

**The attached letters were submitted to the Board of Directors during the  
October 10, 2023 Special Board Meeting conducted at  
The Irvine Auditorium at the Middlebury Institute of International Studies  
499 Pierce Street, Monterey, CA 93940**

10/10/23

I am mindful that this hearing is part of a quasi-judicial process. As a Board Member, I have an obligation to be fair, maintain an open mind, and not to base my decision or vote on any preconceptions or personal bias. I understand that I have a legal and moral responsibility to exercise my independent discretion based solely on the evidence and testimony received or referenced in this proceeding. I understand and acknowledge that all Board members must exercise their discretion on the law and the evidence in the record.

I am also mindful of recusal laws that can apply to wrongdoing. For the record, I have no financial interests or connections that would dictate recusal. I have reviewed these proceedings and the material prepared by all participants with an open mind and I have not pre-judged any result.

However, there can be perceptions of wrongdoing even if there is an absence of evidence. Perceptions do not need facts. Only innuendo, or accusations.

The issue here is that I may be seen by others as having predetermined my vote, having a closed mind, even though I swear to remain open minded until all the facts are known for this or any other quasi-judicial proceeding.

I have seen how the appearance or inference of a closed mind casts a huge shadow on any public decision. The recent LAFCO decision comes to mind.

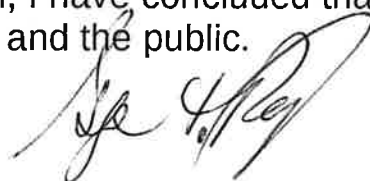
Also I have personally been the target of nasty opposition from some supporting Cal-Am's interests in the lead up to the Measure J election in 2018.

I refuse to be a target, nor to be a liability to the District, nor to open myself or the District to potential legal exposure. I prefer to maintain my integrity, and to assure the public that an appropriate process is being followed.

To avoid any adverse occurrences and to ensure that participants and the public at large can unequivocally conclude the actions of this District are fair, unbiased, and free of improper influence, I therefore shall recuse myself from participating in this decision.

I am mindful that Rule 24 of the District Meeting Rules addresses this action, and that this declaration is to be entered into the Board Minutes of this meeting, and that to effect my recusal that I am required to leave this room.

I regret taking this action but, after much deliberation, I have concluded that recusing myself is in the best interests of the District and the public.



Robert Ernst

Two Minute Objection to Draft Resolution No. 2023-13

I am Robert Ernst, a Cal Am customer since 1982. I also served on the board of the water management district as chairman during the 1990s. I helped to implement the regulatory conservation measures of fixture counts, tiered rates, and water credits that are so hated by the people.

I object to the resolution.

The proposal fails to satisfy the Eminent Domain Law for several reasons:

1. The proposed taking abandons the long planned-for desalinization plant.
2. The District seeks to replace the desalinization plant with a sewage reclamation plant called "Pure Water." The people have never been given an opportunity to vote or decide whether they want to drink reclaimed sewage.
3. The risk of illness or death from drinking reclaimed sewage is unacceptable to the people of the Monterey area. You people are one valve failure, one inattentive government employee, one saboteur away from disaster to the people and the economy.
4. The District has deceptively introduced reclaimed sewerage into our drinking water during the Covid lockdown crisis.
5. The desalinization plant is a much safer water source than the sewage reclamation plant.
6. The proposal falsely states "need" for of water based on the current regulatory regime. In other words your goal is to impose by fiat a permanent state of scarcity suffered by the people for the past 30 years.
7. The resolution understates, and would make permanent, the demand for water in the Monterey service area by approximately 10,000 acre feet. Water demand went from approximately 19,000 acre feet annually to

10,000 acre feet under the conservation regulations, and during the covid epidemic. But those circumstances and restrictions were never intended, as you propose, to become a permanent state of affairs.

After 30 years of regulatory drought, the people deserve an abundance of water. After all, there is a whole ocean we can draw from.



October 10, 2023

*The Carmel River Steelhead Association is a volunteer organization dedicated to the restoration and conservation of the Carmel River and the federally threatened Steelhead. California American Water's desalination project will finally secure a reliable, drought-proof water source which will alleviate the century old overdrafting issue that has threatened our iconic Steelhead. Putting our conservation efforts at risk is the eminent domain attempt by those who want to purchase Cal Am and scuttle the desalination project in the process. Cal Am has been faced with hurdle after hurdle in its attempts to find an alternative water solution to reduce our reliance on the Carmel River and has finally gained Coastal Commission approval to accomplish that, yet a hostile takeover attempt to abandon that progress is continuing on the pretense of not needing the project. Both reclamation and recycling of existing water with the Pure Water Monterey project and securing a drought-proof water such as desalination are needed.*

*Carmel River Steelhead Association*

# Tama Olyer Representing League of Women Voters Monterey County

The League of Women Voters of Monterey County studied ownership of water distribution systems in 2007. The study resulted in several criteria that an entity responsible for managing and distributing water should meet. Based on our evaluation of Cal Am's performance, we concluded that Cal Am has not satisfactorily met these criteria.

