westerly, along said East-West centerline of Section 36, to the center thereof;
119. Thence Northerly, along the North-South centerline of said Section 36, to the North line thereof;
120. Thence Westerly, along said North line of Section 36, to the Northeast corner of Assessor Parcel No. 122-130-32;
121. Thence Southerly, along the East boundary of said Assessor Parcel No. 122-130-32 and continuing Southerly, along the East boundary of Assessor Parcel No. 122-130-33 and Assessor Parcel No. 122-130-37, to the South line of said Section 36;
122. Thence Westerly, along said South line of Section 36, to the Southwest corner thereof;
123. Thence Northerly, along the West line of said Section 36 and Section 25, T10S, R4W, SBB&M, to the East-West centerline of said Section 25;
124. Thence Easterly, along said East-West centerline of Section 25, to the North-South centerline of the Northwest $\frac{1}{4}$, of said Section 25;
125. Thence Northerly, along said North-South centerline of the Northwest $\frac{1}{4}$, of Section 25, to the North line thereof;
126. Thence Westerly, along said North line of Section 25, to the Northwest corner thereof;
127. Thence Northerly, along the West line of Section 24, T10S, R4W, SBB&M, to the East-West centerline of said Section 24;
128. Thence Easterly, along said East-West centerline of Section 24, to the North-South centerline of the Northwest $\frac{1}{4}$, of said Section 24;
129. Thence Northerly, along said North-South centerline of the Northwest $\frac{1}{4}$, of Section 24, to the East-West centerline of said Northwest $\frac{1}{4}$, of Section 24;
130. Thence Westerly, along said East-West centerline of the Northwest $\frac{1}{4}$, of Section 24, to the Northwest corner of lot 7, of Map No. 8997, recorded October 6, 1978, In the County of San Diego, State of California, as file no. 78-427458 of official records;

131. Thence Southerly and Southwesterly, along the Northwest boundary of said Map No. 8997, to the Southeast corner of Assessor Parcel No. 121-201-12;
132. Thence Southwesterly, Northwesterly, Northerly and Northeasterly, along the boundary of said Assessor Parcel No. 121-201-12, to the West line of said Section 24;
133. Thence Northerly, along said West line of Section 24, to the Northeast corner of Section 23, T10S, R4W, SBB&M;
134. Thence Westerly, along the North line of said Section 23, to the Easterly line of the Rancho Santa Margarita y Las Flores, as delineated on Map in Book 7, Page 39, of Patents, Records of San Diego County;
135. Thence Northerly, along said Easterly line of said Rancho Santa Margarita y Las Flores, to the South line of Section 2, T10S, R4W, SBB&M;
136. Thence Easterly, along said South line of Section 2, to the Southeast corner thereof;
137. Thence Southerly, along the West line of Section 12, T10S, R4W, SBB&M, to the Southwest corner of the Northwest $\frac{1}{4}$, of the Southwest $\frac{1}{4}$, of said Section 12;
138. Thence Easterly, along the northerly line of the Southwest $\frac{1}{4}$, of the Southwest $\frac{1}{4}$ of said Section 12, to the Northeast corner thereof;
139. Thence Southerly, along the East line of said Southwest $\frac{1}{4}$, of the Southwest $\frac{1}{4}$ of Section 12, to the Southeast corner thereof;
140. Thence Easterly along the South line of said Section 12, to the North-South centerline of said Section 12;
141. Thence Northerly, along said North-South centerline of Section 12, to the Southwest Corner of Assessor Parcel Number 121-062-04;
142. Thence South 89°53'40" East 640.19 feet;
143. Thence North 00°09'02" East 298.00 feet;
144. Thence South 89°53'40" East 679.66 feet;
145. Thence North 00°09'02" East 663.89 feet to the Northeast corner of the Northwest $\frac{1}{4}$, of the Southeast $\frac{1}{4}$ of said Section 12;
146. Thence Easterly, along the East-West centerline of said Section 12 to the West line of Section 7, T9S, R3W, SBB&M;

