



# MPWMD Special Board Meeting

David J. Stoldt  
General Manager

April 3, 2023



**MPWMD Special Board of Director's Meeting on Monday, April 3, 2023 – Item No. 2  
Slide-Deck Distributed at the Meeting to Public, General Manager, District Counsel and  
Board Members.**



# Welcome & Introductions

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# Introductions

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How Eminent Domain Works

**RUTAN**  
RUTAN & TUCKER, LLP

Value & Can We Afford It?

 **RAFTELIS**

Can We Finance it?

 **BARCLAYS**

## Why Are We Here?

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- November 6, 2018
- Passed 56% - 44%



“if and when feasible, to secure and maintain public ownership of all water production, storage and delivery system assets and infrastructure providing services within its territory.” *Not MPWMD’s choice, but our duty.*

# Why Pursue Public Ownership?

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85 % of  
Urban  
Water in CA  
is by Public  
Agencies

Lower Cost to Operate

Same or Better Quality of  
Service

Local Governance

Greater Transparency



# Overview of Appraisal and Offer Process

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## Summary of the Offer

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- \$448,808,000
  - ✓ Base Utility Enterprise Assets
  - ✓ Other Asset Additions
- Transmitted to Cal-Am Earlier Today

# Long & Winding Road...

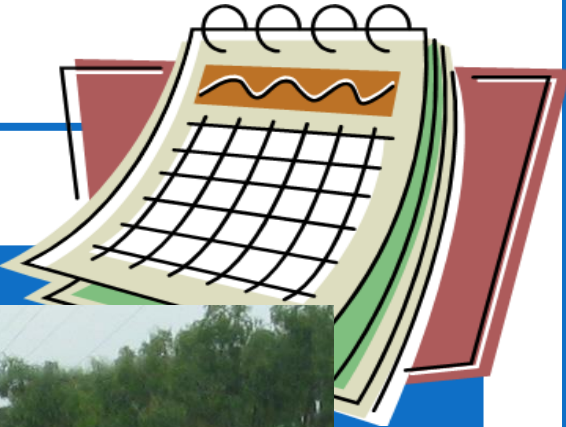


	Item
Nov 6, 2018	Voters Pass Measure J
Nov 12, 2019	Feasibility Proven / Public Forum
Oct 19, 2020	Environmental Impact Report Certified
Feb 26, 2021	Application to LAFCO
Feb 28, 2022	LAFCO Concludes Process
July 2022	MPWMD Board Authorizes Appraisal





# Long & Winding Road...



Nov 6,

Nov 12

Oct 19

Feb 26

Feb 28

July 20





## Methodology & Findings of Appraiser

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## Other Issues & Next Steps