The League supported Measure O and then Measure J, the Ballot Initiatives requiring that the Monterey Peninsula Water Management District analyze the feasibility of purchasing Cal Am and to proceed with purchase if feasible. League support is based on our position that water is a necessary resource for human life and that it is a public resource, not a commodity.

~~The State issued a Cease and Desist Order in 1995 because of historical over-pumping of the Carmel River by Cal Am. During the last 28 years, Cal Am has failed to develop an alternative water supply.~~

The League supports fair rates and transparent decision making. Currently, rates are set by the California Public Utilities Commission, a State appointed body. The rate setting process is complex and lacks transparency. Recommendations of the Office of Ratepayer Advocates intended to protect ratepayers are frequently ignored. As a result we are paying rates that are among the highest in the country.

The League supports an efficient and well-run local office. Cal Am's complaint/call centers are in Illinois and Florida. Staff at these centers are not familiar with local details.

The League's 2007 study concluded that if a significant number of these criteria were not met, then public purchase should be considered. To assure transparency, open government and local control, we think that any agency overseeing the water system should have a publicly-elected local governing board.

The League supports the findings of the District that a buyout is feasible and we support its efforts to move forward with the eminent domain process, as required by Measure J.

I urge you to adopt the resolution of necessity and pursue acquisition of Cal Am. Water is a ~~vital~~ vital public resource and should be owned and controlled by our local public utility, MPWMD. Our rates are too high because Cal Am's main goal is to maximize its profits and pass them on to its investors - not to provide safe, high quality water to the public at a reasonable cost.

Two independent studies have found it is financially feasible for MPWMD to acquire and operate our water system. I urge you to move forward with adopting the resolution.

Barbara Moore

City of Monterey Homeowner

bdmoore100@aol.com



When Measure J was first proposed, I was neutral but very interested in learning about the water issue. Through a series of meetings to provide information to potential voters, Public Water Now educated me by bringing a host of unbiased experts who did a masterful job of providing great information. My own effort to check on data presented showed PNW's experts were right. As a result, I supported Measure J.

Since then I have been appalled at Cal Am's failure to find new water & to refuse for a long time to agree to buy Monterey Water. Cal Am has acted in its own interests, not the public interests. Cal Am's desal project is way too big & expensive. The water district will do a much better job. That shouldn't be hard as Cal Am has set a low bar.

Renee Franken

rbfranken@aol.com

resident of Monterey



Ellen Gannon <sup>Mid Valley Garden</sup>  
<sup>Homes Condos, Carmel</sup>  
Chair: Sustainable Carmel  
Board member of ESMC: Communities

for Sustainable Monterey County  
Good Evening, Thank you each and  
all of you for being here.

Gratitude for the journey and thorough  
process since 2015.

NOW IS THE TIME!

In Nature & in our lives there are  
transitions: seasons, phases of the  
moon, movements of the sun, and  
in our daily individual lives  
now is the time of transition  
for the ownership of our local  
water system.

IF NOT NOW WHEN?!

Thank you.

## Melodie Chrislock Public Water Now

Thank you, MPWMD for following through on Measure J and respecting the will of the voters. We know it was no easy task. Your findings and evidence in support of the buyout are impressive. Anyone here tonight who is skeptical should read these 83 findings.

Your work stands in sharp contrast to Cal Am and the hardships it's created for this community with its **culture of dishonesty and corporate greed, price gouging and constantly increasing rates**. This is the danger of investor-owned water, and this is the reason 85% of Californians get their water from publicly owned water systems.

Cal Am claims its system is worth a billion dollars. That's a fantasy. One that included a desal plant that doesn't exist.

If you wanted to sell your house for twice what it's worth, how hard would it be to convince just one buyer. Cal Am will have to convince a jury of 12 that it's worth twice its real value. Good luck on that.

We know this buyout **is feasible** and will lower water costs. **The cost of water under MPWMD will always be lower than Cal Am**. But **no one** can say how much lower until a jury decides on the buyout price.

**Remember the cost to buy Cal Am is not added on top of what we pay now**. It's paid off on our water bills **in place of Cal Am's profits**, its excessive overhead, management salaries, regulatory expenses, taxes and all the costs for failed projects.

This buyout is clearly in the public interest. Please adopt the Resolution of Necessity before you.

CalAm created water shortages by over-pumping, yet never developed any new viable, valid water supplies, relentlessly pursuing unbridled profit over water supply, while employing sabotage and extortion tactics to interrupt urgently needed Pure Water Monterey Expansion, causing costly years' long deleterious consequences.

The Resolution of Necessity prodigiously underscores substantial confirmations this buyout is critically indispensable for the public good, restoring citizens' constitutional rights, and renewing public trust.

The only common sense, critical thinking conclusion is that this Resolution action is an existential necessity.

May God bless MPWMD with much deserved success for honoring and acting on behalf of "We the People". Amen.

Margaret-Anne Coppernoll, Marina  
Co-founder, Citizens for Just Water

Measure J's voter-mandated, expert-verified financially feasible buyout became inevitable due to CalAm's price gouging, mismanagement, and unethical practices, while award-winning MPWMD demonstrated Impeccable integrity and earned public admiration.

