Report Confirms Truth About Water Transfer Agreement

Riverside, Calif. – Today’s release of the final report by the Los Angeles County Economic Development Corporation (LAEDC) provides an understanding of why the San Diego County Water Authority’s (the Authority) water costs are rising so rapidly and the implications for other water agencies who have been asked to assume that burden. The report, which is titled “The Cost of Water in San Diego: The IID Water Transfer and SDCWA Water Rates,” analyzes the cost of water associated with the Authority’s transfer of water from the Imperial Irrigation District (Imperial).

“The results of the final study confirm the economic realities of the San Diego/Imperial water transfer,” said Western Municipal Water District GM John Rossi. “Basically, San Diego residents and businesses are paying more for this transfer water than if they had bought the water from the Metropolitan Water District (Metropolitan).” Eastern Municipal Water District’s GM Paul Jones echoed this sentiment. “This study clearly shows that San Diego has spent much more on their water transfer than if they had dealt with Metropolitan to begin with. San Diego wants us and other member agencies comprising Metropolitan to pay for their expensive decisions. That’s not fair to our customers.”

A significant finding of the report is that “the effective cost to the Authority of water under the transfer agreements has on average been higher than buying the equivalent amount from Metropolitan” notwithstanding massive taxpayer subsidies that were provided by the state of California.

The LAEDC report is an outgrowth of a costly, high-profile public relations and legal campaign by the Authority against Metropolitan. Several member public agencies of Metropolitan commissioned the study to understand why the Authority is looking for other agencies to subsidize the cost of their water transfer. The public agencies stipulated when the study was commissioned that it would only be based on available public information and would not render an opinion on the motivations of the water transfer or the Authority’s decision to enter into the water transfer agreements.

“The LAEDC report confirms our belief that the Authority made a deal that they now realize will be more costly than they told the public when they entered into the deal,” explained Rossi, adding “And they now want others to help them make the deal work. I will defend my ratepayers’ interests vigorously as this could add hundreds of dollars annually to water customers’ bills in Riverside County. That’s not right. And it’s not fair.”

“What the San Diego water leadership doesn’t want to admit,” Jones explained, “is that they’ve already spent $140 million more than they should have in the first seven years of their arrangement with Imperial. That’s one of the main conclusions from the LAEDC report.”

The member agencies that commissioned and paid for the LAEDC study, which cost $50,000, were Western Municipal Water District, Eastern Municipal Water District, West Basin Municipal Water District, Inland Empire Utilities Agency, Three Valleys Municipal Water District, Municipal Water District of Orange County, and the Los Angeles Department of Water and Power. “This expense, cautiously made by a few water agencies, is justified to protect our own ratepayers from a potentially devastating cost-shift that we did not create,” noted both Jones and Rossi.
The LAEDC Economic and Policy Analysis Group offers objective economic and policy research for public agencies and private firms. Their economic focus is on water, transportation, infrastructure and environmental policy.

The Authority is suing Metropolitan and its member agencies over Metropolitan’s long-established water rate structure. Their goal is to change the rate structure in a way that unjustly shifts Metropolitan’s costs of delivering water from the Authority to all other Metropolitan member agencies. If the Authority’s lawsuit were successful, it would obligate ratepayers of Eastern, Western and the other Metropolitan agencies to pay $3 billion over the life of the water transfer and impact each of our agencies by anywhere from $155 to $180 million. This is in addition to over $290 million the Authority has already received in taxpayer subsidies for the transfer.

For full details on the study and rate issue, please go to Western’s website at wmwd.com or Eastern’s site – emwd.org.

EMWD is the freshwater, wastewater service and recycled water provider to a 542-square mile area from Moreno Valley southward along the I-215 corridor to Temecula and eastward to Hemet and San Jacinto. Approximately 755,000 people live and work in this area. In addition to its own water customers, EMWD supplements water to local water agencies and municipalities that have their own water departments. EMWD operates four water reclamation facilities and treats some 46 million gallons of wastewater daily. More information can be found at EMWD’s web site www.emwd.org.

Western provides water supply, wastewater disposal and water resource management to the public in a safe, reliable, environmentally sensitive and financially responsible manner. Today, the District serves eight wholesale agencies and approximately 23,000 retail customers with water from the State Water Project and the Colorado River, as well as groundwater, within its 527-square mile service area that has a population of more than 850,000. More information can be found at Western’s website www.wmwd.com.