



CITY *of* ESCONDIDO

UTILITIES SUBCOMMITTEE

February 3, 2026 at 4:30 PM
Mitchell Room: 201 North Broadway, Escondido, CA 92025

Welcome to Your Subcommittee Meeting

We welcome your interest and involvement in the legislative process of Escondido. This agenda includes information about topics coming before the Subcommittee.

Mayor

Dane White

Councilmember

Christian Garcia (District 3)

City Manager

Sean McGlynn

City Attorney

Michael McGuinness

City Clerk

Zack Beck

How to Watch

The City of Escondido provides the following way to watch a Subcommittee meeting:

In Person



201 N. Broadway, Escondido, CA 92025



CITY *of* ESCONDIDO

UTILITIES SUBCOMMITTEE

MEETING AGENDA

1. **Roll Call**
2. **Oral Communication**
3. **Agricultural Recycled Water Program and Grower Agreement Considerations**

Receive a presentation and discuss the status of the City's Agricultural Recycled Water Program, anticipated service to agricultural users, and challenges affecting grower participation and long-term viability. The Utilities Subcommittee will review proposed considerations related to recycled water pricing, existing grower agreements, potential incentive or cost-offset mechanisms, and coordination approaches to support agricultural reuse and wastewater management objectives. No action is requested unless directed by the Subcommittee.

4. **Future Agenda Items**
5. **Adjournment**

How to Participate

The City of Escondido provides one way to communicate with the Subcommittee during a meeting:

In Person



Fill out Speaker Slip and Submit to City Clerk

Assistance Provided

If you need special assistance to participate in this meeting, please contact our ADA Coordinator at (760) 839-4643. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility. Listening devices are available for the hearing impaired – please see the City Clerk.





CITY of ESCONDIDO

UTILITIES SUBCOMMITTEE

GRANGETTO RANCHES, INC. – ESCONDIDO GROWERS FOR AGRICULTURAL PRESERVATION

MEMORANDUM

Date: January 26, 2026

To: Kyle Morgan Kyle.Morgan@escondido.gov

From: Eddie Grangetto, Grangetto Ranches, Inc., Escondido Growers for Agricultural Preservation

Subject: Proposed Agenda for Sub Committee Meeting on Tuesday, February 3rd, at 4:30 pm.

Hello Kyle:

Pursuant to our discussion, please see my agenda suggestions for our meeting on February 3rd at Escondido City Hall with the Utilities Sub. Committee –

Overview:

The City of Escondido has spent millions of dollars to develop its “Agricultural Recycled Water Program” in partnership with the Escondido Grower Community and Escondido Growers for Agricultural Preservation. This collaboration is primarily designed around the ability for The City of Escondido and its citizens to avoid having to send much of its current/future treated wastewater through an ocean outfall system that is nearing capacity.

The concept discussions for this project began around 2012 and now we are told that we can expect the first deliveries of the recycled water for agriculture around spring of 2026, for phase one customers. However, there are many pressure points that are becoming apparent within the avocado business and countywide, regarding the loss of our agricultural community. These impacts are already influencing local avocado grower’s long-term viability, such as –

1. Growers listing their properties for sale.
2. Growers are losing money on their groves and finding it very difficult to compete on a Global Level with imports. Some growers are considering shutting off their water.
3. Escondido avocado acreage is down to approximately 1500 +/- acres.
4. Some growers are aging out and have no sustainable exit plan for their farming operations.
5. The San Diego Planning Program (SALC) estimated that San Diego County is losing 18 acres of farmland per day and one farm every three-and-a-half days.
6. Agriculture is a “Target Industry” (Initiative: Preserve Existing Agricultural Job Lands, page 59 in the 2023 -2028 CEDS Report) What is the city’s plan to ensure that Escondido maintains employment – supporting agricultural land?