This buyout will ensure Peninsula water security at an affordable cost, and honest, transparent stewardship by a publicly-owned water agency with a proven successful track record since 1978.

CalAm continues to be a bad neighbor to Marina, discounting environmental justice, endangering ESHA, ditching the Regional Project in order to exploit Marina's protected water rights, while suing our city.

Cal Am wants to build an unaffordable, environmentally unsound, unnecessary desalination project that extracts massive amounts of groundwater daily from Salinas Valley Basin's critically over-drafted aquifers, increasing seawater intrusion, and pilfering Marina's water supply.

MPWMD Oct. 10<sup>th</sup> Board Meeting 5:30pm at MIIS Irvine Building

Good Evening Chair Adams and Commissioners:

My name is  
Troy Ziskind

The public has been waiting for almost 5-years after Measure J won to buy out Cal-Am. During that time, our water bills have increased significantly. Personally, my water bill has more than **doubled** and yet I use **less** water than I did even **3-years** ago. Using less water did not equate to lower water bills. (Hence using less water isn't feasible for low water users.)

Your <sup>staff</sup> ~~board~~'s report to proceed with the eminent domain has finally come to fruition. I ask all of you to vote 'Yes' to go forward with the <sup>Resolution of Necessity</sup> ~~district's eminent domain case~~. Monterey Peninsula water ratepayers can no longer be controlled by corporate water whose only justification is to make a profit and not serve the community in its best interest.

Thank you.

10/10/23, 2:41 PM

Gmail - Public comment, please print



From  
Carol Setinek  
Seaside

George Saldivar <george.saldivar@gmail.com>

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**Public comment, please print**

1 message

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**Carol Setinek** <carolsetinek@gmail.com>  
To: George Saldivar <george.saldivar@gmail.com>

Tue, Oct 10, 2023 at 2:41 PM

The water has always been ours, of course. Our area even has our own aquifers! What we still need is to implement Measure J, and buy Cal Am's local infrastructure.

You'll hear tonight about the 2019 study that determined it was indeed feasible, and in the public interest, to distribute our water under public ownership. After we own the facilities, Cal Am's profits, currently being sent out of state, will be spent locally. We will not have the constant rate hikes Cal Am has imposed. We will be past the expensive, contentious legal battles with Cal Am.

Water is essential to life and allows a community to prosper and grow. Because water is a public good, it should be delivered without regard to income, class, or race. Rates should not be lower to industry, than they are to families. Delivering healthy water is hard enough; but distributing it while locked in conflict with a profit-making entity has been much harder.

Our local water district will deliver our water transparently, under local control. Our local water district has done what Cal Am was not able to do in 60 years! Pure Water Monterey is on track to supply us surplus water after 2025. The district's recycling plant speeds up the way mother nature cleanses water.

Let's join the 85% of US ratepayers who get their water from publically-owned entities.

For every vision, there is an equal and opposite revision.

10/10/23

VICKI PEARSE, Pacific Grove

One minute: 101 words.

Resolution of necessity.

Water is the most basic necessity of life, next to the air we breathe.

Public ownership and control are essential.

Please vote YES on this step forward.

*Def* evidence is that

Public water is not only feasible but less expensive and better than for-profit water.

*more transparent in governance,  
provides a better overall quality of public experience*

~~in my view~~ leadership

CalAm has failed us in terms of stewardship, maintenance, service, and affordability.

*high energy dam expensive*

And now it's proposing to build a huge, unnecessary, costly, and environmentally damaging desal plant.

*I ~~don't~~ prefer recycled water*

Even without all these willful damages, the buyout of CalAm would still be to the public benefit.

The principle and benefits of public water would remain.

The buyout is long overdue. Thank you.



Susan Schiavone, Seaside, PWN Board Member

The district's evidentiary findings clearly outline compelling justification for eminent domain, planned with the least amount of harm in the best interests of the public good. Thank you MPWMD for your hard work.

MPWMD has received national awards for transparency and fiscal management. Cal Am has no transparency and a history of charging Monterey three times its other operations in California. Look at your last bill for proof!

Their October advice letter chart shows Sacramento ratepayers average near 8,000 gallons and pay only \$65 a month, while Monterey has the lowest average usage at about 3,500 gallons for \$117! George Sonhoff continues to spread fear about the legal costs and feasibility, saying we'll pay millions if the district loses. We're already paying an extra 20 million for the PWM expansion just so they would sign the agreement to buy the water we need. Rates increased 50% in the last four years. The cost of takeover is covered by company profits we already pay.

Estimated revenue requirements in the first year under MPWMD are actually projected to be lower than Cal Am. Two respected consulting firms and LAFCO's staff have verified feasibility.

Under public ownership, we won't pay for Cal Am's excessive profits or CPUC forcing us to pay for failed projects and acquisitions. All studies show nonprofit public agencies provide retail water at lower cost.

This is not just for us but a legacy action that will greatly benefit future generations. Local control and transparency provide checks and balances impossible with opaque, profit-based monopolistic corporations. I strongly support a YES vote.

Cal-Am you're a **Bad Neighbor!**

Here's why. . .

