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October 3, 2019

Keene Simonds, Executive Officer
San Diego Local Agency Formation Commission
Subdivision of the State of California, Regional Service Planning
9335 Hazard Way, Suite 200
San Diego, CA 92123

Dear Mr. Simonds:

The City of Escondido would like to recommend 5 specific changes prior to adoption of the Final Report on the Municipal Services Review of the Escondido Region, Part 1. This Report was presented to you in August and made available for public review in recent weeks. The City has participated in this process but we believe these changes add clarity and accuracy to the Final Report.

1. The Report currently states, at Page 21 – “Rincon del Diablo MWD should continue its efforts to secure recycled water supplies to meet existing and future demands within the District. This includes - ideally further partnering with the City of Escondido in the agencies' shared investment in recycled water as an effective means to reduce potable production needs.”

We would like to recommend that this section be re-worded as follows:

Rincon del Diablo MWD should continue efforts to encourage the production and use of recycled water, including further partnering with the City of Escondido on the significant investments being made in recycled water production.

2. The Report currently states, at Page 21 – “Rincon del Diablo MWD should consider adopting its own response standards for fire protection and emergency medical services to clarify the District's performance expectations and inform additional service planning in collaboration with its contract provider, City of Escondido.”

By way of background, we would like to point out that functional consolidation of emergency services has occurred to the point that the City and District jurisdiction are regarded the same operationally. Fire department station locations and resource assignments maximize the effectiveness of the Escondido Fire Department with no delineation between

the service areas of the City and the District. Response time performance for priority calls are evaluated within the entire, combined jurisdictional area of both the City and District. It would be contrary to the intent of the original agreement for Rincon del Diablo MWD to adopt different response standards.

Therefore, we recommend the current language be re-worded as follows:

In the interest of clarifying the District's own performance expectations and informing additional service planning for the future, Rincon del Diablo MWD should consider adopting the City's responds standards for fire protection and emergency medical services as standards for the entirety of the jurisdiction of the District and the City.

- 3) The Report currently states, at Page 26 – "Rincon del Diablo MWD's potable water supplies are entirely drawn by contract from the San Diego County Water Authority."

We believe this statement needs to be clarified for accuracy, and therefore would suggest it be re-worded as follows:

Rincon del Diablo MWD's potable water supplies are entirely drawn by contract from the San Diego County Water Authority, and within the ID-A section of the Rincon service area, such water is provided from the Escondido water treatment plant via City water mains.

- 4) The Report currently states, at Page 28 – "The agreement with the City of Escondido has proven reliable to date in providing Rincon del Diablo MWD adequate supplies to meet recycled water demands within the District. However, the agreement only guarantees an annual amount of recycled water presently equal to less than one-fifth of the District's average annual demand during the five-year report period. The lack of additional supply guarantees leaves Rincon del Diablo MWD's investment in recycled water susceptible to shortfalls going forward and merits remedy and ideally through an expanded agreement with Escondido."

By way of background, all of Rincon del Diablo MWD recycled water is provided under the auspices of the 1999 agreement, which prices recycled water on a specified formula and the Consumer Price Index. The 1999 agreement pre-dates Proposition 218, and also pre-dates the Agreements under which Rincon del Diablo provides the bulk of the recycled water to a

local power plant. Thus, we recommend this paragraph to be reworded as follows:

The agreement with the City of Escondido has proven reliable to date in providing Rincon del Diablo MWD adequate supplies to meet recycled water demands within the District. However, this 1999 agreement pre-dates contemporary realities affecting the use, pricing and quantity of recycled water provided by the City to the District. The price structure of the 1999 agreement now yields insufficient revenue to support treatment expansion by the City to support Rincon demand. The agreement only guarantees an annual amount of recycled water presently equal to less than one-fifth of the District's average annual demand during the five-year report period. The lack of additional supply guarantees leaves Rincon del Diablo MWD's investment in recycled water susceptible to shortfalls going forward and merits remedy, ideally through an updated agreement with Escondido.

- 5) Finally, we would respectfully request that the Commission consider one additional recommendation.

By way of background, the Fire Service agreement between the City and Rincon del Diablo MWD requires that certain revenues of Rincon would be paid to the City. In addition to mitigation fees to pay for capital improvements required due to growth, these revenues included a portion of property tax revenues received by Rincon and the proceeds from a benefit assessment tax to pay for the operations of the Fire Department. The benefit assessment tax was set at \$72 per dwelling unit and \$47 per unimproved lot within IDE, however, there was no increase factor applied to these amounts. During the thirty years subsequent to this agreement, the benefit assessment has remained the same while inflationary forces have driven up the cost for personnel, supplies and equipment. This issue has been raised over the years beginning in 2006 and there have been several studies commissioned over the years by both the City and Rincon del Diablo Municipal Water District, however, no conclusions or plans for remedy have been made.

Therefore, we propose an additional recommendation that would read along these lines:

It is recommended that the City and the District conduct mutual studies and reach agreement on a sustainable means for covering

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District financial responsibilities for the full range of fire and emergency services provided by the Escondido Fire Department.

Thank you for your consideration of these additional changes.

Sincerely,



Jeffrey R. Epp
City Manager

cc: Michael McGuinness, City Attorney
Rick Vogt, Fire Chief
Christopher McKinney, Director of Utilities
Bill Martin, Director of Community Development
Clint Baze, Interim General Manager of Rincon del Diablo Municipal Water District