CITY of ESCONDIDO

UTILITIES SUBCOMMITTEE

7. The MFRO Plant is currently a “stranded asset” that is not being utilized.

EGAP Proposal:

Update our “Agreement for Purchase and Sale of Recycled Water for Agricultural Uses” for Escondido Avocado and Citrus Growers. This needs to be done immediately to retain growers and provide confidence for the city, so they will have a disposal mechanism for their wastewater. Our current agreement expires in 2027. Since 2017 our contractual water pricing has been increasing, and we have no idea what the future pricing may be. We need to know directly the status of our 2027 transitional water pricing and the proposed pricing for the recycled water. This agreement is the formal instrument that defines the purpose of Escondido Growers as a key component of the city’s wastewater disposal program and the guiding standard for monetary incentives for growers that participate.

EGAP’s Justification for a cost offset to their current water bills:

Growers should be compensated for being the disposal apparatus of Escondido’s Water Treatment Waste Stream (Supply Management for Water Producers and Users) beyond the current system.

The cost avoidance can be calculated on a quantifiable annual benefit basis to the tune of \$13M to \$33M per year (assuming the avoided outfall upgrade would have a useful life of 30 years =/-) This is an allocation of avoided capital costs to the customer class that causes them.

The city’s investment of millions of dollars for the recycled water program is a lost resource, if growers cannot stay in business and our avocado and citrus groves disappear. Every acre of orchards using recycled water saves the city thousands in infrastructure and climate costs. The “cost-of-inaction” continues to impact the city’s ability to maximize a program that can save our citizens millions of dollars and provide a rock-solid mechanism to preserve local agriculture.

How can this rate mechanism be implemented?

1. Reimburse growers (approximately \$ 5800.00/ acre annually) for their Eco System Contribution. This can be via regional sustainability grants and Escondido’s Climate Action Plan.
2. A Recycled Water Offset Fund, a dedicated municipal fund that receives an annual allocation from a Wastewater Enterprise “Avoided Capital Costs” (i.e. what the city saves by not expanding its outfall). Distribute these payments or credits to participating growers as “Recycled Water Participation Credits”
3. Ecosystem Services Payment Program, the city quantifies ecosystem co-benefits of orchards (through GIS mapping, canopy cover, soil carbon models, etc.). Payments are made to growers via “public ecosystem service contracts.”
4. “Water Rate Credits + Infrastructure Incentives” the city can apply the value of avoided costs as –



CITY of ESCONDIDO

UTILITIES SUBCOMMITTEE

- a. Rate reductions for growers using recycled water
- b. Water Meter Fees waived
- c. Annual Backflow Inspection Fee waived
5. Adopt a Council Resolution recognizing "Ecosystem Services Provided by Agriculture Reuse Participants."
6. Amend the Water Reuse Master Plan to include an "Agricultural Reinvestment Fund."
7. Use the "Enterprise Fund" accounting (within the wastewater utility) to capture and redirect avoided costs.
8. Leverage outside funds (state/federal) to match city dollars, multiplying local impact.
9. Consider the recommendation from The California Avocado Commission's President Ken Melban, "The solution for avocado growers and the City of Escondido is a long term agricultural recycled water subsidy program (investment allocation) to ensure that avocado groves continue to exist as consumers of the modified wastewater and provide the direct economic benefits and ecological value that was intended."
10. Offer additional compensation to growers that put their properties in the County of San Diego's (PACE) program that permanently restricts their land to agricultural use.

These credit/incentives would be calculated annually using actual recycled water deliveries and applied as a volumetric offset to the agricultural water rate. This preserves revenue neutrality while recognizing system-wide savings.

I would also suggest the formation of an independent water district, designed around the growers using agricultural recycled water. This organization would have a board of directors that would interact directly with the Escondido City Council to ensure that all parties have a voice in the future of this enterprise. This direct channel for communication is critical to maintaining the cohesion (between the local grower community and City Policy Makers) that has been absent for some time.

I hope this covers everything. Please contact me at 760-801-8718 or email edgrangetto@gmail.com
Thanks again for the opportunity to present our ideas to the subcommittee.

Best regards,

Eddie Grangetto

Edward Grangetto

Grangetto Ranches, Inc., Escondido Growers for Agricultural Preservation (EGAP)
edgrangetto@gmail.com - cell 760-801-8718