



# Changing Water Suppliers

From the SDCWA to the Eastern Municipal Water District

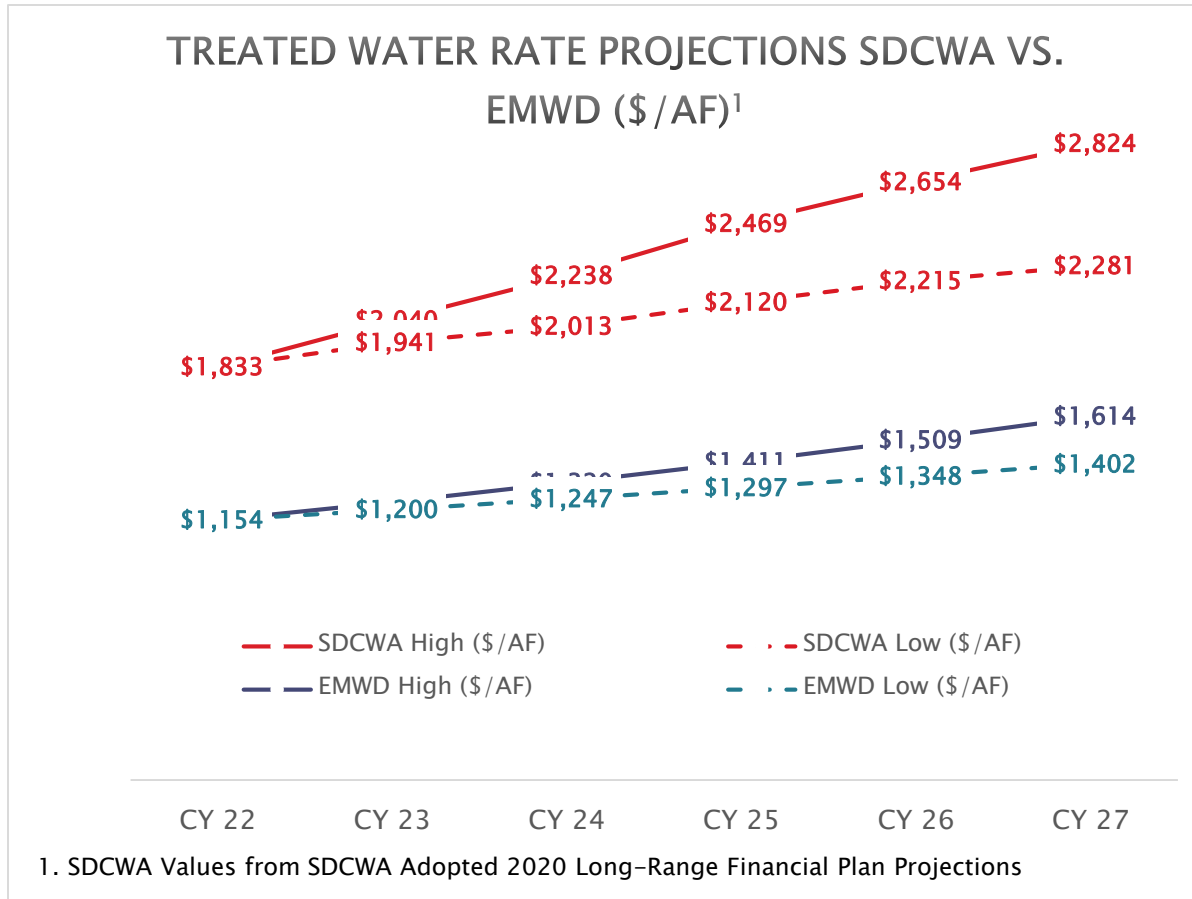
TOWN HALL MEETING

May 2, 2022



Video available at [www.ratepayersforwaterchoice.com](http://www.ratepayersforwaterchoice.com)