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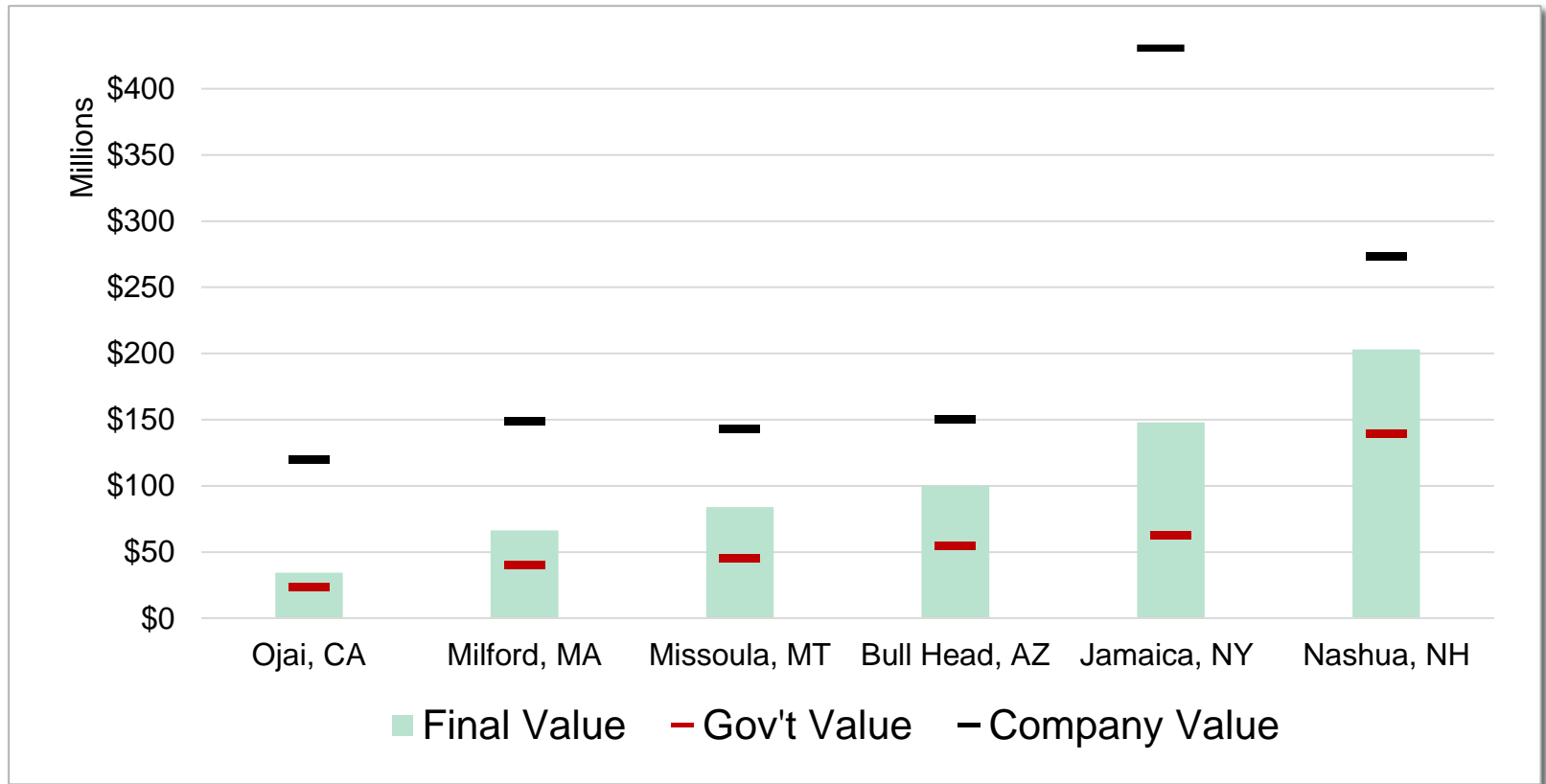


## Obvious Areas of Disagreement

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- Weighting of 3 Appraisal Methods
- Investor-Owned Utility Bias to Replacement Cost
- Valuing Real Estate and Water Rights
- California Public Utilities Commission World vs. the Real World

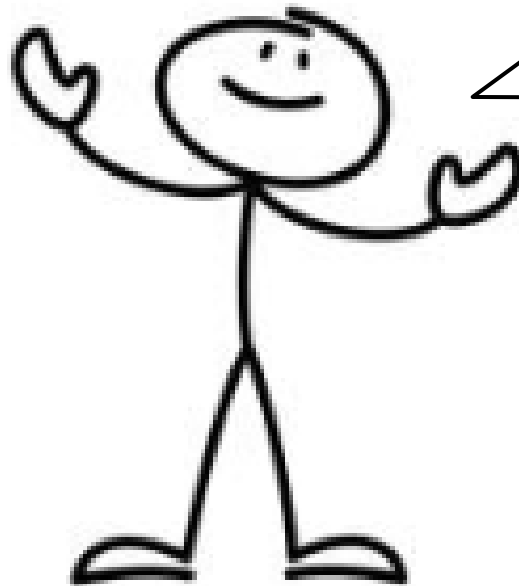
# They Will Tell You the Final Price is Always More



Typically, Final Price is Closer to Initial Government Appraisal than Company Valuation

# Bob is Back!

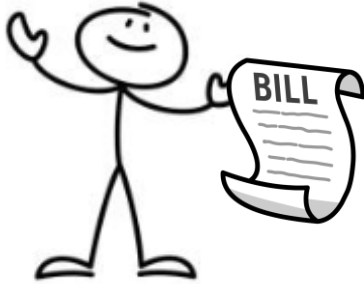
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How the heck do we afford this?

