

For Immediate Release

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Green Valley Landowners' Association Files Notice with City of Vallejo over Discriminatory Water Billing

Lakes Water System residential customers likely to face \$7,000 annual water bills

Vallejo, Calif. – Today the Green Valley Landowners' Association (GVLA) formally notified the City of Vallejo that it intends to file litigation contesting Vallejo's discriminatory water billing practices. At issue is the Lakes Water System (LWS), which has run into disrepair and currently provides water to approximately 800 families. 30,000 Vallejo residents formerly received water from the system and shared in the costs associated with building and maintaining the LWS for nearly a century, but in recent years the city shifted all such costs solely to the remaining families outside of city limits.

"Vallejo invited us into the LWS when they needed more paying customers to get the system up and running. Now that it is outdated they are leaving us high and dry to pay to operate and repair a system that is too big for the remaining customers and is suffering from more than a century of deferred maintenance," noted Bill Mayben, president of the Green Valley Landowners' Association. "It is simply unconscionable that 800 households are left on the hook for operating, maintaining and repairing a system that was designed to serve 30,000."

LWS was built by the City of Vallejo in the early 1900's. The system was Vallejo's only source of water for approximately sixty years. The LWS consists of three reservoirs in the hills above Green Valley and in Napa's Gordon Valley and a network of pipes and other infrastructure designed to transport water primarily to the benefit of Vallejo residents. Water from these reservoirs was, until recently, transmitted by large, municipal-sized pipes over 20 miles to Vallejo.

Although the LWS was constructed to provide water to Vallejo, the city agreed to provide water from the system to a handful of properties outside of city limits. Today, approximately 800 families in Green Valley, Gordon Valley, Cordelia, Willotta Oaks and American Canyon are LWS customers. It is these residents who are now responsible for maintaining, operating, upgrading and repairing the aged system.

In 1992, Vallejo unexpectedly passed an ordinance shifting 100% of the cost of running and maintaining the LWS onto the 800 households located beyond city borders. Water bills for the remaining 800 non-resident families in Solano and Napa counties have since skyrocketed to some of the highest in the State.

“The GVLA has been working with the City of Vallejo for several years in an effort to find a reasonable path forward for LWS customers,” said attorney Stephen M. Flynn who represents the GVLA on this matter. “The city has legal, ethical and fiduciary obligation to these homeowners. We urge city officials to act in good faith by honoring these obligations.”

Vallejo has completed only minimal maintenance on the LWS since its creation over a century ago. Today, 74% of LWS infrastructure is more than 30 years beyond its useful life. The cost of replacing this infrastructure is \$24 million. Within 10 years, an additional \$6 million in deferred improvements will be needed. Vallejo is now hoping to sell the system in order to avoid making any financial contributions toward needed improvements, despite the fact that it relied on the LWS for decades to provide water to tens of thousands of its residents.

Vallejo has indicated it intends to sell the LWS to a private investor-owned utility. According to California law, private utilities are permitted to recoup their investment in addition to earning a profit. If the system is sold as-is to a private utility, current estimates show that the average water bill for the remaining 800 residential customers would be approximately \$7,000 per year or more. Experience in other California cities, such as Felton and Dillon Beach, indicate that investor-owned water utilities have a track record of charging exorbitant prices to their customers.

“There are many people who have owned their homes in these areas for decades who simply will not be able to remain there under those conditions,” continued Mayben. “Even families who are able to afford such astronomical bills will face a loss when it comes time to sell their homes. We are willing to pay our fair share – but what Vallejo is proposing is anything but fair.” Property values for LWS customers are projected to drop by nearly \$70 million should a private utility take over the system.

A spike in water costs is also likely to increase public safety risks in upper Green Valley and Gordon Valley, where homeowners rely solely on LWS water for both household uses and watering landscaping. The likelihood of a large-scale fire, similar to the one that afflicted the Berkeley Hills in 1991, increases significantly if homeowners in this semi-rural area are forced to cut back on outdoor watering due to exorbitant water costs.

The City of Vallejo has 45 days to respond to the notice filed today in order to avoid litigation.

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