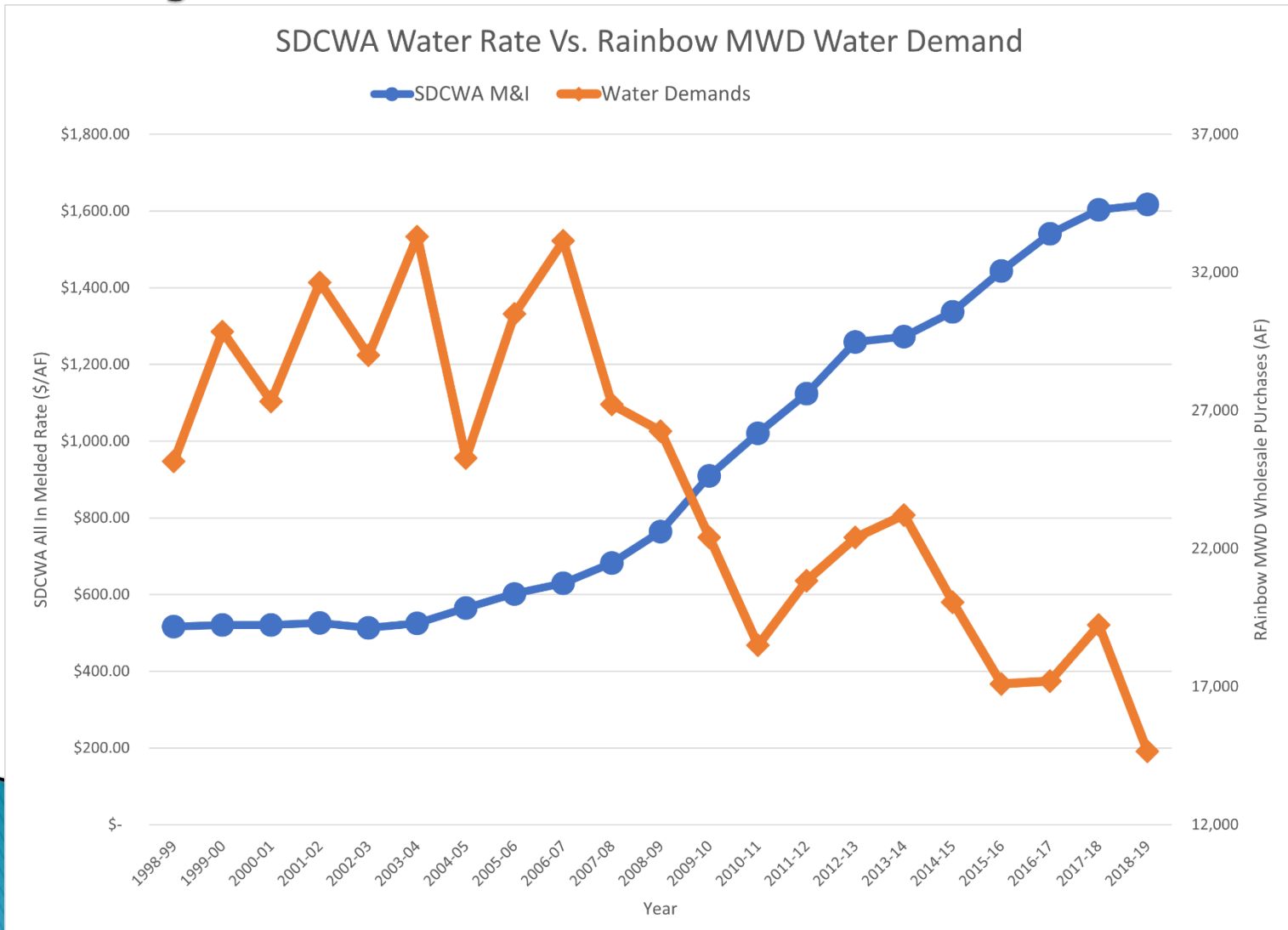
# Main Driver of Action–Cost of Water



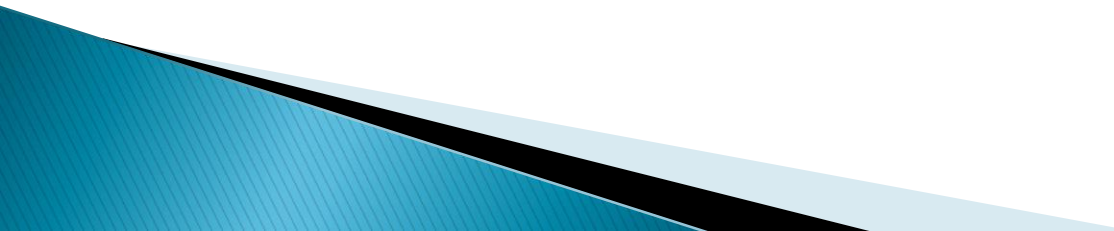
Districts also pays SDCWA ~\$1.4 million per Year in Infrastructure Access Charges

