

We are

WATER  **PLUS**

a group of ratepayers
who believe the current water project
needs ***US***



***OUR* Mission:**

To persuade or create
a public agency to
purchase **Cal Am**

OUR Problem:

The **Cal Am**
CAL-AM-ITY



...the proverbial water buffalo in the room!



- **Steeply rising rates**
- **No cap on rates**
- **No local control**
- **No local ownership**
- **No new water**

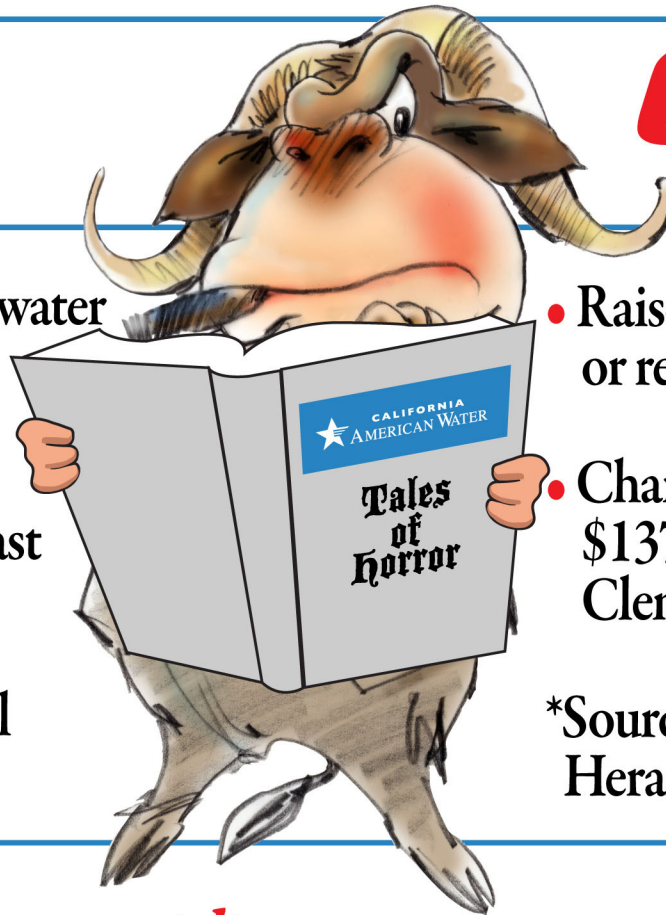
Horror Story 1: Pre-Desalination

NOW

Cal Am charges

- 10 Times the average water cost in the US*
- 13 Times the cost of neighbor Marina Coast water

*Source: US Geological Survey



COMING

Cal Am hopes to

- Raise Rates 40% to repair or replace old equipment*
- Charge Ratepayers \$137,000,000 to remove San Clemente dam*

*Source: Monterey County Herald

...All this without providing new water to our community!

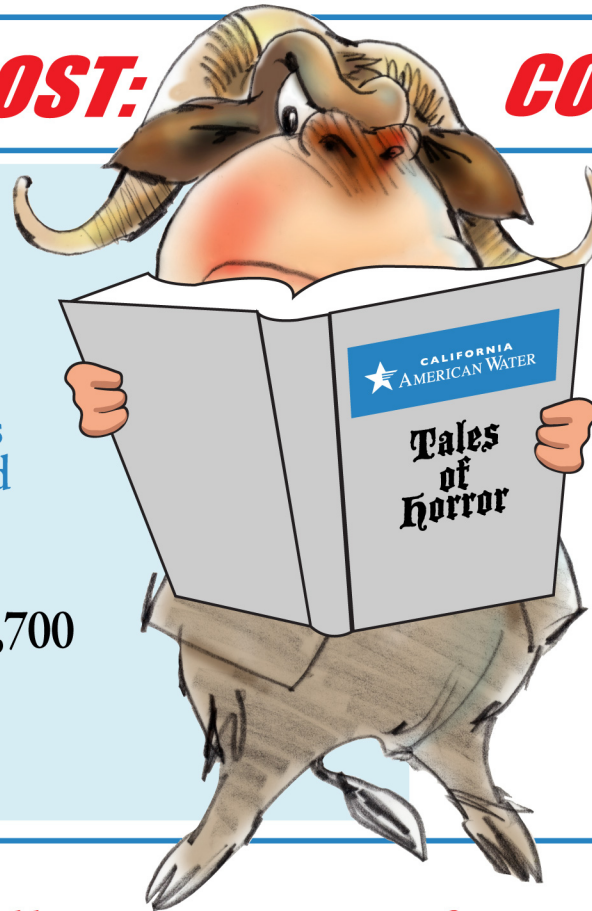
Horror Story 2: Post-Desalination

PROPOSED COST:

- \$4,000 - \$9,000 per acre-foot*

*Source: Comments of Division of Ratepayers Advocates on Proposed Settlement Agreement

- Likely cost to us: \$5,700 per acre-foot



COST ELSEWHERE:

- \$790 - \$1,716 per acre-foot*

*Source: California Coastal Commission and *Wall Street Journal*

• Examples:

Israel: \$664
Singapore: \$604
Tampa Bay: \$650
Carlsbad, CA: \$950

...and still no new water for our community!

Horror Story 3: Layers of Government

Cal Am
OWNERSHIP

Public
OWNERSHIP

Ratepayers now suffocate under increasing layers of government:

- CPUC
- State Legislature
- MPWMD
- SWRCB
- Mo Co & Marina Coast
- Courts



Ratepayers interact with only a single government entity:

- Public owner of Cal Am

HORROR STORIES 4, 5, & 6

4. Cal Am steep rate increases will sharply reduce fixed income ratepayer patronage of local businesses.
5. Local hotels will lose to out-of-town competition for convention and tourism dollars.
6. The Pentagon will feel increased pressure to move DLI and Navy School elsewhere

...and **Horror Story 7:** *It's 'Tea Party Time!'*

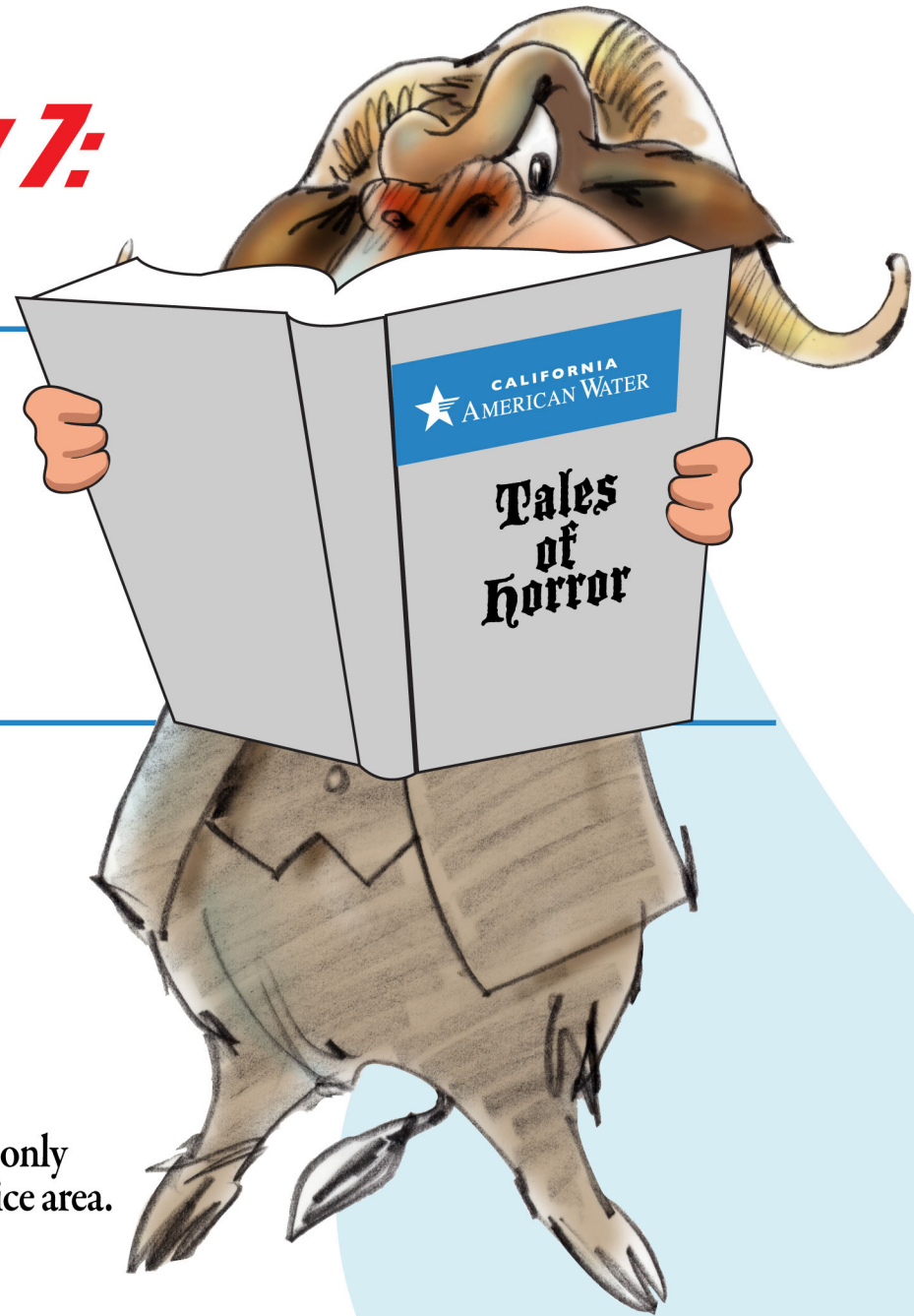
Boston, 1773

- Colonists dump tea into harbor rather than pay taxes on it.
- Issue: Taxation without representation
- Consequence: American Revolution

Monterey, 2010

- Ratepayers seek to create or persuade community agency to buy Cal Am
- Issue: "Taxation" without representation
- Consequence: Community agency buy-out of Cal Am

Note: Even mayors with a full vote would represent only four of the seven local zip codes in the Cal Am service area.



THERE COULD BE A HAPPY ENDING!

Community purchase of Cal Am! ... *What's the cost?*

UNDER COMMUNITY OWNERSHIP

- Shareholder equity: \$49.2 million*
At 5% for 30 years
- \$6.60 surcharge on monthly bill

UNDER CAL AM OWNERSHIP

- Shareholder equity: \$49.2 million*
- With 10.2% rate of return*
- \$10.45 monthly surcharge