1. For years you stole water from the Carmel River
  - a. Bad for the fish and other wildlife.
  - b. Bad for the environment
  - c. Bad for consumers

Cal-Am you're a **Bad Neighbor!**

2. You overcharge Cal-Am users
  - a. We have the highest water bills in the nation
  - b. Your tiered system has failed

Cal-Am you're a **Bad Neighbor!**

3. You might have influenced LAFCO to overturn a legitimate vote by stopping Measure "J"—the proposition to buy you out so we can get rid of your shenanigans
  - a. Way over 50% of your ratepayers voted to boot you off the Peninsula
  - b. Yet the overwhelming vote of the people meant nothing to LAFCO
  - c. Two independent studies came to the conclusion that it is feasible to buy Cal-Am out
  - d. The LAFCO vote is a sham—why are people down county voting to stop a Peninsula election? Can you imagine what they would say if we overturned something they overwhelmingly voted for?
4. Cal-Am you're a **Bad Neighbor!**
  - a. You cannot be believed
  - b. You led us astray when the LAFCO Board voted against the Purchase Agreement
  - c. You did not mention that the LAFCO Board was advised by its own staff to vote for the Purchase Agreement
  - d. Cal-Am you're a lying **Bad Neighbor!**
5. With all this under your belt you should be ashamed to stay here
  - a. You should put your tail between your legs and scam
  - b. You have quite a collection of being a Bad Neighbor
  - c. So why should we believe in anything Cal-Am says or does?
  - d. We are not for anything you want to do in our Neighborhood
  - e. Adios muchacho!

I was there – along with a lot of other people in this room – at the first meeting of what became PWN in June of 2013. And that long road, with many a winding turn, has led us here.

Tonight we stand on the brink of victory and, as Franklin Roosevelt said in his fireside radio chat of 1933 at the depth of the Great Depression, the only thing that we have to fear, is fear itself. By that he meant that, if we don't panic, if we don't lose our nerve, we'll be just fine in the end.

Now, the people who continue to support CalAm warn that, if the judge rules against us in our request for an eminent domain trial, we will have to pay CalAm's legal fees which will be in the tens of millions of dollars. They've been sending their minions out to speak to people claiming that they are "concerned, worried for the community" that something like that could happen. And it could. If we have the misfortune to get a reactionary, libertarian-type judge who equates public control of the water works with socialism and who believes that the corporate model is the only correct one, that could happen.

*That outcome,* However, *is unlikely and* I have complete confidence that the combined intelligence, experience and expertise of the WMD's executives, lawyers and democratically elected Directors will result in a presentation to the court that will succeed in its goal of having the court agree that it is, indeed, in the public interest to schedule an Eminent Domain trial that, after determining the value of CalAm's Monterey property, will result in us being rid of the scourge that CalAm has become on our community and the establishment of a public water agency.

But it would be a crying shame if the good folks, who have struggled so long to rid us of CalAm and deliver us from their ever increasing, sky rocketing rates, should lose their nerve at this point and cave in to the shameful people who support keeping CalAm as our water company.

If you want victory, you have to take risks and if you worry about losing, you're licked before you start.

So, don't lose your nerve. GO FOR IT!

**The attached letters were received by email  
October 2 through October 10, 2023.**

**From:** [mcopperma@aol.com](mailto:mcopperma@aol.com)  
**To:** [comments](#)  
**Subject:** Public Comment, Oct 10, 2023, Agenda Item #2  
**Date:** Monday, October 2, 2023 2:13:30 PM  
**Attachments:** [CalAm Buyout Equals Water Security 15 - Coppernoll for Oct 10, 2023.docx](#)

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Measure J's voter-mandated, expert-verified financially feasible buyout became the inevitable option due to CalAm's price gouging, mismanagement, lack of transparency, obstructionist behavior, and unethical practices, while award-winning MPWMD demonstrated Impeccable integrity and earned public admiration.

This buyout will ensure water security and sustainability at an affordable cost and honest, transparent stewardship.

By contrast, Cal Am wants to build a desalination project that extracts massive amounts of groundwater daily from Salinas Valley Basin's freshwater aquifers, increasing seawater intrusion and jeopardizing Marina's water supply.

CalAm continues to be a bad neighbor to Marina, discounting environmental justice, endangering ESHA, ditching the Regional Project in order to exploit Marina's protected water rights, while suing our city.

CalAm created water shortages yet never developed any new water supplies, relentlessly pursuing profit over water quality. It held the Peninsula's urgently needed new water supply hostage: CalAm refused to sign a water purchase agreement for Pure Water Monterey Expansion, caused a costly two-year delay in construction, postponed lifting the CDO, prevented new water hook-ups for affordable housing.

Justifiably, this magnificent Resolution of Necessity prodigiously underscores substantial reasons a buyout is critically indispensable for the public good, restoring citizens' constitutional rights, and renewing public trust.

The only common sense, critical thinking conclusion is that this Resolution action is an existential necessity.

May God bless MPWMD with much deserved success for honoring and acting on behalf of "We the People". Amen.

