



OMWD Board Controls Spending in Two-Year Budget for Fiscal Years 2025 and 2026

District tightens belt in anticipation of extraordinary price hikes from San Diego County Water Authority

Encinitas, CA—At its June 19 meeting, Olivenhain Municipal Water District’s Board of Directors will consider approving a two-year budget for 2025 and 2026, reflecting board direction to control costs and limit the impact to customers of impending wholesale water prices.

After consideration by the board’s Finance Committee in April, the final spending plan for fiscal year 2025 operations reflects a 2.6% reduction compared to what was originally requested by staff.

“OMWD receives its drinking water from a wholesale water agency,” stated Neal Meyers, OMWD Board Treasurer and member of the board’s Finance Committee. “When the wholesaler’s rates surge and other costs escalate, we must look for ways to prudently control our rates while still ensuring the continued delivery of safe and reliable water to our community.”

To control costs, OMWD will freeze hiring for vacant positions, delay previously planned positions, and reprioritize non-critical capital spending and capital projects.

Capital projects that will be funded over the next two years include replacement of aging pipelines, installation of new recycled water pipelines, and improvements at OMWD’s water treatment plant and water reclamation facility. Over \$4 million in costs for these projects will be offset by state and federal grants.

The largest unknown with regard to OMWD’s financial position over the next two years is the cost at which OMWD purchases water from its wholesaler, the San Diego County Water Authority. OMWD initially anticipated a 5% increase in SDCWA’s wholesale rate for 2025, based on direction provided from SDCWA in 2023. However, in April, SDCWA announced that it expects to hike wholesale water costs in the county by 39% over the next three years, and up to 20% in January 2025 alone. SDCWA is expected to finalize its 2025 rates by October.

Consideration of OMWD’s new budget will take place only weeks after the board was notified that Fitch Ratings, a global rating agency that offers independent credit opinions, affirmed OMWD’s “AAA” bond rating with a stable outlook, the highest possible rating. In affirming the AAA rating, Fitch cited OMWD’s prudent rate-setting, low operation cost burden, and adequate capital investments, resulting in a very strong financial profile.

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Olivenhain Municipal Water District is a public agency providing water, wastewater services, recycled water, hydroelectricity, and operation of Elfin Forest Recreational Reserve. Organized in 1959, OMWD currently serves approximately 87,000 customers over 48 square miles in northern San Diego County.

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