

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager
DATE: August 26, 2019
SUBJECT: Consider Preparation of Resolution of Application to San Diego Local Agency Formation Commission (LAFCO) (and related materials) for exclusion/detachment of territory from San Diego County Water Authority (SDCWA) and annexation to Eastern Municipal Water District (EMWD)

Purpose

For the Board to consider initiating the process for preparation of a Resolution of Application (and related materials) to San Diego Local Agency Formation Commission (LAFCO) for exclusion/detachment of territory from San Diego County Water Authority (SDCWA) and annexation to Eastern Municipal Water District (EMWD).

Summary and Background

At the regular Board meeting on July 22, 2019, the Board directed the General Manager to continue to work on establishing potential terms of detachment with SDCWA. Staff met with representatives from SDCWA, RMWD, and their respective counsel on July 30, 2019. In this meeting, counsel for both FPUD and RMWD identified their understanding of the process for exclusion/detachment under the County Water Authority Act. SDCWA's General Counsel indicated that he did not necessarily concur with FPUD's interpretation. Further, SDCWA representatives noted that SDCWA had not yet evaluated the impacts to SDCWA of a proposed exclusion/detachment by FPUD/RMWD. Ultimately, the SDCWA Chair requested that FPUD and RMWD provide a proposal for exclusion/detachment. Following the July 30, 2019 meeting, the SDCWA Acting General Manager sent correspondence to all SDCWA Board Members and General Managers expressing concerns with our proposed exclusion/detachment and provided a chart of the financial impacts associated with a proposed exclusion/detachment. (Attachment A.) In addition, we recently received correspondence from SDCWA's General Counsel relative to a closed session item and a denial of my request to address the full SDCWA Board, as a SDCWA Director, on the subject of exclusion/detachment and the email from the SDCWA Acting General Manager. (Attachment B.) Further, FPUD was copied on a letter sent by SDCWA to EMWD Board of Directors. (Attachment C.)

In order to move forward with the exclusion/detachment of FPUD from SDCWA, applications must be prepared for presentation to both Riverside LAFCO (by EMWD for a sphere of influence amendment to EMWD) and San Diego LAFCO (by FPUD for exclusion/detachment of FPUD from SDCWA/ annexation to EMWD). FPUD Staff's goal is to continue to attempt to work with SDCWA to develop potential terms of

exclusion/detachment with SDCWA that would be used as part of developing the application documents to be submitted to San Diego LAFCO.

Options on Next Steps

Given the current status on working on potential terms of exclusion with SDCWA there are a two of options for the Board to consider:

1. Direct staff to continue to work with SDCWA on identifying potential terms of exclusion/detachment and do not begin preparation of the Resolution of Application for exclusion/detachment (and related materials) for submission to San Diego LAFCO at this time.
2. Direct staff to continue to work with SDCWA on identifying potential terms of exclusion/detachment and also begin preparation of the Resolution of Application for exclusion/detachment (and related materials) for submission to San Diego LAFCO, for consideration by the Board at a future Board Meeting, even if no consensus is reached with SDCWA regarding terms and conditions for exclusion/detachment.

Recommended Action

Staff supports Board direction.