



Press Release

Vallecitos Water District Customers Launch New Website: Political Favoritism to Developers Cost Ratepayers \$42 Million

They are the Friendship of Vallecitos Customers and want to grow to thousands of members and send a message to Vallecitos Water District (VWD) elected officials. “San Marcos businesses and residents – we pay for water, not politics.” That’s the tag line seen on the home page of their newly released [website](#).

At a VWD Board meeting in 2013, elected officials were deliberating on allowing more time for developers to pay fees. “The District’s interest has to do with providing basic services, sewer and water, at the best price. That’s all it is. It has nothing to do with helping out developers,” said Former Board Member Jim Poltl. In response, then newly elected Board Member Hal Martin retorted, “I look at the bigger picture – economic stimulus. Smaller governmental agencies ... make that happen.”

Since then, the VWD Board gave several breaks to developers that cost ratepayers more than \$42 million, according to Former VWD CFO Tom Scaglione. “From July 1, 2013 through June 30, 2018, Vallecitos ratepayers paid \$42.2 million, more than 15% of their water and sewer bill, to amass cash reserves, fund developer deficits, and continue to finance developer obligations with ratepayers’ cash rather than issue bonds. Vallecitos accumulated more ratepayer money than any other water district in San Diego County, and is the only district in the County with a deficit in developer funds.”

According to Scaglione, since 2013, water and sewer rates have increased 5.9% on average annually, while developer fees have increased just 2.6% on average annually.

“It all started in 2012 with a sewer density impact fee that I voted in favor of for developers to pay their impacts,” said Former Board Member Tim Shell. “We all [Board Members] voted for it, and we all had targets on our backs - management too. The developer-backed politicians that unseated us were not from the water industry. I knew this would happen.”

One of the most egregious breaks is the current delay in implementing long-awaited increases to developer fees. When the Board suspended and refunded the sewer density impact fee in 2015, they minimized the impacts by saying a study that is needed to raise developer fees and include the sewer density impact, would be done that same year. Vallecitos still has yet to increase the rates. According to the website, the delay alone saved developers \$11 million.

The website, friendshipvallecitoswater.org, details the breaks given to developers, the impacts to ratepayers, and how the situation can be remedied.

“All the numbers on the website are from audited financial statements, board reports, meeting minutes, and budgets,” said Scaglione. “They’re all numbers generated by Vallecitos. You just need to know how to read the financials.”