



April 8, 2021

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Fallbrook and Rainbow Water Districts Launch Public Education Campaign as They Seek to Leave the San Diego County Water Authority After Seeing Water Costs Increase 8% Per Year Over the Past Decade

San Diego County, CA – After enduring years of soaring water costs and having to pay for infrastructure projects they don't need, the Fallbrook Public Utility District and Rainbow Municipal Water District are seeking to detach from the San Diego County Water Authority, and today they launched a public education campaign with the unveiling of a new 60-second InfoVideo.

Instead of continuing to purchase their water from the San Diego County Water Authority (SDCWA) – which has raised water costs on the districts by an average of 8% each year over the past decade – the districts have submitted an application with the San Diego Local Agency Formation Commission to become wholesale water customers of the Eastern Municipal Water District. If approved, the districts would be able to purchase their water for millions of dollars less each year compared to what they are paying today to SDCWA.

“It's just not fair to ask our ratepayers to pay for infrastructure projects they don't benefit from,” said Jack Bebee, general manager of the Fallbrook Public Utility District (FPUD). “These annual rate increases have taken a heavy toll on our ratepayers, especially those with limited incomes, as well as our water-dependent agricultural community, which is the backbone of our economy.”

“We have a responsibility to our ratepayers to provide them with a reliable supply of water at the lowest cost possible,” said Tom Kennedy, general manager of the Rainbow Municipal District. “With Eastern, we will have an equally reliable supply of water and our ratepayers won't have to continue subsidizing water districts in other parts of the county which actually do benefit from these infrastructure projects. For the first time, our ratepayers would begin paying for the true cost of their water – nothing more, nothing less.”

By switching from SDCWA to Eastern, ratepayers in Fallbrook and Rainbow would see their water costs reduced by \$7-10 million a year. Importantly, the water provided from Eastern would be from the same sources with the same level of reliability and delivered through the same pipelines as when purchased from SDCWA.

According to a study last year by London Moeder Advisors, FPUD and Rainbow have overpaid nearly \$50 million to the SDCWA over the past ten years when compared to the benefits they have received. The study also concluded that if FPUD and Rainbow were to change water wholesalers, the financial impact on the remaining county ratepayers would be minimal – about

50 cents per month per water meter. The amount pales in comparison to the financial impact of other local supply projects that are about to come on-line, including ones in San Diego, Oceanside, and the Padre Dam/Helix Water District.

Whether or not FPUD and Rainbow can switch water providers will be up to the San Diego Local Agency Formation Commission (LAFCO), which is governed by appointed local and elected officials, and is responsible for overseeing the establishment, expansion and boundary changes of cities and special districts, including water districts. LAFCO is currently analyzing the applications for detachment that FPUD and Rainbow submitted last year. LAFCO is expected to vote on the matter later this year. If approved, FPUD and Rainbow voters would have the final say in an election held in each of the two districts' service areas.

Eastern, which was established in 1950, provides water to more than 850,000 people living and working in Riverside County. It provides water within the cities of Temecula, Murrieta, Perris, Menifee and several other cities and unincorporated communities.

In addition to saving Rainbow and FPUD ratepayers millions of dollars a year, the move to Eastern would also protect FPUD and Rainbow ratepayers from paying for costs related to SDCWA's controversial and unnecessary \$5 billion, 130-mile pipeline and canal project known as the Regional Conveyance System. The project is opposed by 18 of the county's 24 water districts because of its exorbitant cost and the fact that it would not deliver any new water to San Diego County.

On a related matter, SDCWA has recently contended that their credit rating might be lowered should detachment be approved – a claim that FPUD and Rainbow refute. “Unfortunately, the Water Authority has tried to convince the public and decision-makers that our leaving would cause their credit rating to fall, said Kennedy of Rainbow. “The fact is our detachments should be the least of SDCWA's worries. They are facing a significant reduction in water demand as other local agencies begin producing their own water purchases, lessening their dependence on SDCWA and the rising cost of SDCWA water. This will have a far greater impact on the SDCWA than if our two small districts, which represent just 1.5% of the population served by the SDCWA, were to begin buying its water from another district.”

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About the Fallbrook Public Utility District

Established in 1922, the Fallbrook Public Utility District provides imported water and sewer service to 35,000 residents living on 28,000 acres in Fallbrook. About 40% of the district's water is used for agricultural purposes. The district also produces about one and a half million gallons of recycled water each day that is used to irrigate nurseries, playing fields, landscaped freeway medians, homeowners' associations and common areas.

About the Rainbow Municipal Water District

The Rainbow Municipal Water District was established in 1953 and is a Special District, organized under Section 71000 of the California Water Code. The District encompasses 80 square miles of rural land and provides water and sanitation services to the unincorporated communities of Rainbow, Bonsall, and portions of Vista, Oceanside and Fallbrook. It is led by a 5-member elected Board.