SAVINGS: \$3.85

from a monthly water bill to purchase Cal Am ... *Let's send 'em packin'!*

(Note: The \$3.85 does not take into account taxes paid by Cal Am but not by a community owner, which would also have lower financing costs.)

*Source: California Public Utilities Commission

Can we prevail?

Felton did it. Montara did it.
That's in California. They also rejected private ownership
in Canada: Vancouver, Toronto and Halifax
Europe: France and Italy
Latin America: Bolivia, Nicaragua and Brazil
Asia: India, Indonesia and Philippines
Africa: Ghana and South Africa and
in over 85% of The United States

Can we do it?
You Betcha!

How
Can We
Do It?

WATER  *PLUS*

MUNICIPALITY

- Form water district beyond city boundaries (possibly via a JPA)
- Purchase Cal Am following appraisal
 - by negotiation or
 - through eminent domain (higher hurdle on portion of service area outside vs. inside City of Monterey)
- Secure bond funding (revenue bond is fairer than general obligation bond)


WATER⁺PLUS

- Form county water district in Cal Am service area through LAFCO + vote
- Purchase Cal Am following appraisal & authorization of debt
 - by negotiation or
 - through eminent domain
- Issue bonds or secure bank financing, as authorized

MPWMD: Same as WATER⁺PLUS but no need for district formation

Marina Coast: Same as WATER⁺PLUS but no vote without “protest”

Q & A

- Q** Who will work for the community-owned water company?
A Same people who work for Cal Am
 - Q** Where will Water PLUS get the money to finance the condemnation action against Cal Am?
A Community fundraisers
 - Q** What will happen to the desal project?
A It will still happen and with the same players except that a community-owned company will replace Cal Am
 - Q** Will buying Cal Am delay the desal project?
A No
 - Q** Who will set future water rates?
A The new community-owned water company
- 

WATER  *PLUS*