147. Thence Easterly, along the East-West centerline of said Section 7, to the East line of the Westerly 20 acres of the East Half of the Northwest Quarter of said Section 7;
148. Thence Northerly along said East line to the Southerly line of Parcel 1 of Parcel Map No. 7797;
149. Thence Southeasterly along said Southerly line South $50^{\circ}11'10''$ East, a distance of 148.54 feet to the southeast corner of said Parcel 1;
150. Thence Northerly along the East line thereof, North $00^{\circ}12'10''$ East, a distance of 711.61 feet to the northeast corner of said Parcel 1;
151. Thence Westerly along the North line of said Parcel 1, South $88^{\circ}38'20''$ West, a distance of 113.78 feet to the East line of the Westerly 20 acres of the East Half of the Northwest Quarter of said Section 7;
152. Thence Northerly along said East line to a line South of and parallel to the North Section line of said Section 7;
153. Thence Easterly along said south line to the North and South centerline of said Section 7;
154. Thence North along said North and South centerline of said Section 7 a distance of 10 feet to the South line of lot 55 of the subdivision of Tract "D" of the partition of Monserate Rancho, according to Map thereof, No. 821, filed in the office of County Recorder of the County of San Diego on September 25, 1896;
155. Thence Easterly along the South line of lots 55, 56 and 57 of said Subdivision of Tract "D" to the East line of lot 57;
156. Thence Northerly along said East line to the South line of lot 47 of said Subdivision of Tract "D";
157. Thence Easterly along said South line of lot 47 to the West line of lot 59 of said Subdivision of Tract "D";
158. Thence Southerly along said West line to the South line of said lot 59;
159. Thence Easterly along the South lines of lots 59 and 60 of said Subdivision of Tract "D" to the Easterly line of said Subdivision of Tract "D" of the Partition of Monserate Rancho;

160. Thence Northwesterly along said Easterly line of said Subdivision of Tract "D" to the South line of Ray Gird Peters land as per Book 1019, Page 261 of Deeds;
161. Thence Easterly, along said South line of Ray Gird Peters land to a line which is distant 3,000 feet easterly at right angles from said Easterly line of said Subdivision of Tract "D";
162. Thence along said line distant 3,000 feet easterly at right angles from said Easterly line of said Subdivision of Tract "D", North 12°33'06" West 902.02 feet;
163. Thence South 89°34'34" West 1,123.93 feet;
164. Thence North 15°20'00" West 84.61 to the beginning of a tangent 150.00 foot radius curve concave Easterly;
165. Thence Northerly along said curve 80.85 feet;
166. Thence on a tangent from said curve North 15°33'00" East, 212.86 feet to the beginning of a tangent 360.00 foot radius curve concave Westerly;
167. Thence Northerly along said curve 46.32 feet to the end thereof;
168. Thence South 62°01'00" West 889.50 feet;
169. Thence South 89°34'34" West 204.77 feet to a line which is distant 1,000 feet Easterly at right angles from said Easterly line of Subdivision of Tract "D";
170. Thence North 12°33'06" West 484.64 feet;
171. Thence North 61°35'40" East 884.64 feet;
172. Thence North 89°50'11" East 783.66 feet;
173. Thence North 42°10'00" East 469.66 feet to a line which is distant 3,000 feet Easterly at right angles from said Easterly line of Subdivision Tract "D";
174. Thence parallel with said Easterly line of the Subdivision of Tract "D", North 12°33'06" West 554.10 feet to the North line of Ray Gird Peters land as per Book 1019, Page 261 of Deeds;
175. Thence Westerly along said North line to a line which is distant 1,500 feet Easterly at right angles from said Easterly line of Subdivision Tract "D";
176. Thence Northerly along the Westerly line of Parcel 4 as shown on a Parcel Map filed in Book of Parcel Maps at Page 7314 in the office of County Recorder of San Diego County on May 25, 1978 and parallel with said Easterly line of the Subdivision of Tract "D" North

