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Contacts: Noelle Denke (Fallbrook)
Tel: (951) 609-4035
Tom Kennedy (Rainbow)
Tel: (760) 728-1178

Fallbrook Public Utility District and Rainbow Municipal Water District Act to Save Ratepayers Millions by Detaching from County Water Authority

Districts File Applications with LAFCO to Leave San Diego County Water Authority and Instead Purchase their Water from Eastern Municipal Water District for a Lot Less Money

San Diego County, CA – In a move that is expected to save ratepayers in the Fallbrook Public Utility District and the Rainbow Municipal Water District approximately \$10 million a year collectively, the districts took action yesterday to withdraw from the San Diego County Water Authority and instead purchase their water from the Eastern Municipal Water District.

The districts filed separate applications with the San Diego County Local Agency Formation Commission (LAFCO) to detach from the County Water Authority (CWA), whose cost of water to Fallbrook and Rainbow customers has risen on average more than 8% annually during the past 10 years.

“We have a responsibility to our customers to provide a reliable source of water at the lowest possible cost,” said Jack Bebee, General Manager of the Fallbrook Public Utility District (FPUD). “For us this is a simple business decision – why continue to buy water from the San Diego County Water Authority when we can buy the exact same water from another district for 25% less, which will save us millions of dollars every year?”

Bebee says FPUD’s ratepayers would save about \$4-5 million a year by contracting with Eastern.

Rainbow General Manager Tom Kennedy said ratepayers in his district will save approximately \$5-6 million per year once costs for replacement of an aging connector pipe are completed. “We have aging infrastructure that needs replacement,” said Kennedy, “but under the current arrangement with the County Water Authority, those replacement costs could drive many of our customers out of business. Detachment will enable us to pay for upgrades and still lower water rates,” he said.

“Our board has a fiduciary duty to our ratepayers to secure a reliable supply of water at the lowest available cost,” said RMWD board member Miguel Gasca. “Sixty-five percent of the water we deliver goes to agricultural customers, for whom the increasing cost of CWA water threatens the viability of their businesses. Loss of these businesses will lead to removal of groves and idling of agricultural lands. It’s very difficult for our ratepayers to understand why they are paying a premium for CWA water when they don’t benefit from costly CWA infrastructure,” he said.

The move has been met with support from many area ratepayers.

“Even though we are no longer in a drought, my water bill has shot up from \$130 to \$175 per month,” said FPUD customer Ann Wade. “I’m thrilled that our water district is taking action to bring our water rates under control by seeking to contract with a different water supplier.”

Fallbrook and Rainbow Shouldn’t Pay for SDCWA Improvements They Don’t Use

“Due to our unique location in the very northern reaches of the county, Fallbrook does not use the CWA’s facilities or pipelines,” said Ken Endter, President of the FPUD Board of Directors. “However, we are required to pay for infrastructure improvements even though they provide no benefit to our customers. This doesn’t make sense.”

Due to the cost of these improvements, the CWA is charging FPUD \$400 more per acre-foot than what the Eastern Municipal Water District (EMWD) will charge FPUD, according to a Memorandum of Understanding, which was approved by the FPUD board in August 2019.

Ensuring a Reliable Source of Water

Under separate Memorandums of Agreement, the Riverside County water provider would guarantee both districts a long-term supply of water.

The water would come from the Metropolitan Water District of Southern California – the same source the districts receive their water from today – which has made major investments in storage and supply reliability. In addition, FPUD has a local water supply project that provides it with water from Camp Pendleton which will provide additional reliability.

“Between our agreement with Eastern and our project with Camp Pendleton, our water district will have a very secure and reliable supply of water for decades to come,” said Bebee.

“RMWD already has four direct connections to Metropolitan Water District pipelines,” said RMWD board member Hayden Hamilton. “The fact is, the water we receive from MWD is as reliable or more reliable than the water CWA provides,” he said.

Impact on Remaining CWA Ratepayers Would be Minimal

The detachment of Rainbow MWD and FPUD from SDCWA will have a minimal impact on the remaining SDCWA member agencies and their ratepayers. Using the City of San Diego as an example, Rainbow's detachment would only cost about \$1.70 per ratepayer per year, or less than 15 cents per month. FPUD's impact will be even less since they purchase less water and also are in process of developing their own water supply. It is also important to understand that this additional cost is essentially what Fallbrook, Rainbow and Bonsall residents have been paying for decades to fund services and infrastructure to support other agencies further south in San Diego. Once Rainbow MWD and FPUD detach, these customers will be paying the true cost for their water services, as will Rainbow and FPUD customers.

Community Support

“I wholeheartedly support the efforts of the Fallbrook Public Utility District to save ratepayers

money, especially those in our business community,” said Bob Hillery, a longtime business leader and real estate professional in Fallbrook. “There are more than 1,000 businesses in Fallbrook, all of which would benefit greatly should our water district withdraw from the County Water Authority and partner with Eastern.

“Water is one of the biggest costs for our agricultural community, and we welcome any and all efforts to minimize it,” said Ralph Foster, who is native to Fallbrook and three generations of avocado farmers. “We are grateful that our water district is taking such bold action.”

Consideration by LAFCO and District Ratepayers

LAFCO is comprised of locally elected and appointed officials with regulatory and planning powers delegated by the California Legislature to coordinate and oversee the establishment, expansion and organization of cities and special districts as well as their municipal service areas.

The commission will review the districts’ applications, hold public hearings and determine whether FPUD and/or RMWD can detach from the CWA and whether there should be any other conditions placed on the detachment. If the applications are approved by LAFCO, separate votes by customers of each district would then take place next year.

While the CWA has suggested that the matter be voted on countywide, that provision is not called for by the County Water Authority Act. The Act requires that detachment be determined only by ratepayers in those districts seeking detachment.

Eastern Looks Forward to Serving Fallbrook and Rainbow

The Eastern Municipal Water District, which serves a population of more than 825,000 in Riverside County, welcomes the opportunity to serve FPUD and RMWD.

“EMWD is a longtime leader in providing a cost-effective, reliable water supply and is committed to working with any agency that seeks to provide mutually beneficial service to the community,” said EMWD General Manager Paul Jones. “We welcomed the request from both Fallbrook Public Utilities District and Rainbow Municipal Water District to consider annexation into EMWD’s service area, and as part of that request, determined that we have the resources to serve them as wholesale water customers without any impacts or cost to our existing customers.”

For more information, visit www.fpud.com or www.rainbowmwd.com.

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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 lead by a 5-member elected Board.

About Eastern Municipal Water District

The Eastern Municipal Water District (EMWD) is the water, wastewater service and recycled water provider to more than 825,000 people living and working within a 555-square mile service area in western Riverside County. EMWD provides service to retail customers located within the cities of Canyon Lake, Hemet, San Jacinto, Menifee, Moreno Valley, Murrieta, Perris and Temecula, as well as the unincorporated communities of French Valley, Good Hope, Homeland, Lakeview, Mead Valley, Murrieta Hot Springs, Nuevo, Romoland, Valle Vista and Winchester.