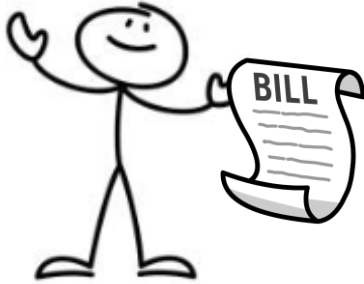
# What is in Bob's Water Bill TODAY?

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■ Debt & Equity Return/Profit	\$21,200,000
■ California Parent	5,000,000
■ New Jersey Parent	3,300,000
■ San Clemente & Acquisitions	7,000,000
■ Income Taxes	5,300,000
■ Property Taxes	3,000,000
■ Other Taxes	1,000,000
■ Regulatory Expenses	500,000
■ Depreciation & Amortization	11,700,000
■ O&M and Purchased Water	<u>42,000,000</u>
Total (Annually)	\$100,000,000

# What GOES AWAY with Public Ownership?

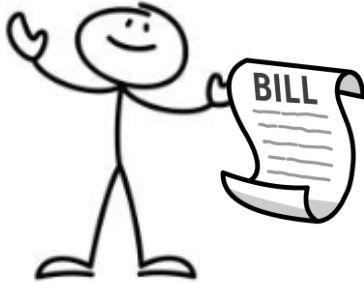


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■ Income Taxes	5,300,000
■ Property Taxes	3,000,000
■ Other Taxes	1,000,000
■ Regulatory Expenses	500,000
■ Depreciation & Amortization	11,700,000
■ O&M and Purchased Water	<u>42,000,000</u>
Total	\$43,000,000



## What NEW Costs Will Bob Pay For?

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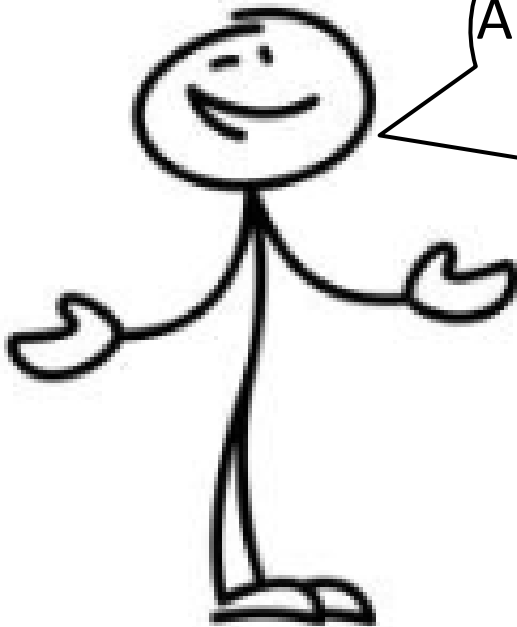


■ Debt for the Acquisition*	\$27,600,000
■ Other Taxes	1,000,000
■ Capital Investment	11,700,000
■ O&M and Purchased Water	<u>42,000,000</u>
Total	\$82,300,000
Annual Savings over Cal-Am	\$17,700,000

*\*: Debt at Offer Price, 30 years, 4.5% rate; Disclaimer – Just a conceptual example*

