



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** December 20, 2019

**To:** Board of Directors  
Member Agency Managers

**From:** Gloria D. Gray, Chairwoman

**Subject:** *San Diego County Water Authority v. Metropolitan Water District of Southern California* Litigation

I am disappointed in the San Diego County Water Authority's (SDCWA) rejection of Metropolitan's Offer to Compromise the litigation and their subsequent counteroffer sent to the Metropolitan Board yesterday.

I am proud of the Metropolitan Board's Offer to Compromise. Although Metropolitan's maximum litigation risk is in the millions of dollars, the Metropolitan Board, in an effort to put the decade-long litigation behind us and enter an era of collaboration with all our member agencies, offered an economic package to the SDCWA with a value of \$5.4 to over \$8 billion. The offer includes a reduction in the price term of the Exchange Agreement that the California Appellate Court ruled, and the California Supreme Court declined to review, which Metropolitan can legally charge. SDCWA cannot achieve this benefit through litigation.

Metropolitan's rationale for such a significant economic offer was to terminate, with finality, the pending litigation and eliminate the primary incentive for future litigation. SDCWA has chosen to reject this. By specifically preserving the right to reopen and file new litigation, SDCWA's counterproposal does not provide Metropolitan with an end to the litigation with certainty, or a full release and waiver of pending claims. Rather, it proposes that Metropolitan expressly consent to future litigation and provide additional protections and guarantees from Metropolitan of the funds that Metropolitan has no legal obligation to provide.

The Metropolitan Board will consider SDCWA's counterproposal at the January Board meeting.

I have attached a copy of Metropolitan's Offer to Compromise, SDCWA's counterproposal and provided a link to the audio of the open session discussion and questions of General Manager Jeff Kightlinger at SDCWA's Special Board meeting yesterday. I encourage you to listen to it prior to Metropolitan's consideration of SDCWA's counterproposal.

Gloria D. Gray  
Chairwoman of the Board



Offer To  
Compromise.PDF



SDCWA  
County of... ..

Link: [SDCWA December 19 2019 Board Meeting](#)