# Main Driver of Action

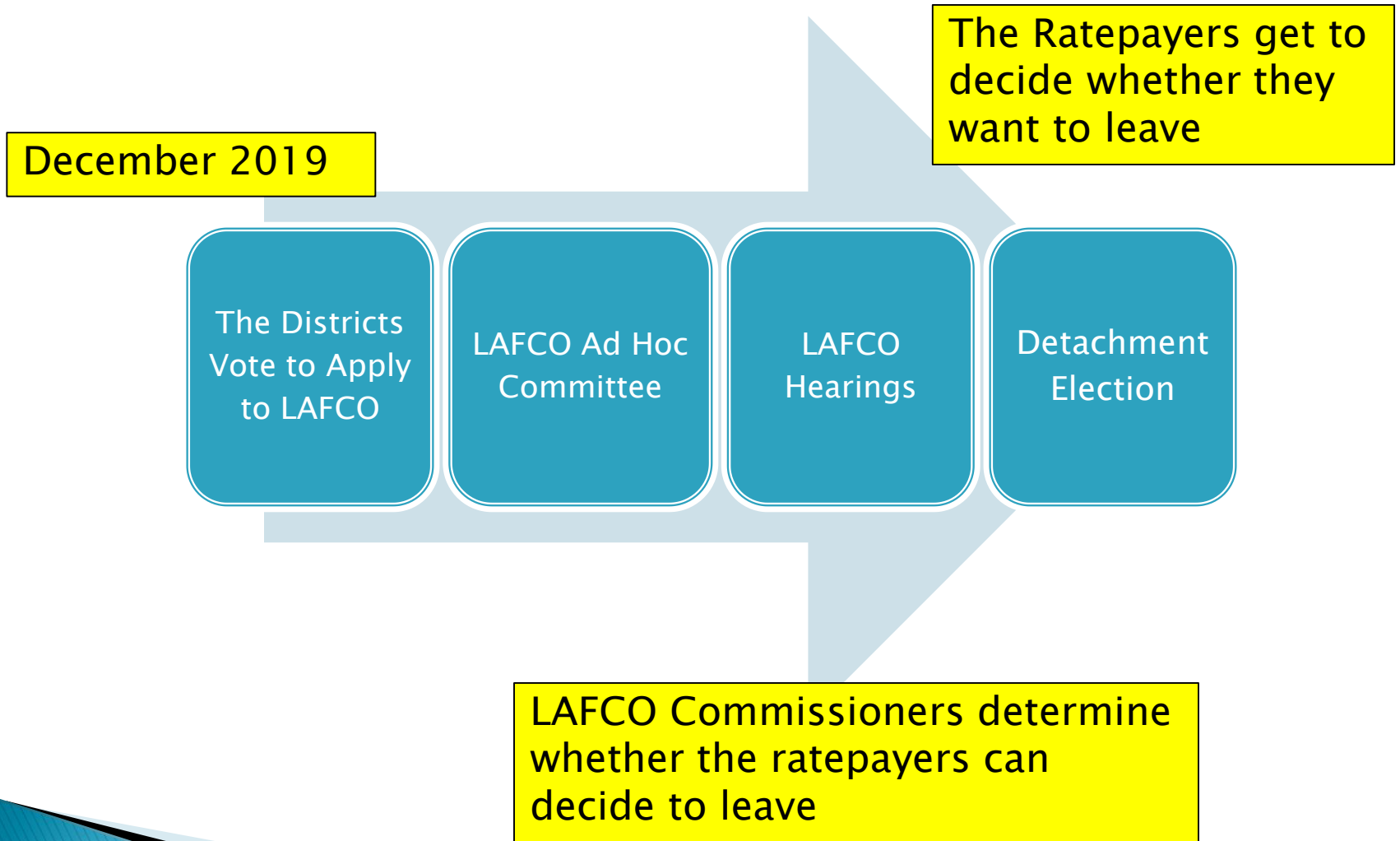
Decline in Demand is not shared equally around county  
Loss of agriculture and outdoor use hits FPUD and RMWD harder



# Why can't this change just happen. Who supports and opposes it?

- **Local Agency Formation Commission (LAFCO) Must Approve**
  - **If approved by LAFCO, the law Requires a Vote of FPUD and RMWD Ratepayers**
  - **Fallbrook Chamber of Commerce, Fallbrook and Rainbow Planning Groups all formally support.**
  - **SDCWA Opposes**
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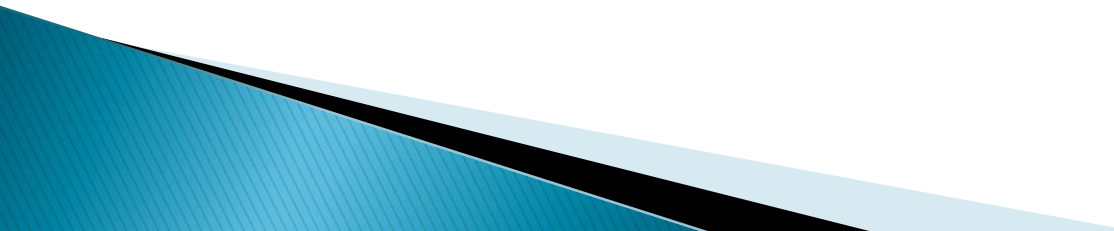
# The LAFCO Process



