



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the General Manager

March 1, 2021

Via Electronic Mail Only

Mr. Keene Simonds, Executive Officer
Mr. Robert Barry, Project Manager
San Diego Local Agency Formation Commission
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***Proposals by Rainbow Municipal Water District and Fallbrook Public Utility District,
Reference Nos. RO20-04 and RO20-05***

Dear Mr. Simonds and Mr. Barry:

The Metropolitan Water District of Southern California (Metropolitan) reviewed the San Diego County Water Authority (SDCWA) response, dated February 22, 2021, to the questions posed by the San Diego Local Agency Formation Commission (SDLAFCO) regarding the proposal by Rainbow Municipal Water District (Rainbow) and Fallbrook Public Utility District (Fallbrook) to detach from SDCWA and attach to Eastern Municipal Water District (Eastern). Copies of the February 22 response are enclosed for reference.

Metropolitan provides this information in an effort to correct and to clarify issues related to preferential rights under its enabling act.

“Preferential rights” in the context of Metropolitan refers to the statutory rights set forth in Section 135 of the MWD enabling act. That section provides:

Each member public agency shall have a preferential right to purchase from the district for distribution by such agency, or any public utility therein empowered by such agency for the purposes, for domestic and municipal uses within the agency a portion of the water served by the district which shall, from time to time, bear the same ratio to all of the water supply of the district as the total accumulation of amounts paid by such agency to the district on tax assessments and otherwise, excepting purchase of water, toward the capital cost and operating expense of the district's works shall bear to the total payments received by the district on account of tax assessments and otherwise, excepting purchase of water, toward such capital cost and operating expense. (Emphasis added.)

Mr. Keene Simonds
Mr. Robert Barry
March 1, 2021
Page 2

Pursuant to Section 135, Metropolitan calculates each agency's annual payments to the district that contribute towards the capital cost and operating expenses of the district's works and distributes that calculation to the agencies. Each agency's preferential right represents the member agencies' right to purchase a proportional percentage of the total amount of water supply available to Metropolitan. No such right has been invoked by any member agency in the past, as demands have been met and coordinated successfully.

In 2008, Metropolitan's Board adopted a Water Supply Allocation Plan (WSAP), which does not limit the agencies' preferential rights to purchase water. Instead, the WSAP reflects state policies codified in the state constitution and statutes to manage and conserve water resources efficiently and beneficially. The WSAP sets a pricing mechanism to promote management of Metropolitan's resources based on the Board-approved methodology and therefore, does not change preferential rights of the member agencies. Importantly, the WSAP does not establish "cutbacks" as represented by SDCWA.

SDCWA's comparison of Eastern's historical purchases from Metropolitan to its preferential rights is also based on misinformation. Apparently, SDCWA presents how much water Eastern has purchased from Metropolitan as a percentage of total water transactions with all member agencies minus SDCWA's Exchange Water transactions, and compares that percentage to Eastern's preferential rights percentage. This comparison is meaningless, since preferential rights do not relate to actual annual Metropolitan water transactions, but instead, they are a percentage of all water supplies available to Metropolitan that an agency *could* purchase.

There are other representations and facts in SDCWA's February 22 submission that Metropolitan does not address herein, because its prior submissions to LAFCO address those issues. We would be happy to provide any additional information desired. Please feel free to contact me if you have any questions or would like anything further.

Sincerely,



Jeffrey Kightlinger
General Manager

Enclosure

cc via electronic mail only w/enclosure:

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