



## Press Release

FOR IMMEDIATE RELEASE  
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### Vallecitos Water District Customer Reserves Near \$100 Million: So Why are they Raising Water Rates?

No other water agency in San Diego County has accumulated more ratepayer money than the Vallecitos Water District. So why are they raising water rates again?

Vallecitos doesn't have \$100 million sitting in the bank or invested. A chunk of that paid for the area's fast-growing development. Vallecitos is the only water agency in San Diego County with a deficit, or negative, balance in developer funds – a \$14.6 million deficit according to Vallecitos' last financial statement audit. Developers have not been paying their full impact from all the new homes and commercial property being built. Ratepayers are picking up the tab.

But with the developers' new Capital Facility Fee going into effect earlier this month, Vallecitos anticipates paying back the \$14.6 million to ratepayers, but only after 8,400 new homes are built.

And even that is highly unlikely, considering that with the new Capital Facility Fees, Vallecitos projects the developer fund deficit will grow to \$49.4 million in five years without issuing bonds.

Early last year, District officials expressed their intention to continue borrowing money from ratepayers instead of issuing bonds. "We are able to do it now [borrow from ratepayers] because it's a win-win for both - ratepayers are actually getting a benefit [interest]," officials said at a public meeting. "Instead of paying our ratepayers back at 2%, developers would be paying 5% [if bonds are issued]." Board Member Mike Sannella acknowledged, "We [developers] are making money on the ratepayers' money." No other water agency in San Diego County, and maybe all of California, subsidizes development with water and sewer bills.

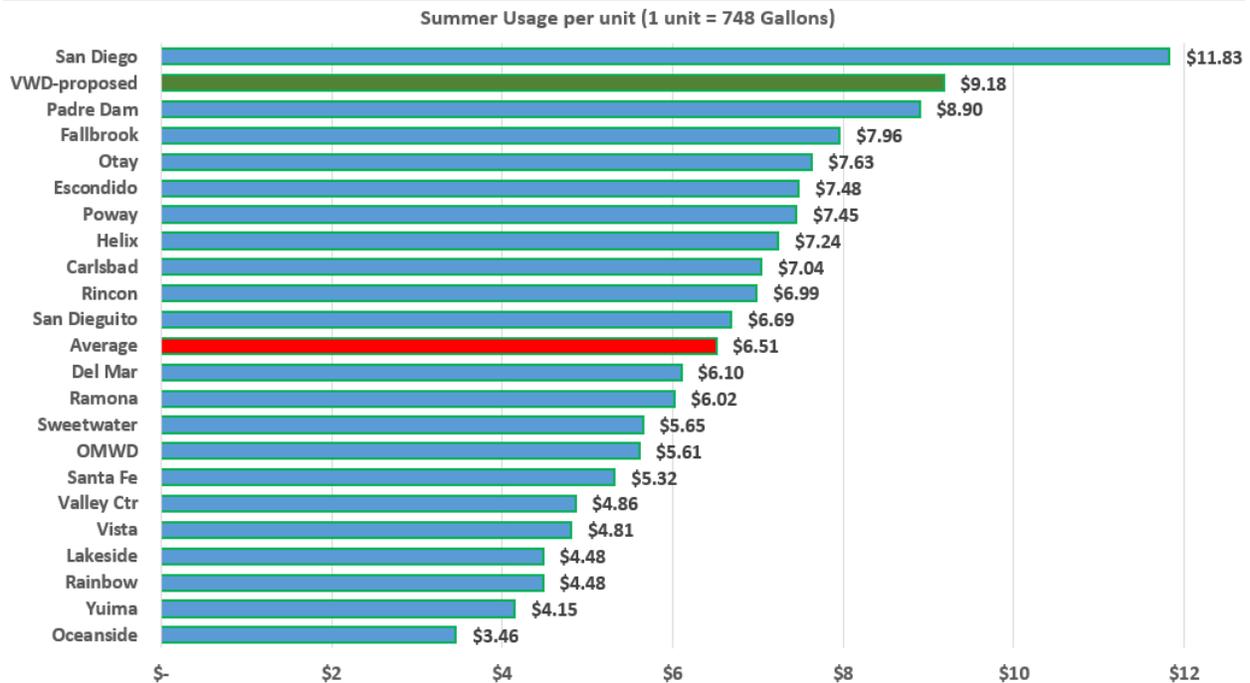


*Mike Sannella, Vallecitos  
Water District Board Member*

Recently, Vallecitos sent out to their 100,000 plus population served, a Notice of Public Hearing on Proposed Changes in Water Rates to be held February 27, at 5 pm at District headquarters. The very first page customers saw when they opened their mail boxes was a water bill survey of all San Diego County water agencies, with Vallecitos more than 10% below the average. They grossly overstated Rincon and Escondido water bills. Vallecitos is not more than 10% below the average. Corrections were noted on their website, but no notice of correction was sent to customers.

Summer usage was excluded from the survey. Only the City of San Diego has a higher Summer use tier. Vallecitos is more than 40% above the regional average for Summer water use.

Regional Water Cost Comparison for San Diego County  
 With the proposed rate increases, VWD is more than 40% above the regional average.



“It’s extremely important to send in your rate protest letter and attend the public hearing,” says Tom Scaglione, Co-Founder of Friendship of Vallecitos Customers and former CFO of the Vallecitos Water District. “Per the California Constitution, revenue from our water and sewer bills can be used only for what’s necessary to provide us with service. If Vallecitos is challenged on their water and sewer rates, their first defense will be ‘We complied with the process provided by law, sent out a 45-day notice, held a public hearing, and only a small percent of ratepayers protested – case closed.’”

The Public Hearing Notice can be found at [vwd.org](http://vwd.org) and provides specific instructions in order for your protest letter to be valid. No e-mails nor multi-signature petition circulations will be accepted as valid protests.

“To pay back ratepayers, and prevent further rate increases, maybe even lower our rates, Vallecitos needs to issue bonds, impose developer fees that cover their impacts and pay us back timely, and stop giving accommodations to developers at our expense,” said Scaglione. “Unfortunately, policy decisions and expressed intentions indicate these steps just won’t happen.”

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The Friendship of Vallecitos Customers (FVC), a group of Vallecitos Water District (VWD) customers, potential political candidates, past board members, and community leaders, formed to have a unified voice to influence the VWD Board of Directors (the Board) to maintain a ratepayer focus. Since the 2012 elections, the development community has had majority control of the Board. Developer influence and financial mismanagement have resulted in ratepayers paying \$54 million towards developer obligations. Ratepayers have not had either the will or ability to financially contribute, and therefore win favor, to the extent that developers have financially contributed to the Board. Visit [friendshipvallecitoswater.org](http://friendshipvallecitoswater.org)