# SDCWA Response

- **Authorized \$1 Million for special attorneys to block our efforts (*partly paid by you*)**
- **Passed a resolution**
  - Not harm customers of Fallbrook/Rainbow
  - Won't raise water bills elsewhere
  - Won't negatively impact the environment
  - CWA won't lose voting power at MWD
  - Also seeking a countywide vote (but that is not required)
- **Launched “Stronger Together” campaign**

# LAFCO Consultant Findings

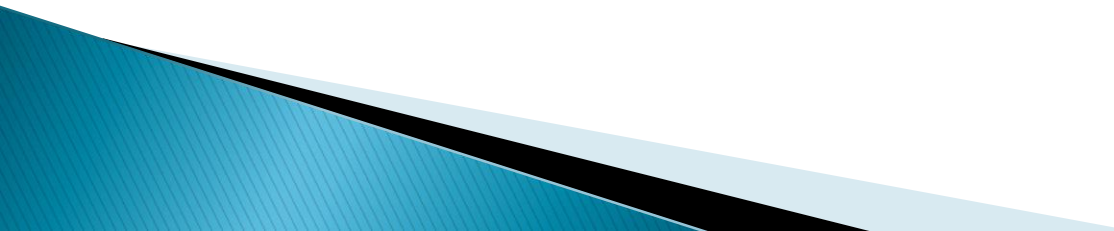
- ▶ Reliability between SDCWA and EMWD is equivalent
  - ▶ Savings to FPUD and RMWD combined is ~\$7.5M per year
  - ▶ Net cost to SDCWA is ~\$10–\$12M per year
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# Major issue remaining – “Exit fee”

- ▶ The County Water Authority Act (CWA Act) requires continued payment of any obligations by existing property taxes
- ▶ SDCWA claimed a financial obligation of \$1.2 billion!
- ▶ LAFCO’s consultant suggested (without consideration of the CWA Act requirement) a payment of \$15 – \$18 million a year for 3 –10 years would be fair
  - This is ~\$60/month per FPUD/RMWD ratepayer to offset revenue impact to SDCWA rate payers of ~\$1 per month per ratepayer

# Follow the Law

- ▶ FPUD/RMWD have proposed following the CWA Act (the law)
    - The Districts have also proposed using the existing SDCWA Rate Structure to determine any obligation, as an alternative
  - ▶ SDCWA argues that the CWA Act is outdated
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# SDCWA Falsehoods

- ▶ SDCWA claimed that its water will be cheaper than MWD 8 to 16 years from now
  - **False:** MWD rate increases are projected to be well below what SDCWA said they would be and SDCWA's long term projections are flawed

# SDCWA Falsehoods

- ▶ SDCWA claimed that our reliability as part of EMWD in a drought would be worse
  - **False:** Current (and it appears proposed) restrictions are identical for both EMWD and SDCWA retail agencies

# SDCWA Falsehoods

- ▶ SDCWA claimed that detachment would cost them up to \$46M per year
  - **False:** LAFCO's consultant calculated a \$10–\$12M per year cost without factoring in any offset due to additional one-time savings

# Summary

- This is about fairness – paying for the true cost of our water
- We do not use SDCWA infrastructure; yet we pay for it
- Water costs from SDCWA have increased 8% per year on average and will continue rising
- Increased rates will cause a greater decline in agricultural production leading to less carbon capture
- Anticipated cost savings ~ \$7 to \$10 Million a year
  - By switching to Eastern, rates can be held flat or potentially lowered
- Minimal impact on remaining SDCWA Members
- Any substantial “exit fee” on FPUD/RMWD would be inconsistent with the law and not fair to our ratepayers

**“The fact is our ratepayers have been paying far more for their water than they should. This isn’t right and it needs to end.”**

**–Jennifer DeMeo**

President, Fallbrook Public Utility District Board of Directors

**–Hayden Hamilton**

President, Rainbow Municipal Water District Board of Directors

*Voice of San Diego, May 12, 2021*

