



September 17, 2020

Keene Simonds  
Executive Officer  
San Diego Local Agency Formation Commission  
9335 Hazard Way, Suite 200  
San Diego, CA 9123

Dear Mr. Simonds,

In order to assist LAFCO staff in its evaluation of our applications for detachment from the San Diego County Water Authority (Reorganization Applications), the Fallbrook Public Utility District and Rainbow Municipal Water District (Districts) engaged San Diego-based London Moeder Advisors to perform an economic analysis related to what the District's ratepayers have been paying to the San Diego County Water Authority versus the benefits they receive.

The attached study (Study) concludes that the Districts have collectively paid \$49.5 million more to the San Diego County Water Authority over the past 10 years, compared to the benefits the Districts have received.

The Study also shows that if the proposed detachments from the Water Authority are approved, the financial impact to customers in the remaining 22 districts would be minimal. This analysis calculated an increase of only about \$6 per water meter, per year for the remaining agencies, which would represent what their true cost would be without any continued subsidy from Fallbrook and Rainbow ratepayers.

We are providing this study in order to help provide LAFCO staff, the Commission and LAFCO Ad Hoc Advisory Committee additional information as LAFCO undertakes the financial analysis of Fallbrook's and Rainbow's proposed detachments from SDCWA.

Respectfully,

A handwritten signature in black ink, appearing to read 'Jack Bebee', written over a light gray grid background.

Jack Bebee  
General Manager  
Fallbrook Public Utility District

A handwritten signature in black ink, appearing to read 'Tom Kennedy', written over a light gray grid background.

Tom Kennedy  
General Manager  
Rainbow Municipal Water District

Cc: Sandy Kerl, San Diego County Water Authority  
Nick Kanetis, Eastern Municipal Water District