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Refer To File # 501668-0005

**VIA EMAIL: KEENE.SIMONDS@SDCOUNTY.CA.GOV
AND FIRST CLASS MAIL**

August 27, 2020

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

Re: Recent Comments by Gary Croucher, President of
Otay Water District/Vice Chair SDCWA Board of Directors

Dear Mr. Simonds:

This is to comment on the recent statements by Mr. Croucher to the Commission and at the LAFCO Advisory Committee meeting of August 3, 2020, and contained in the records of the pending reorganization proceedings as a result.

Mr. Croucher's comments included the following statement: "No one disputes that these [Fallbrook Public Utility District and Rainbow Municipal Water District] are troubled retail agencies." He then stated that one or both agencies had "internal management issues." He indicated that he was making this statement after having reviewed the record of previous proceedings at LAFCO that occurred over five years ago involving other proposals and was urging that staff and Commissioners take the time to review the previous proceeding.

Rather than responding in kind to Mr. Croucher, this letter is intended to simply set the record straight.

First of all, the previous proceeding was unrelated to the current proceedings and resulted in the Commission rejecting the staff's strong recommendation that Rainbow Municipal Water District be dissolved and its territory be merged into Fallbrook Public Utility District. That vote came after the chair of the Commission stated that the situation was one in which a "solution was in search of a problem."

As you have stated repeatedly, the Ad Hoc Committee is to assist in fulfilling the Commission's Policy L-107 and to assist LAFCO staff in analyzing these current applications so that staff may make appropriate recommendations to the Commission on these current applications. Further, the issues involved in the current applications as you, your staff, and the Ad Hoc Committee have identified them are threefold: (1) water supply reliability, (2) rate payer impacts, and (3) what, if any, true-ups in financial assets and liabilities need to be addressed.

The proceedings before LAFCO previously do not provide any insight to these three issues. Those prior proceedings are irrelevant and have no bearing on these current proceedings. To think otherwise would be akin to reading the sports section in a five year old newspaper to see what the temperatures will be this coming September.

Currently, with respect to Mr. Croucher's comments about Rainbow Municipal Water District, one would only need to look to the fact that Rainbow Municipal Water District recently was determined to be a District of Distinction by the Special District Leadership Foundation. The Foundation, a Sacramento-based statewide component of the California Special District Association, states its mission is "To promote and recognize excellence in the governance and management of special districts."

While Rainbow Municipal Water District has no problem with anyone reading the records regarding the failed merger, it is simply not germane to these proceedings; and the focus of all involved in the current process should remain on the three issues you and the Ad Hoc Committee have identified. In fact, similar to the more recent recognition as a District of Distinction, Rainbow Municipal Water District has also received the Foundation's Transparency Certificate of Excellence, awarded every other year, in 2015, 2017, and 2019.

Today Rainbow Municipal water District is certainly not a "troubled retail agenc[y]" with "internal management issues."

Please provide a copy of this correcting communication to the Commission.

Sincerely,



Lloyd W. Pellman
Nossaman LLP

LWP:ls

cc: Via email:
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