

**From:** Mel Katz <[mel.katz@sdcwa.org](mailto:mel.katz@sdcwa.org)>

**Sent:** Wednesday, July 5, 2023 3:37 PM

**To:** Simonds,Keene <[Keene.Simonds@sdcounty.ca.gov](mailto:Keene.Simonds@sdcounty.ca.gov)>

**Subject:** [External] Help Protect San Diego County Water Bills From \$200M Increase

Dear San Diego County leaders:

On July 10, the San Diego Local Agency Formation Commission faces an unprecedented decision that will affect generations of San Diego County water ratepayers. Effectively, LAFCO is deciding whether to charge working families, farmers, small businesses, and others nearly \$200 million more for water over the next decade.

The context is that two water agencies are seeking to leave the San Diego County Water Authority without paying the full cost of investments made on their behalf over the past several decades.

I am deeply concerned that LAFCO could make this momentous decision without ensuring the accuracy of the costs of detaching from the Water Authority or allowing residents countywide to vote on this scheme. The exit fee proposed by LAFCO staff is based on years-old data and questionable projections that understate the actual costs of detachment by at least 50%.

Like everything else, costs related to water supplies – such as treatment and energy costs – have significantly increased since LAFCO gathered its data, and that inflation isn't accounted for. In addition, the LAFCO data don't reflect 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 net effect is that while the LAFCO staff recommendation includes an exit fee of about \$4.8 million a year for five years, that isn't close to covering the actual costs that will be shifted to residents elsewhere in the county.

Unfortunately, LAFCO's staff recommendation to approve the detachment proposals by Fallbrook and Rainbow 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.

I need your help. Please send an email by COB Friday, July 7, to LAFCO commissioners, urging them to:

- Take the appropriate time to conduct an updated financial and environmental analyses that reflect the current financial and economic environment
- Require Fallbrook and Rainbow to fully cover their costs so they don't unfairly shift the burden to the rest of the region's water ratepayers.

You can file comments by emailing them to LAFCO at [keene.simonds@sdcountry.ca.gov](mailto:keene.simonds@sdcountry.ca.gov).

Respectfully,

Mel Katz, Board Chair  
San Diego County Water Authority



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