



PROTECTING RATEPAYERS

The Facts on Detachment

Fallbrook Ratepayers Would Save \$3-4 Million a Year With New Water Supplier

In our ongoing effort to provide our customers with a clean, reliable supply of water at the lowest possible cost, the Fallbrook Public Utility District (FPUD) is proposing to detach from the San Diego County Water Authority (SDCWA) and instead purchase our water from the Eastern Municipal Water District (EMWD) in Southern Riverside County.

Over the last decade, water costs from SDCWA have increased 8% annually on average. In the rural community of Fallbrook, with larger lots and more outdoor water use, the cost of water not only impacts the quality of life of residents, but also our agricultural community, which is the backbone of our local economy.

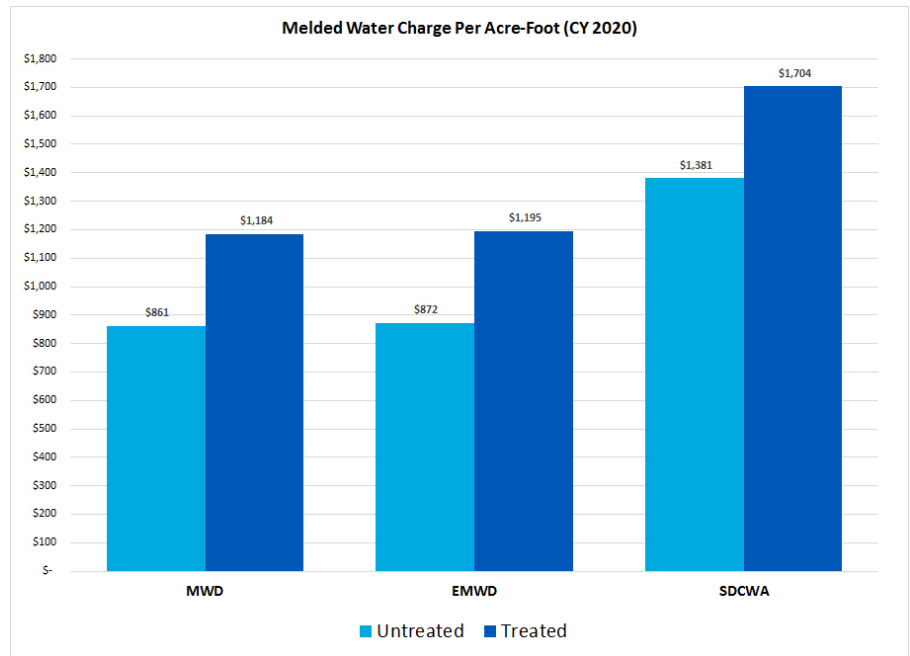
A New Water Supplier

Following months of negotiation, FPUD and EMWD signed a Memorandum of Understanding in 2019. As a result, the water wholesaler would sell water to FPUD for about 25% less than what SDCWA is currently charging FPUD.

Specifically, EMWD would charge FPUD the same rate it sells water to its other water agencies, which is currently \$1,195 per acre foot. By contrast, SDCWA charges \$1,704 per acre foot.

Ensuring Water Reliability

The water would come from the Metropolitan Water District -- the same source FPUD receives its



The chart above shows the significantly higher per acre-foot water costs charged by the San Diego County Water Authority compared to the Eastern Municipal Water District and Metropolitan Water District.

8%

The average annual water cost increase from the San Diego County Water Authority charged to the Fallbrook Public Utility District over the past 10 years

25%

The water cost savings should the Fallbrook Public Utility District detach from the San Diego County Water Authority and instead purchase its water from the Eastern Municipal Water District

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 the agreement with Eastern and the project with Camp Pendleton, our water district will have a very secure and reliable water supply for decades to come.

FREQUENTLY ASKED QUESTIONS

Why is FPUD pursuing detachment?

Over the last decade, the San Diego County Water Authority (SDCWA) has increased water rates by an average of 8% each year. This has resulted in higher monthly water bills for FPUD customers and other SDCWA ratepayers. By purchasing our water from the Eastern Municipal Water District (EMWD) instead, we can achieve a significant cost savings, while improving water reliability.

What is the Eastern Municipal Water District?

EMWD provides water to more than 825,000 people living and working within a 555-square-mile service area in western Riverside County. This includes 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. EMWD is headquartered in Perris, about 40 miles from Fallbrook, which is actually closer to Fallbrook than the headquarters of SDCWA.

What happens now?

FPUD has submitted its detachment application to the San Diego County Local Agency Formation Commission (LAFCO). LAFCO, which is comprised of locally elected and appointed officials, is responsible for overseeing the establishment, expansion and organization of cities and special districts, including water districts. After reviewing the application, LAFCO will vote on the matter, which is expected to occur sometime in early to mid 2021. If LAFCO approves FPUD's request, a vote of FPUD customers will then take place.

Why wasn't this considered before?

Several years ago, FPUD challenged SDCWA's rate structure, asserting that since FPUD didn't use the infrastructure that the other water agencies do, it shouldn't have to pay for it. This resulted in some reduction in charges. As the cost of imported water has continued to escalate, the District determined additional, more significant actions were needed to help our ratepayers.

Will other water districts have a say in the matter?

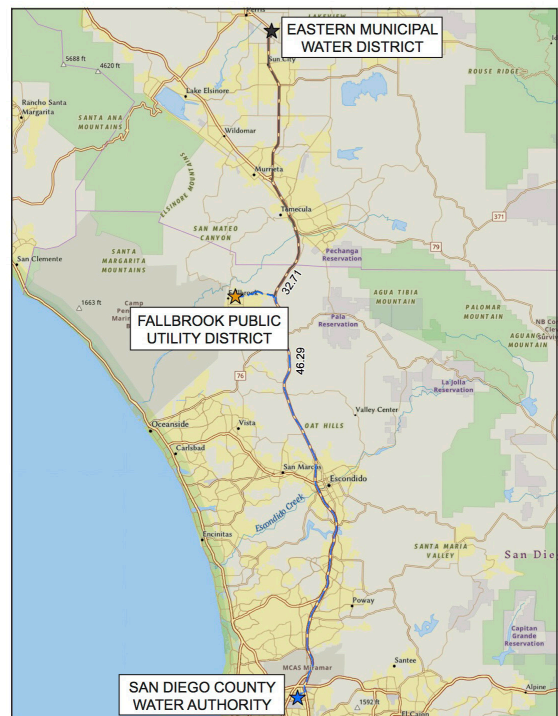
Any interested parties will have the opportunity to register their support or opposition with LAFCO. However, according to the County Water Authority Act, which falls under the State Water Code, only ratepayers in the district seeking detachment are permitted to vote on the matter.

Will I see a reduction on my water bill?

If FPUD continues to purchase water from SDCWA, we project a continued 26% increase in the cost of water over the next three years. With this proposed change to EMWD, FPUD projects no increase over the next three years. Our board of directors could choose to immediately lower water bills followed by much lower increases in the future. At a minimum, FPUD ratepayers will be protected from the significant annual cost increases imposed by SDCWA.

How can I get more information or support this effort?

You can go to our website, www.fpud.com, or contact Noelle Denke at noelle@fpud.com or (760) 999-2706.



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