Margaret-Anne Coppernoll, Marina  
Co-founder, Citizens for Just Water



**From:** [Elisabeth Billingsley](#)  
**To:** [comments](#)  
**Subject:** Public Comment Agenda Item #2, Oct. 10. 2023  
**Date:** Monday, October 2, 2023 10:38:08 PM

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October 2,2023

Dear MPWMD Board, Chair and Members ,

I very strongly support the Resolution of necessity for the Eminent Domain buy out of Cal Am , because it is in the public's best interest.

It is an existential Imperative for the well being of our communities and Restoration of our Constitutional rights.

I urge you to move forward with this resolution .

Thank you for your consideration in this matter for honoring "we the People ".

Sincerely

Elisabeth M. Billingsley

Marina

**From:** [jamesbelna@aol.com](mailto:jamesbelna@aol.com)  
**To:** [comments](#)  
**Subject:** PUBLIC COMMENT ITEM #1  
**Date:** Thursday, October 5, 2023 12:30:16 PM

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I am resident of Claremont, California, which is a residential suburb of Los Angeles. I have no ties to Monterey County, to Cal-Am Water, or to any other entity involved in this prospective eminent domain litigation.

I first became aware of this initiative in 2018, while visiting my son (who was a student at the Naval Postgraduate School). As Claremont had just lost more than \$12 million in its own unsuccessful attempt to take over its privately-owned water system by eminent domain, I was surprised to see that the Monterey Peninsula was seeking to pursue an eminent domain takeover of its own.

Having unsuccessfully sought to dissuade Claremont from filing what proved to be a costly and meritless lawsuit, I have tried to warn other communities about the extraordinary costs and risks of takeover attempts. Several years ago, I made a [presentation](#) to residents of Apple Valley, which they regrettably ignored. Their eminent domain lawsuit also failed, resulting in a \$20 million loss to the city.

As I am not a Monterey Peninsula resident, I have not attempted to analyze the financial, legal, and operational factors in detail. However, I will share with you a number of obvious concerns which I believe should be taken into consideration.

**1. Projected cost of the takeover.** You are estimating that the water system can be acquired for approximately \$440 million - which is an unrealistically low number. If you get that far, a jury will ultimately decide the cost of the takeover. The best evidence of valuation is the amount paid by other communities to acquire its local water system. The most recent acquisition was made by the Casitas Municipal Water District, which paid \$34.4 million to acquire the Ojai system - approximately \$12,000 per connection. At this per-connection valuation, MPWMD can expect to pay at least \$500M for the system. As Rutan & Tucker negotiated the Ojai purchase, your lawyers should be able to confirm that the \$440M cost estimate is understated.

**2. Interest rate assumptions.** MPWMD's cost projections assume that the acquisition will be financed by 30-year bonds paying 4% interest. Under current market conditions, the district should expect to pay a minimum of 8% interest, which would increase the total acquisition cost by 50%.

**3. Capital improvements and repairs.** It is hardly a surprise that Cal-Am's rates are substantially higher than those of neighboring communities with municipally-owned systems. As a regulated utility, Cal-Am is required to charge the full cost of water service - which is to say that the current rates must include depreciation and capital reserves that will fund ongoing upgrades and maintenance. Municipal systems are not required to set aside any funds to cover future capital costs. This facilitates short-term rate relief, but it also means that the district will be forced to borrow tens of millions of dollars to fix system breakdowns as they occur. Unless your cost

comparison includes a realistic estimate of the district's future capital costs, the projected annual rate advantages are significantly overstated.

**4. Legal costs and risks.** As Claremont and Apple Valley learned the hard way, public utilities are afforded specific legal protections in eminent domain cases that do not exist in other contexts. Cal-Am can - and almost certainly will - vigorously oppose the takeover. As the two prior contested takeover lawsuits have demonstrated, it will not be enough for MPWMD to show that Cal-Am's rates are higher than those in neighboring communities; you will have to demonstrate that - at the highest conceivable acquisition cost - the district can save ratepayers money on a comparable basis with Cal-Am, including realistic financing, operational, and capital costs. You will also have to demonstrate that you can operate the system as safely and efficiently as Cal-Am. In the Claremont and Apple Valley cases, the cities did not even come close to meeting these burdens. Most significantly, if you lose or abandon the eminent domain lawsuit for any reason, you will be forced to pay Cal-Am's legal fees (as well as your own). The cost of losing will exceed \$20M, and may well be substantially more.

Quite obviously, you will have to make up your own minds as to how to proceed. It appears to me that MPWMD has no better odds of success than the other cities which attempted takeovers; and given the enormous costs and risks of failure - and the very modest rate advantages that you are projecting in the "best case scenario" - it is hard to see how this eminent domain suit can be justified. Good luck.

James Belna  
Claremont, CA

**From:** [Marianne Gawain Davis](#)  
**To:** [comments](#)  
**Cc:** [Lwv Monterey County](#)  
**Subject:** PUBLIC COMMENT ITEM #2  
**Date:** Thursday, October 5, 2023 4:26:56 PM

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Dear Chairwoman Adams and the Board of Directors of MPWMD:

The League of Women Voters of Monterey County supports MPWMD in moving forward with the CalAm buyout pursuant to Measure J.

