



**Our Region's Trusted Water Leader**  
**San Diego County Water Authority**

September 12, 2019

Mr. Hayden Hamilton  
Vice-Chairman of the Board  
Rainbow Municipal Water District  
3707 Old Hwy 395  
Fallbrook, CA 92028

**MEMBER AGENCIES**

- Carlsbad  
Municipal Water District
- City of Del Mar
- City of Escondido
- City of National City
- City of Oceanside
- City of Poway
- City of San Diego
- Fallbrook  
Public Utility District
- Helix Water District
- Lakeside Water District
- Olivenhain  
Municipal Water District
- Otay Water District
- Padre Dam  
Municipal Water District
- Camp Pendleton  
Marine Corps Base
- Rainbow  
Municipal Water District
- Ramona  
Municipal Water District
- Rincon del Diablo  
Municipal Water District
- San Dieguito Water District
- Santa Fe Irrigation District
- South Bay Irrigation District
- Vallecitos Water District
- Valley Center  
Municipal Water District
- Vista Irrigation District
- Yuima  
Municipal Water District

**OTHER REPRESENTATIVE**

County of San Diego

Dear Mr. Hamilton,

I appreciated the opportunity to appear at your August 27 board meeting as well as your follow up email of August 29. Like you, I believe it is important to have open lines of communication between our agencies.

My intention was, and is, to make it clear that our first obligation at the Water Authority is to the ratepayers of all of our member agencies.

In speaking to our board, your General Manager said that you do not intend by your agency's potential detachment to "financially damage everyone else." That was a welcome assurance, but thus far we have not received any proposal demonstrating how Rainbow and Fallbrook plan to accomplish such rate neutrality—which we agree is required under both the Water Authority Act and LAFCO review. The presentations made by Rainbow and Fallbrook General Managers to their respective boards to date have only addressed alleged cost savings to your ratepayers and do not address the rest of the County's ratepayers.

Since we have not as yet received a proposal from either agency, we have no way to provide you with an informed response. We encourage you again to provide additional information. In the meantime, we can tell you that we believe that some of the important issues to be addressed—in addition to rate neutrality—include:

- Allocation of property tax revenues between San Diego and Riverside counties
- Preferential (water) rights under the MWD Act
- Voting rights under the MWD Act
- Indemnification for third party claims

We are happy to accommodate any decision made by your board in a manner that meets the fiduciary responsibilities we all have to all San Diego County ratepayers.

This and any other information forwarded to you has been purely in an effort to assist you in preparing your proposal. You are free to make use of it, or not.

Our intention is to be fully transparent and cooperative in a manner that assures that any decision made is well thought out, in the best interests of all of our ratepayers and not subject to third party liabilities.

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All parties will require full access to essential information, including all rate models, necessary to make an informed decision.

In the meantime, I have at your agency's request reached out to schedule a meeting with your General Manager and Jack Bebee, to have a dialogue without attorneys present. This meeting cannot be confidential or to negotiate, but rather, is an opportunity for comfortable and direct communications.

I also very much appreciate the opportunity for this dialogue with you and hope it will continue.

With best regards.

Sincerely,



Sandra L. Kerl  
Acting General Manager

cc: San Diego County Water Authority Board of Directors  
Tom Kennedy, General Manager Rainbow MWD  
Jack Bebee, General Manager, Fallbrook PUD