- 12°34'07" West 248.83 feet to the beginning of a tangent 200 foot radius curve concave Southeasterly;
177. Thence Northerly along said curve through a central angle of 61°02'44" a distance of 213.09 feet to a tangent line;
 178. Thence tangent to said curve, North 48°28'37" East 100.00 feet;
 179. Thence North 40°40'14" West 776.33 feet to the northerly line of Parcel 3 of said Parcel Map No. 7314;
 180. Thence along the Northwesterly line thereof North 48°28'37" East 200.00 feet to a line which is distant 1,500 feet Easterly at right angles from said Easterly line of Subdivision of Tract "D";
 181. Thence Northerly and parallel with said Easterly line of the Subdivision of Tract "D" to the Easterly line of Record of Survey No. 3832;
 182. Thence along the Easterly line thereof, North 13°10'22" East 955.78 feet to a line which is parallel with the North line of Tract "B", of the partition of the Monserate Rancho, said line to have as a point of beginning, South 12°33'06" East 1,320 feet from the Northwest corner of said Tract "B";
 183. Thence Westerly along said parallel line, North 89°47'45" West 644.27 feet;
 184. Thence North 00°10'44" East, 644.26 feet;
 185. Thence North 89°47'45" East, 310.70 feet;
 186. Thence South 00°10'44" West, 644.39 feet to said parallel line;
 187. Thence Westerly along said parallel line North 89°49'16" West to a line parallel with said Easterly line of the Subdivision of Tract "D";
 188. Thence Northerly, along said parallel line to a point 100 feet southerly from the Southwest corner of the Southeast Quarter of the Southeast Quarter of Section 29, T9S, R3W, SBB&M;
 189. Thence in a Northeasterly direction to a point in the South line of said Section 29, 100 feet East of the Southwest corner of the Southeast Quarter of the Southeast Quarter of said Section 29;

190. Thence Easterly, along said South line to the Southeast corner of said Section 29 and continuing Easterly along the South line of Section 28, T9S, R3W, SB B&M, to the East line of the West Half of the Southwest Quarter of the Southwest Quarter of said Section 28;
191. Thence Northerly, along the East line of said West Half of the southwest Quarter of the Southwest Quarter to the South line of the North Half of the Southwest Quarter of said Section 28;
192. Thence Easterly, along said South line to the East line of the West Half of the Southwest Quarter of the Southwest Quarter of said Section 28 to the Westerly boundary of Live Oak Park, as per Book 1088, Page 15 of Deeds;
193. Thence Northerly, along said Westerly boundary and continuing Northerly along the centerline of County Road Survey No. 820 to a point that bears South 57°34'00" East from the Northerly corner of Parcel 1 as shown on a Parcel Map filed in Book of Parcel Maps at page 12476 in the office of the County Recorder of San Diego County on December 16, 1982;
194. Thence North 57°34'00" West to said Northerly corner of Parcel 1;
195. Thence South 41°53'40" West, 204.45 feet;
196. Thence South 42°25'00" West, 326.59 feet;
197. Thence South 34°03'40" West, 450.02 feet to said South line of the North Half of the Southwest Quarter of said Section 28;
198. Thence Westerly, along said South line to the Southeast corner of the Northeast Quarter of the Southeast Quarter of Section 29, T9S, R3W, SBB&M;
199. Thence Northerly, along East line of the Southeast Quarter of said Section 29 to a point distant 237.70 feet from the East Quarter corner of said Section 29;
200. Thence North 64°37'22" West, 329.88 feet;
201. Thence North 55°32'55" West, 108.45 feet;
202. Thence North 24°56'23" East, 41.65 feet to the North line of the Northeast Quarter of the Southeast Quarter of said Section 29;

203. Thence Easterly, along said North line South $89^{\circ}34'00''$ East 369.55 feet to the Northeast corner of the Northeast Quarter of the Southeast Quarter of said Section 29;
204. Thence Northerly, along the East line of said Section 29 North $00^{\circ}05'30''$ East 401.00 feet;
205. Thence North $25^{\circ}01'30''$ West 149.44 feet;
206. Thence North $58^{\circ}48'00''$ West 333.50 feet;
207. Thence North $50^{\circ}27'20''$ East 201.40 feet;
208. Thence North $07^{\circ}27'40''$ East 187.20 feet to a point on a 500 foot radius curve concave Northerly;
209. Thence Southeasterly along said curve 59.27 feet;
210. Thence tangent to said curve, South $69^{\circ}09'30''$ East 123.90 feet to the East line of said Section 29;
211. Thence along the East line of said Section 29, North $00^{\circ}05'30''$ East, 1,708.15 feet to the Northeast corner of said Section 29;
212. Thence West along the South line of Section 20, T9S, R3W, SBB&M to the East line of the West Half of the Southeast Quarter of the Southeast Quarter of said Section 20;
213. Thence North along said East line to the North line of the Southeast Quarter of the Southeast Quarter of said Section 20;
214. Thence West along said North line to the East line of the West Quarter of the East Half of the East Half of said Section 20;
215. Thence along said East line of the Quarter of the East Half of the East Half of said Section 20 to the Northwest corner of Assessor Parcel Number 105-650-34;
216. Thence along the Northerly boundary of said Assessor Parcel Number 105-650-34 to the Southwest corner of Assessor Parcel Number 105-690-44;
217. Thence North $00^{\circ}10'00''$ East 291.58 feet;
218. Thence North $78^{\circ}58'30''$ West 114.68 feet;
219. Thence North $13^{\circ}33'40''$ East 369.96 feet to a point on the South line of the North Half of the Southeast Quarter of the Northeast Quarter of said Section 20, 423.63 feet

