

# Joint Press Release

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## **New Study: Over the Past 10 Years, Fallbrook and Rainbow Water Districts Have Subsidized the Water Authority by Nearly \$50 Million**

*“Donor Districts” Have Paid More, Received Less Benefit from Authority’s Infrastructure*

*Study also Concludes that if Fallbrook and Rainbow Detach from the San Diego County Water Authority, Financial Impact to Remaining Districts Would be Minimal*

FALLBROOK – Two North County water districts have been paying more to the San Diego County Water Authority than the benefits they receive from the Authority, according to a comprehensive analysis released today.

The study, conducted by San Diego-based London Moeder Advisors, concludes that the Fallbrook Public Utility District and the Rainbow Municipal Water District have collectively paid \$49.5 million more to the Authority over the past 10 years when compared to the benefits these districts have received from the Authority.

In addition, the study concludes that if the proposed detachments of Fallbrook and Rainbow from the Authority are approved, the financial impact to customers in the remaining 22 districts served by the Authority would be minimal – an estimated increase of about \$6 per meter per year.

“When looking at the cost-benefit analysis of us being a member of the San Diego County Water Authority, the cost to Fallbrook clearly outweighs the benefit,” said Jack Bebee, general manager of the Fallbrook Public Utility District. “That is why we are seeking to detach from the San Diego County Water Authority.”

“The report essentially concludes that both Rainbow and Fallbrook have become donor districts in which we have been paying the Water Authority above and beyond our share for use of their facilities, such as pipelines,” said Tom Kennedy, general manager of the Rainbow Municipal Water District. “The bottom line is, due to our unique location in North County, both Rainbow and Fallbrook can serve their customers without utilizing the

Authority's infrastructure, so our two districts do not benefit from those facilities like the 22 other water districts served by the Authority."

In March, Fallbrook and Rainbow submitted separate detachment applications to the San Diego Local Agency Formation Commission (LAFCO), which is governed by local elected and appointed officials and is responsible for overseeing the establishment, expansion and boundary changes of cities and special districts, including water districts.

If their applications are approved, Fallbrook and Rainbow would join the Eastern Municipal Water District. According to reports, they could purchase water from Eastern for 25% less than they are currently paying to the Authority. The annual savings to Fallbrook and Rainbow ratepayers are projected to be \$8-10 million collectively.

"This would be a considerable savings to our ratepayers," said Bebee. "Just as important, we would be able to maintain an equally reliable supply of water by joining Eastern, which provides water to hundreds of thousands of people in nearby Temecula, Murrieta, Menifee and other cities in Riverside County."

Added Bebee: "And based on the \$6 annual per-meter figure in the study, the financial impact to water users in the remaining 22 districts within the Authority would be miniscule – it breaks down to only 14 cents per water user per month."

"Our ratepayers – especially our agricultural customers – have been hit hard by rising water costs," said Kennedy. "For example, we've seen a significant loss of avocado acreage caused by high imported water costs, which among other things, has resulted in considerable job losses here over the past several years. Joining Eastern would help our customers, whether residential, commercial or agricultural, reduce their water costs."

LAFCO has established an advisory committee to review and analyze the applications. The full commission is expected to vote on the proposals sometime in 2021. If approved, voters in the Fallbrook and Rainbow service areas would then decide the matter.

The study was commissioned by the Fallbrook and Rainbow water districts. The study can be viewed [here](#).

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### **About London Moeder Advisors**

London Moeder Advisors (formerly The London Group) was formed in 1991 to provide advisory services to a broad range of clientele. The firm principals, Gary London and Nathan Moeder, combine for over 60 years of experience. They have analyzed, packaged and achieved capital for a wide variety of projects. Their experience ranges from large scale, master-planned communities to urban redevelopment projects, spanning all land uses and development issues of all sizes and types.