



San Diego County Water Authority

And Its 24 Member Agencies

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News Release

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LAFCO Decision Could Raise Region's Water Bills by Nearly \$200 Million

Costs will hurt disadvantaged communities, working families, farmers, and businesses

July 3, 2023 – Updated figures released today show that disadvantaged communities, working families, farmers, and others across San Diego County will be forced to pay nearly \$200 million more over the next decade for water service unless agencies seeking to leave the Water Authority are required to fully cover their costs.

On July 10, the San Diego Local Agency Formation Commission's board is expected to vote on a plan for the Fallbrook and Rainbow water agencies to leave the San Diego County Water Authority, possibly with the inclusion of an "exit fee." However, LAFCO's figures are based on years-old data and flawed projections that understate the annual costs of detachment by at least 50%. Like everything else, costs related to water supplies have inflated significantly over the past three years.

"It's critical that ratepayers who are struggling to make ends meet, independent farmers, and small businesses aren't forced to subsidize Fallbrook and Rainbow for years to come."

-- Mel Katz, Board Chair
San Diego County Water Authority

LAFCO's data don't reflect the inflationary realities or the fact that the financial impacts of detachment will continue far beyond LAFCO's five-year horizon, which does not reflect the actual lifespan of water infrastructure or the debt used to finance it. The LAFCO staff report acknowledges impacts will continue far longer than five years, suggesting that the rest of the county should pay for benefits to Rainbow and Fallbrook.

"From the start of this process, one of our top priorities was making sure that residents across the region aren't harmed financially. It's critical that ratepayers who are struggling to make ends meet, independent farmers, and small businesses aren't forced to subsidize Fallbrook and

Rainbow for years to come,” said Water Authority Board Chair Mel Katz. “We encourage the LAFCO Commissioners to require Fallbrook and Rainbow to fully cover their costs.”

LAFCO’s staff recommendation to approve the detachment proposals by the Fallbrook and Rainbow water agencies does not include substantive analysis of impacts to disadvantaged communities, or to agriculture in the Water Authority service area. Nor does it include environmental analysis required by law.

The LAFCO staff recommendation includes an exit fee of about \$4.8 million a year for five years, which isn’t close to covering the actual costs that will be shifted to residents elsewhere in the county.

Here's how much retail water agencies in the region may have to pay each year to cover the projected \$18.9 million bill from Fallbrook and Rainbow leaving:

Agency	Annual Agency Impact	Communities Served
Carlsbad MWD	\$655,149	Carlsbad
City of Del Mar	\$50,863	Del Mar
City of Escondido	\$884,202	Escondido
Helix WD	\$1,254,705	Lemon Grove, Spring Valley, Lakeside, La Mesa,
Lakeside WD	\$148,803	Lakeside, Eucalyptus Hills, Moreno Valley, Muth Valley and Wintergardens
City of Oceanside	\$1,066,707	Oceanside
Olivenhain MWD	\$921,545	Encinitas, Carlsbad, San Diego, Solana Beach
Otay WD	\$1,461,916	Chula Vista, Bonita, Jamul, Spring Valley, Rancho San Diego, El Cajon, La Mesa, Otay Mesa
Padre Dam MWD	\$497,792	Santee, El Cajon, Lakeside, Flinn Springs, Harbison Canyon, Blossom Valley, Alpine,
City of Poway	\$482,384	Poway
Ramona MWD	\$236,776	Ramona
Rincon MWD	\$255,241	Escondido, San Marcos, and San Diego
City of San Diego	\$7,815,653	San Diego
San Dieguito WD	\$169,011	Cardiff, Old Encinitas, Leucadia, and a portion of New Encinitas
Santa Fe ID	\$328,191	City of Solana Beach, Rancho Santa Fe and Fairbanks Ranch
South Bay ID	\$154,135	National City, Chula Vista and Bonita
Vallecitos WD	\$617,337	Carlsbad, San Marcos; Lake San Marcos, Escondido, Vista
Valley Center MWD	\$930,821	Valley Center
Vista ID	\$701,406	Vista, San Marcos, Escondido, Oceanside
Yuima MWD	\$264,709	Pauma Valley
TOTALS	\$18,897,348	

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The San Diego County Water Authority sustains a \$268 billion regional economy and the quality of life for 3.3 million residents through a multi-decade water supply diversification plan, major infrastructure investments and forward-thinking policies that promote fiscal and environmental responsibility. A public agency created in 1944, the Water Authority delivers wholesale water supplies to 24 retail water providers, including cities, special districts and a military base.



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