- Easterly of the Northwest corner of the South Half of the Southeast Quarter of the Northeast Quarter of said Section 20;
220. Thence East along said South line to the West line of Section 21, T9S, R3W, SBB&M;
 221. Thence North along said West line to the South line of the North Half of the Northwest Quarter of said Section 21;
 222. Thence East along said South line to the Southwest corner of Assessor Parcel Number 105-190-27;
 223. Thence North $00^{\circ}01'10''$ West 265.00 feet;
 224. Thence North $32^{\circ}29'45''$ East 176.29 feet to the North line of the South 413 feet of the Northeast Quarter of the Northwest Quarter of said Section 21;
 225. Thence North $00^{\circ}01'10''$ West 335.26 feet;
 226. Thence North $51^{\circ}44'40''$ East 461.45 feet;
 227. Thence North $00^{\circ}01'10''$ West 316.82 feet to a point on the North line of said Section 21, distant Easterly 647.3 feet from the Northwest corner of the Northeast Quarter of the Northwest Quarter of said Section 21;
 228. Thence Easterly along said North line to the Northeast corner of Parcel 1 as shown on a Parcel Map filed in Book of Parcel Maps at page 15361 in the office of the County Recorder of San Diego County on September 8, 1988;
 229. Thence South $21^{\circ}12'48''$ West 334.62 feet;
 230. Thence South $21^{\circ}01'50''$ East 72.11 feet;
 231. Thence South $73^{\circ}09'20''$ East 126.49 feet;
 232. Thence South $21^{\circ}57'00''$ West 312.18 feet to the beginning of a tangent 300 foot radius curve concave Northwesterly;
 233. Thence Southwesterly along said curve through a central angle of $31^{\circ}13'00''$ a distance of 163.76 feet;
 234. Thence tangent to said curve, South $53^{\circ}09'54''$ West 241.28 feet;
 235. Thence South $60^{\circ}17'00''$ East 486.22 feet;
 236. Thence South $55^{\circ}52'30''$ West 272.51 feet to the South line of the Northwest Quarter of the Northeast Quarter of said Section 21;

237. Thence along said South line, South 89°24'26" West 143.56 feet to the Southwest corner of the Northwest Quarter of the Northeast Quarter of said Section 21;
238. Thence along the North and South centerline of said Section 21, South 00°03'44" East to the Centerline of a road known as Ridge Drive, being 676.01 feet from the center of said Section 21;
239. Thence South 30°45'50" West 103.77 feet to the beginning of a tangent 500 foot radius curve concave Easterly;
240. Thence Southerly along said curve through a central angle of 23°53'34" a distance of 208.50 feet;
241. Thence radial to said curve, North 83°07'44" West 30.00 feet to the Westerly line of said road known as Ridge Drive;
242. Thence along said Westerly line, South 06°52'16" West 398.50 to a point on the Southerly line of the Southeast Quarter of the Northwest Quarter of said Section 21;
243. Thence along said Southerly line North 89°39'59" East 30.24 feet to the Centerline of said Ridge Drive;
244. Thence South 06°52'16" West 42.28 feet to the beginning of a tangent 224.77 foot radius curve concave Northeasterly;
245. Thence Southerly along said curve through a central angle of 84°01'25" a distance of 329.62 feet to the North and South Centerline of said Section 21;
246. Thence South along said North and South Centerline of said Section 21 to the Southwest corner of the Northwest Quarter of the Southeast Quarter of said Section 21;
247. Thence along the South line of the North Half of the Southeast Quarter of said Section 21 to a point that is South 89°58'10" West 384.00 feet from the Southeast corner of the Northeast Quarter of the Southeast Quarter of said Section 21;
248. Thence North 02°26'08" East 430.64 feet;
249. Thence North 15°31'27" East 373.63 feet;
250. Thence North 05°28'39" East 298.93 feet;
251. Thence North 23°52'34" West 298.45 feet to Southerly line of the Northeast Quarter of said Section 21;