## Bob Gets It!

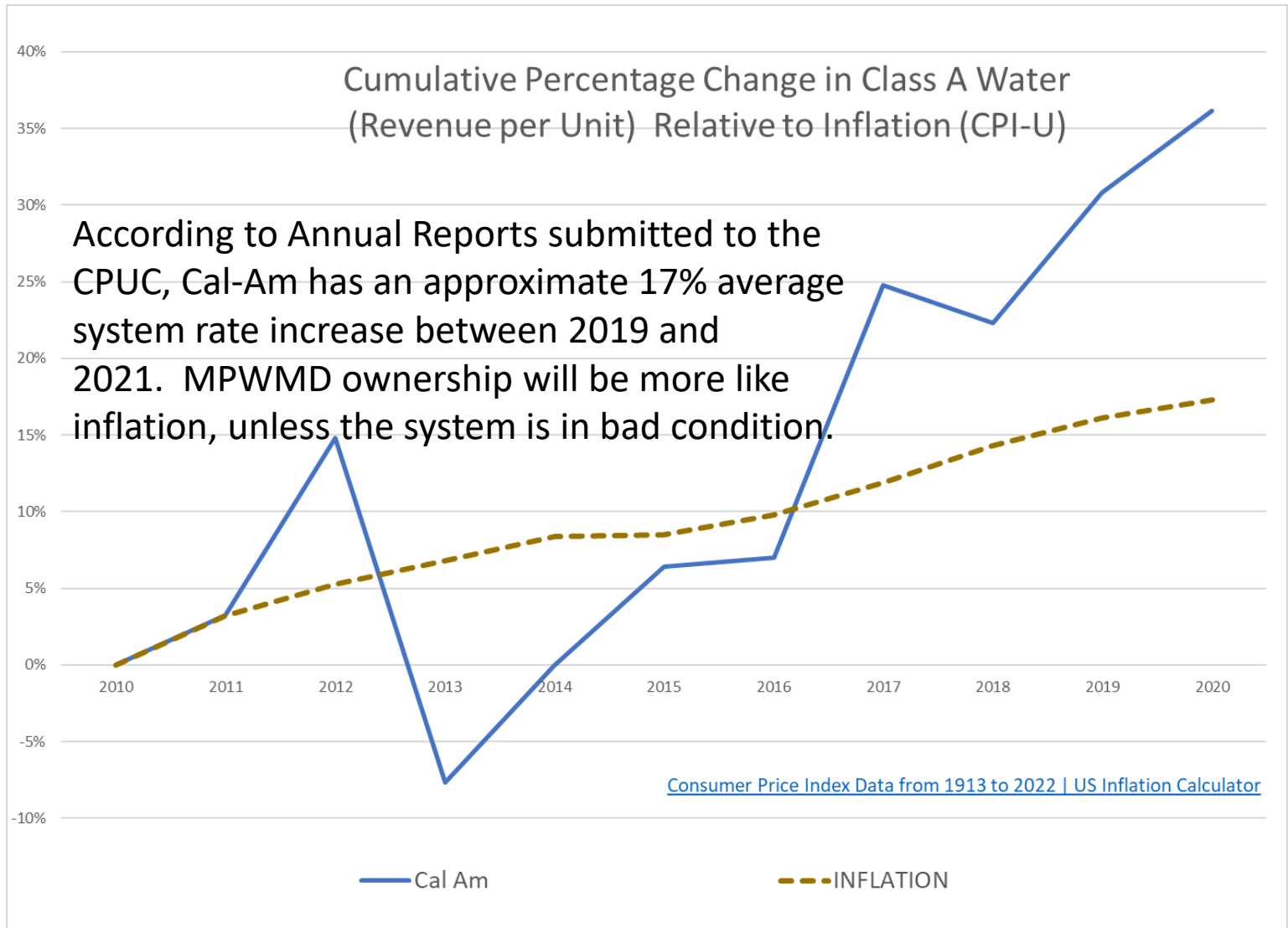
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Annual Savings over Cal-Am = \$17,700,000  
and Paid for Within the Rates

*Disclaimer: Just a Conceptual Example*

# What Can You Expect in the Future?



# Next Steps

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April

- Offer Letter Sent
- Likely Will Be Rejected

May

- Develop Findings
- Draft Resolution of Necessity

June

- Special Closed Session
- Board Decides on Hearing of Public Necessity

July

- Hearing of Public Necessity, If Board Decides
- File Condemnation Action (maybe August)

## Wrap-Up

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Thank You.



Progress on Behalf  
of the Voters !!!