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SDCTA Supports Agreement to Purchase Desalinated Water from Proposed Carlsbad Plant

Watchdog group cites ratepayer protections in 30-year deal

SAN DIEGO – **November 19, 2012:** The San Diego County Taxpayers Association (SDCTA) Board of Directors voted Friday to [support](#) the Water Purchase Agreement for the drinking water produced by the [Carlsbad Desalination Project](#).

The organization determined the comprehensive contract between the County Water Authority (CWA) and the project developer, Poseidon Resources, provides considerable protections for ratepayers, minimizing the risk to ratepayers of nonperformance and construction cost overruns.

“Our support is in part based on the numerous ratepayer protections built into the agreement, which ensure that major risks are on the project’s developer and not on the public,” said Lani Lutar, President and CEO of the Taxpayers Association.

The project, expected to be operational by 2016, will use reverse osmosis technology to convert enough seawater into drinking water to serve more than 100,000 households for at least 30 years. The new local source of drinking water is projected to account for approximately seven percent of the region’s supply.

The nonpartisan taxpayer-advocate and government-watchdog group specifically cited provisions in the contract that stipulate the San Diego County Water Authority pays for water that is delivered and meets its stringent quality standards; that Poseidon Resources assumes the financial risk of cost overruns associated with construction and operation of the plant; and that Poseidon alone is financially responsible for on-time project completion, compliance with regulations, capital maintenance, repair and replacement, labor supply and energy consumption.

The organization acknowledged the deal would add between \$5 and \$7 to residents’ bills, as the water produced by the plant is currently more costly than imported supply; however, Lutar said, the relative cost will come down as import prices continue to rise. “While the comparative cost is significant today, that will lessen in the future when imported water prices increase dramatically. It’s an insurance policy that protects us against our fragile, imported supply sources.”

San Diego’s current reliance on imports for 80 percent of its water supply puts the region at the mercy of drought and increased competition for supplies from Northern California and the Colorado River. The impact on water bills must be weighed against the costs of a precarious water supply, which inhibits economic growth and deters investment in the region by some of San Diego’s key industries such as biotech and hospitality.

“Because water reliability is so fundamental to our economy, the Taxpayers Association has long supported development of drought-proof local sources such as seawater desalination and recycled water,” Lutar said. “But the devil is in the details on these projects. In this case, the CWA got it right with diligent negotiations and an agreement that serves ratepayers well.”

The San Diego County Taxpayers Association is a non-profit, non-partisan organization, dedicated to promoting accountable, cost-effective and efficient government and opposing unnecessary taxes and fees. Founded in 1945, SDCTA has spent the past 67 years saving the region’s taxpayers millions of dollars, as well as generating information to help educate the public.