252. Thence along said Southerly line, North 89°44'39" East 340.27 feet to the Southeast corner of the Northeast Quarter of said Section 21;
253. Thence Northerly along the East line of said Section 21 and the East line of Section 16, T9S, R3W, S.B.B.&M., to the Southwest corner of Section 15, T9S, R3W, S.B.B.&M.;
254. Thence East along the South line of said Section 15, to the Southeast corner of the Southwest Quarter of the Southeast Quarter of said Section 15;
255. Thence North along the East line of said Southwest Quarter of the Southeast Quarter of Section 15 to the intersection with the Survey line for Route 3, Mission Road, 1-C as located by the San Diego County Highway Commission, on file in the office of the County Recorder of San Diego County as File No. 115928, Map No. 356, of Miscellaneous Maps;
256. Thence Westerly along said Survey line to the intersection with the southerly prolongation of the Easterly boundary of land described in deed to Max W. Anderson recorded in Book 5012, Page 470 of San Diego County Official Records October 9, 1953;
257. Thence North 47°47'40" East 160.06 feet to a point as described in said deed;
258. Thence North 08°15'40" East 307.26 feet to a point as described in said deed;
259. Thence South 89°30'50" West 398.21 feet to the Northwest corner of said Southwest Quarter of the Southeast Quarter of said Section 15;
260. Thence Northerly along the North and South Centerline of said Section 15 to the Southwest corner of the Southwest Quarter of the Northeast Quarter of said Section 15;
261. Thence Easterly along the Southerly line of said Southwest Quarter of the Northeast North 89°01'00" East 1,463.18 feet to the Southeast corner thereof;
262. Thence Northerly along the Easterly line of said Southwest Quarter of the Northeast Quarter of Section 15, North 02°11'00" East 1,354.51 feet to the Northeast corner thereof;
263. Thence Westerly along the Northerly line of said Southwest Quarter of the Northeast Quarter of Section 15 to the Northwest corner thereof;
264. Thence Northerly along the East line of the Northeast Quarter of the Northwest Quarter of said Section 15, North 02°50'40" East to the Southeast corner of the Southwest Quarter of Section 10, T9S, R4W, S.B.B.&M.;

265. Thence Northerly along the East line of the Southwest Quarter of said Section 10 to the Northeast corner of the Southeast Quarter of the Southwest Quarter of said Section 10;
266. Thence North $40^{\circ}01'12''$ West 588.02 feet;
267. Thence North $52^{\circ}21'29''$ West 992.60 feet;
268. Thence South $43^{\circ}04'26''$ West 144.10 feet;
269. Thence North $68^{\circ}56'22''$ West 209.22 feet;
270. Thence South $73^{\circ}41'15''$ West 211.53 feet;
271. Thence South $75^{\circ}13'39''$ West 247.35 feet to the beginning of a curve concave Northerly having a radius of 150 feet;
272. Thence Westerly 51.97 feet along said curve through a central angle of $19^{\circ}51'02''$;
273. Thence North $84^{\circ}55'20''$ West 22.73 feet to the beginning of a curve concave Southerly having a radius of 450 feet;
274. Thence Westerly 103.82 feet along said curve through a central angle of $13^{\circ}13'09''$;
275. Thence South $81^{\circ}51'31''$ West 16.76 feet to the beginning of a curve concave Southerly having a radius of 700 feet;
276. Thence Westerly 212.69 feet along said curve through a central angle of $17^{\circ}24'32''$;
277. Thence South $64^{\circ}26'59''$ West 609.48 feet to a point on the West line of said Section 10 that is North $05^{\circ}02'09''$ East 2,080.00 feet from the Southwest corner of said Section 10;
278. Thence Northerly along the West line of said Section 10 and the East line of Section 9, T9S, R3W, S.B.B.&M. and the East line of Section 4, T9S, R3W, S.B.B.&M. to the common Northerly corner of Section 3, T9S, R3W, S.B.B.&M. and said Section 4, being the point of beginning.

EXCEPTING and excluding from the foregoing territory the following described territory.

Excepting therefrom, the Southeast Quarter of the Northwest Quarter of Section 2, T9S, R2W, S.B.B.&M.

Also excepting therefrom, Assessor Parcel No. 125-063-02, Assessor Parcel No. 125-063-09, Assessor Parcel No. 125-063-10 and Assessor Parcel No. 125-100-10

