May 29, 2020

Keene Simonds
San Diego LAFCO
9335 Hazard Way, Suite 200
San Diego, CA  92123

Dear Mr. Simonds:

San Diego Local Agency Formation Commission – County Service Area No. 137
Formation (CO20-06 et al.)

On June 1, 2020, (Item #6a), the San Diego Local Agency Formation Commission (LAFCO) will consider a change of organization proposal filed by resolution from the County of San Diego concerning the formation of County Service Area (CSA) No. 137.

In September 2019, the County of San Diego (County) entered into an agreement to purchase the Live Oak Springs Water Company (Water Company). The Water Company is a small, privately-owned water system serving approximately 300 people in the community of Boulevard, located southeast of San Diego county. The water system serves 92 residential connections and two commercial connections. The system consists of approximately two miles of buried water mains, one groundwater well and pump, and three 20,000-gallon water storage tanks.

In December 2013, the Water Company’s owner filed for bankruptcy protection and shortly thereafter, the United States Bankruptcy Court (Court) appointed a trustee to administer and manage the estate. For several years, the trustee attempted unsuccessfully to locate a buyer for the Water Company. With no viable buyers and the failing water system presenting public health and safety risks to the community, the County agreed to purchase the Water Company. In December 2019, the County Board of Supervisors established appropriations of $2,700,000 to provide funding for necessary repairs and improvements to the degraded water system infrastructure.

In March 2020, the Court approved the County’s purchase of the Water Company. However, for the sale to close, the County must: (1) secure approval from the California Public Utilities Commission, a process that is currently underway; and (2) form a County Service Area (CSA) to enable the County to assume domestic water service responsibilities for the local community and adopt service rates. If LAFCO approves the formation of CSA No. 137, County staff will then present proposed water rates through a fee ordinance to the County Board of Supervisors.
The County supports the recommendation and proposed terms of LAFCO staff to approve the proposed change of organization to form CSA No. 137 (CO20-06 et al.). The formation of CSA No. 137 shall ensure that essential infrastructure is available to provide safe and reliable water service for the affected territory.

Should you have any questions, please contact me (858) 694-2212 or William Morgan, Deputy Director. Mr. Morgan’s contact information is: William.Morgan@sdcounty.ca.gov or (858) 694-3087.

Sincerely,

Brian Albright

BRIAN S. ALBRIGHT
DIRECTOR
County of San Diego,
Department of Public Works