The League of Women Voters of Monterey County (LWVMC) studied ownership of water distribution systems in 2007. The study resulted in several criteria that an entity responsible for managing and distributing water should meet. Based on our evaluation of Cal Am's performance, we concluded that Cal Am has not satisfactorily met these criteria.

The LWVMC supported Measure O and then Measure J, the Ballot Initiatives requiring the Monterey Peninsula Water Management District (MPWMD) to analyze the feasibility of purchasing California American Water Company (Cal Am) and to purchase it if it is found to be feasible. LWVMC support is based on our position that water is a necessary resource for human life and that it is a public resource, not a commodity.

Cal Am has failed to maintain the viability of the resource and infrastructure. As a result, the State issued a Cease and Desist Order in 1995 because of historical over-pumping of the Carmel River by Cal Am. During the last 28 years, Cal Am has failed to develop an alternative water supply.

LWVMC supports fair and responsible rates and transparent decision making. Currently, rates are set by the California Public Utilities Commission (CPUC), a State appointed body. The rate setting process is complex, frequently requiring legal counsel. Ratepayers have limited access to CPUC hearings, which are held in San Francisco. Recommendations of the Office of Ratepayer Advocates intended to protect ratepayers are frequently ignored. The result is that we are paying rates that are among the highest in the country.

Costs passed onto ratepayers over the years include \$3 million for failed plans for a "new" San Clemente Dam; \$12 million for the abandoned Moss Landing desalination pilot plant; \$20 million for the failed regional desalination plant; \$30 million for under-collection of water charges reassigned to all customers; \$77 million for removal of San Clemente Dam with Cal Am allowed to collect "investment" income. Additionally, Cal Am wants ratepayers to pay the \$3 million settlement of a lawsuit with Monterey County.

The LWVMC supports an efficient and well-run local office. Cal Am's complaint/call centers are in Illinois and Florida. Staff at these centers are not familiar with local details.

The League's 2007 study concluded that if a significant number of these criteria were not met, then public purchase should be considered. To assure transparency, open government and local control, we think that any agency overseeing the water system should have a publicly-elected governing board.

The LWVMC supports the findings of the MPWMD that a buyout is feasible and we support

MPWMD in its efforts to move forward with the eminent domain process, as required by Measure J.

Sincerely yours,  
Marianne Gawain, President  
League of Women Voters of Monterey County

**From:** [darius](#)  
**To:** [comments](#)  
**Subject:** Cal Am Acquisition  
**Date:** Thursday, October 5, 2023 7:46:31 PM

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Dear MPWMD Accountant:

Curious which consultant came up with the \$10m savings to ratepayers, how that individual was selected and was this value verified by another auditor?

Thank you,  
Darius A. Sadeghi AAI, AIS  
Risk Manager  
Carmel, CA. 93923  
831.625.5815

**From:** [Robert Evans](#)  
**To:** [comments](#)  
**Subject:** Public Comment on Item # 2 on the October 10, 2023 meeting agenda  
**Date:** Thursday, October 5, 2023 8:24:15 PM

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Hello MPWMD Board members,

There are two overriding reasons that the MPWMD must acquire Cal Am's local assets:

1. Water is required for human life and health. Given that, the water and its acquisition, conditioning and distribution should be controlled by those consuming the water, NOT a for profit corporation owned primarily by those interested in profit, not water.
2. During its entire history on the Monterey peninsula Cal Am has failed to add water to the system but depleted the available water by over drafting the Carmel River and by not maintaining the Carmel river dams. Cal Am has a record of delayed system maintenance and thus the system has a substantial rate of leakage, further exacerbating the loss of water. Only Sand City and MPWMD have added water to the peninsula.

We urge that you adopt the Resolution of Necessity!

Thanks you,

Robert Evans  
Roberta Myers

Robert Evans  
781 Terry Street  
Monterey, CA 93940  
831-595-5351



**From:** [Julie Lambert](#)  
**To:** [Sara Reyes](#)  
**Subject:** Against eminent domain  
**Date:** Friday, October 6, 2023 9:58:26 AM

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As a current property owner and former longtime Peninsula resident, I am wholeheartedly opposed to the Resolution of Necessity to begin eminent domain proceedings on CalAm Water.

The cost to residents and businesses to take over the water system will add a huge burden to the budgets of all concerned. The cost to maintain the physical plant of a water system is much more than the cost of the actual water. Bills will NOT decrease.

We need only to look to the maintenance and delivery of water in the section of Seaside that is municipally run to see what folly lies ahead. Please stop wasting your time and resources and finally learn to work WITH CalAm.

Julie Lambert  
[osu.julie@gmail.com](mailto:osu.julie@gmail.com)

**From:** [mwchrislock@redshift.com](mailto:mwchrislock@redshift.com)  
**To:** [Alvin Edwards](#); [Amy Anderson](#); [George Riley](#); [Karen Paull](#); [District 5](#); [Marc Eisenhart](#); [Ian Oglesby](#); [Dave Stoldt](#); [Sara Reyes](#)  
**Subject:** Letters to the Editor  
**Date:** Friday, October 6, 2023 4:02:01 PM  
**Attachments:** [image001.png](#)

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Monterey Herald | October 4, 2023

Letters to the Editor

## Cal Am buyout

Measure J, passed by voters in 2018, required the Monterey Peninsula Water Management District (MPWMD) to acquire Cal Am's Monterey Water System if feasible and if conditions for adopting a resolution of necessity are satisfied. Independent consultants have determined that acquisition is feasible. The MPWMD Board will hold a meeting on Oct. 10 at 5:30 p.m. in the MIIS Irvine Auditorium in Monterey to determine whether conditions have been met. The public is invited to attend.

