

SHOULD RAINBOW CUSTOMERS BE PUNISHED FOR THE DISTRICT SEEKING A BETTER DEAL WITH A NEW SUPPLIER?

This Op-Ed was published in the Voice of San Diego on January 21, 2023.

The inequitable way in which the San Diego County Water Authority cost structure impacts our agencies, as well as the costs of maintaining large rural infrastructure systems, is why we want to part ways with SDCWA. It's certainly no secret: water bills have been rising substantially across the San Diego region.

And our two districts, the Fallbrook Public Utility District and the Rainbow Municipal Water District, which serve much of our county's important agricultural industry, continue to pay some of the highest water costs in the region.

In fact, the San Diego County Water Authority (SDCWA) charges more for its water than just about every water agency in America.

Once again, this year, the SDCWA's rate structure imposes on our customers cost increases of 8 percent, more than any district in the county.

According to a recent analysis by the Otay Water District, the average monthly water bill in Fallbrook is \$130 (the highest in the region) based on a demand of 1,100 gallons a month, and Rainbow ratepayers pay nearly \$121. By contrast, Lakeside ratepayers pay only \$67 while San Diego customers pay \$91.

The inequitable way in which the SDCWA cost structure impacts our agencies, as well as the costs of maintaining large rural infrastructure systems, is why our districts are looking to part ways with the SDCWA and instead purchase water from the Eastern Municipal Water District. As members of the SDCWA, we financially contribute to county-wide infrastructure even though we do not use it. By switching to Eastern, our two districts would no longer continue to pay for these costs, and would collectively save an estimated \$7.6 million a year, according to an independent analysis by the San Diego Local Agency Formation Commission. LAFCO, which has jurisdiction over matters like this, is reviewing our applications to leave the SDCWA, and its governing commission is expected to vote on our applications this spring.

Unfortunately, due to pressure from the Water Authority and other local water agencies, LAFCO staff is proposing that our two districts pay an exit fee of \$12.6 million a year over five years (\$63 million total) to help reduce any water rate impact on the other water agencies.

However, there is clear language in California's County Water Authority Act, which governs the SDCWA, that allows our agencies to leave the SDCWA after a vote of our ratepayers. This law spells out specific payment terms, and it does not require any continued payment for the infrastructure we don't use.

LAFCO's proposed exit fee is surprising given that the SDCWA is not requiring an exit fee from the city of San Diego, which will significantly reduce its water purchases as it "rolls off" the SDCWA and implements its Pure Water program. Under the current SDCWA rate structure, San Diego will dramatically reduce its payments to the SDCWA, forcing other agencies to pick up

A Better Deal with a New Supplier *Continued*

the tab and offset the SDCWA's loss of revenue. According to our calculations based on this LAFCO report, the annual revenue impact of San Diego's roll-off on the SDCWA will be approximately \$32 million.

This amount is substantially greater than the estimated \$10-\$12.5 million impact our two districts' departure will have on the SDCWA. If Fallbrook and Rainbow do not switch suppliers, the rate impact of San Diego's Pure Water program on our ratepayers – who already pay the highest rates in the county – will have more than triple the financial impact our detachment would have on ratepayers in San Diego. Without an exit fee, our impact would be only \$1.05 per month per household for their ratepayers, according to LAFCO.

If the LAFCO commission does not approve our request to let our ratepayers vote in accordance with the law, or if it imposes a substantial exit fee, the disparity between what Fallbrook and Rainbow customers pay for water today compared to the region's other ratepayers will widen even more so over the next several years and likely continue to devastate the agriculture economy in North County.

This wouldn't be fair. Under the state's County Water Authority Act, water district ratepayers have a right to vote to purchase water from whomever they choose. And the Act identifies an equitable approach to assessing an exit fee.

In making its decision, we hope the LAFCO commissioners will hear the concerns of our agricultural community, as well as our residential and commercial ratepayers, and allow us to select our own water supplier without imposing any substantial ongoing payment. Our customers, who already pay higher water rates, should not be required to subsidize other agencies any longer.

SAVE THE DATE!

Saturday, March 25, 2023



Wildfire Preparedness Symposium

Sat., March 25, 2023

2400 S. Stagecoach Lane
Fallbrook CA 92028

Fallbrook High School

9:00am - 12:00pm

Speakers:

- North County Fire Protection District
- CalFire
- San Diego County Sheriff's Department
- Fallbrook Regional Healthcare District
- Fallbrook Public Utility District
- Rainbow Municipal Water District
- Mission Resource Conservation District
- And many other community organizations and resources.

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Aprenda qué hacer antes, durante y después
de un incendio forestal.

Refreshments provided

 **Fallbrook Regional
HEALTH DISTRICT**

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