MPWMD has published 83 key findings with detailed evidence showing the many public benefits and the necessity of a buyout. For example: Cal Am's rates have increased faster than in other water districts and much faster than inflation. Cal Am has levied millions of dollars of multi-year excess charges that have not produced benefits for local ratepayers; and 30% to 40% of what we pay goes to shareholders and other entities outside Monterey County. We have the most expensive water of all Cal Am systems.

Also, savings under public, nonprofit ownership will be sufficient to pay for the buyout, to pass on savings to ratepayers, and to stop the ever-increasing rates and charges Cal Am routinely imposes. A typical Cal Am bill is already more than twice as much as the average in other Central Coast communities, yet Cal Am is demanding a 32% rate increase for 2024-2026.

Our local community deserves to have ownership and control of our water so we can manage projects now, and in a changing future, to best meet local needs affordably and best serve local interests — not those of Cal Am's owner, American Water, a giant for-profit corporation thousands of miles away.

— *Marli Melton, Carmel Valley*

# LETTERS

*From page 22A*

## *'Cal Am buyout equals water security'*

**Dear Editor,**

In response to The Carmel Pine Cone's reporting on the Monterey Peninsula Water Management District eminent domain buyout hearing, it is crucial to set the record straight.

First, the MPWMD absolutely has the legal right to buy out Cal Am per Measure J voter mandate.

Second, two professional expert studies found the buyout feasible, as did LAFCO staff in its recommendation to approve MPWMD's latent powers.

Third, MPWMD has operated as a retail water purveyor for many years and does not require LAFCO approval to proceed. MPWMD appeared before LAFCO out of courtesy, not requirement.

Fourth, there was no timeline or budget set for the buyout. This process has taken time due to careful planning and examination of the facts. But Cal Am's obstructionist actions have also delayed the process.

Fifth, the buyout became the only and necessary option due to Cal Am's price gouging, mismanagement, and unethical practices. Ratepayers who conserved water were penalized with charges for the water they did not use, adding to already sky-high water costs.

Cal Am has overpumped the Carmel River, caused adjudication of the Seaside Basin, invaded another water jurisdiction, acquired out-of-area water companies, charging those costs to ratepayers, and limited capture of flood waterflow to the Aqua Storage and Recovery project because it continues to use two ASR injection wells as extraction wells for Pure Water Monterey instead of building the needed wells.

Most recently, Cal Am chose to hold the Peninsula's urgently needed new water supply hostage, refusing to sign a water purchase agreement for the expansion of Pure Water Monterey that could end the CDO and allow new water hookups.

MPWMD deserves our gratitude for its responsiveness to the voters' mandate in Measure J and its productive results for the Peninsula's water supply and future water security.

**Margaret-Anne Coppernoll, *Marina***

**From:** [Matt Hammond](#)  
**To:** [comments](#)  
**Subject:** PUBLIC COMMENT ITEM #2  
**Date:** Saturday, October 7, 2023 6:07:44 AM

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Ladies and gentlemen,

It is time for eminent domain. The voters chose to acquire our water system; CalAm says it is not for sale. It is time for eminent domain.

Water supply should be owned by the ratepayers, not an out-of-town, for-profit enterprise. It is feasible, cheaper, and there is a compelling public good.

Please vote to take over our water supply by eminent domain.

Sincerely,  
Matthew Hammond  
Monterey

**From:** [mwchrislock@redshift.com](mailto:mwchrislock@redshift.com)  
**To:** [Alvin Edwards](#); [Amy Anderson](#); [George Riley](#); [Karen Paull](#); [District 5](#); [Marc Eisenhart](#); [Ian Oglesby](#); [Dave Stoldt](#); [Sara Reyes](#)  
**Subject:** Cal Am, Peninsula water district each fire shots  
**Date:** Saturday, October 7, 2023 12:21:33 PM

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Monterey Herald | October 4, 2023

<https://www.montereyherald.com/2023/10/04/cal-am-peninsula-water-district-each-fire-shots-ahead-of-buyout-meeting/>

## **Cal Am, Peninsula water district each fire shots ahead of buyout meeting**

By [DENNIS L. TAYLOR](#)

MONTEREY – With less than a week before the Monterey Peninsula water district will publicly unveil its strategy Tuesday to acquire California American Water Co., the water retailer launched an aggressive marketing campaign aimed at swaying customer opinion in its favor. But two can play that game.

Within days of Cal Am sending out flyers to its customers listing a half-dozen reasons why a takeover of the investor-owned utility is bad idea, the Monterey Peninsula Water Management District sent out its own flyer dispelling the claims made by Cal Am.

For example, Cal Am claims the district's efforts to acquire most of its assets has cost customers "millions of dollars." The exact figure is in the neighborhood of \$2.7 million. Critics of Cal Am are quick to point out that in terms of cost, the corporate retailer charges some of the highest rates in the country.

Food and Water Watch, a Washington D.C.-based nonprofit focused on corporate and government accountability relating to food and water, found in 2017 that Cal Am's Monterey division had the highest water rates in the country. Its data showed a consumer cost increase of 68% between 2015 and 2017.

“And the rates increased another 50% over the past four years,” said Melodie Chrislock, the founding director of Public Water Now, the Monterey nonprofit behind the 2018 passage of Measure J, the voter-approved initiative that mandated the public takeover of Cal Am’s Monterey Peninsula’s assets.

The district has come out saying that costs have increased because Cal Am has “sued twice and has caused additional nuisance studies.”

Josh Stratton, a Cal Am spokesman, said Wednesday that Cal Am stands by its statements and the company stands by its record of providing reliable water service to our customers.

“We want to impress upon the community the importance of stopping this eminent domain power grab immediately. In the end, the (water district) campaign will amount to nothing but millions of dollars of added costs passed on to ratepayers,” Stratton said. “They already account for roughly 20% of surcharges on our water bills. We don’t need even more from them. “

Cal Am’s flyer also notes that the water district’s takeover “has been proven infeasible by the independent and state-mandated Local Agency Formation Commission of Monterey County (LAFCO).”

But the district points out that while the LAFCO board voted against the takeover, LAFCO’s own staff found the acquisition feasible and recommended approval to its board. LAFCO’s own independent consultant, Berkson Associates also found the acquisition feasible.

Another significant point about LAFCO is that it’s being sued over its board’s vote. The lawsuit is being heard in Monterey County Superior Court. Judge Thomas Wills could render a decision as early as this month. The suit alleges that LAFCO commissioners violated state law in the way in which they voted against the takeover.

The law — Cortese Knox Hertzberg Act – requires LAFCO commissioners to represent the interests of the public as a whole and not solely the interests of the appointing authority, such as special districts. Several commissioners during a December 2021 meeting cited impacts to the districts who appointed them as the reason they voted

against the water district.

“Cal Am’s reliance on LAFCO’s baseless decision is ludicrous,” Chrislock said. “LAFCO’s own consultant, hired at the public’s expense, concluded the buyout was feasible. But five LAFCO commissioners voted to block the buyout anyway.”

Cal Am further attacked the water district when it states that the district will need to issue in the neighborhood of \$500 million in bonds to cover the cost of the acquisition. It would be the largest bond issue in the county’s history, Cal Am notes.

But the district responded with a bit of a “what’s the point?” reaction. “Large bond issues for public projects are not unusual. There have been 180 bond issues over \$500 million in California in the past 10 years,” the district said.

Dave Stoldt, the general manager of the water district, said that Tuesday’s meeting will begin with comments from water district chair Mary Adams. She will then turn it over to Doug Dennington of Rutan & Tucker LLP, the consultant hired by the water district, who will explain the procedures involved in a takeover – called a condemnation or resolution of necessity.

After that, the board of directors will begin debating the resolution, starting with comments from Cal Am and the public before they themselves will comment and vote on the resolution.

The meeting is scheduled to begin at 5:30 p.m. at the Irvine Auditorium at the Middlebury Institute of International Studies located at 499 Pierce St. in Monterey. The meeting can also be viewed via Zoom at <https://mpwmd-net.zoom.us/j/89473928043?pwd=dIpsSFc3YIRQOUVZNU5RckJWNkVvZz09> or viewers can join at: <https://zoom.us/> with a Webinar ID: 894 7392 8043 and a passcode: 10102023.



**From:** [jamesbelna@aol.com](mailto:jamesbelna@aol.com)  
**To:** [comments](#)  
**Subject:** PUBLIC COMMENT ITEM #1  
**Date:** Monday, October 9, 2023 5:44:33 PM

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There is an important aspect of the district's decision-making process in this matter that may have been overlooked. California law imposes strict conflict-of-interest rules for governmental decisions. Government Code Section 1090 prohibits a government official from participating in the making of a contract in which the official has a foreseeable financial interest. Similarly, the Political Reform Act prohibits a financially-interested public official from participating in a governmental decision. "Public official" is construed broadly, and includes paid consultants.

With respect to the eminent domain lawsuit that the district is considering, Rutan & Tucker was retained to provide decisional advice to the board with respect to the merits of the lawsuit - and has already billed the district hundreds of thousands of dollars for this work. Rutan also presumably has a significant financial interest in the board's decision, as it is foreseeable that the firm will be engaged to perform millions of dollars' worth of litigation services on the district's behalf if the board approves the initiation of an eminent domain lawsuit.

Under California law, a public servant owes a duty of absolute and undivided loyalty to the government body that it serves. Under the present arrangement, Rutan's future financial interests depend on the board's decision. If the board approves the takeover attempt, Rutan will potentially bill and collect millions of dollars from the district; if the board rejects the takeover attempt, Rutan will not collect any future revenue.

The law does not require any evidence that Rutan has actually provided biased advice; the arrangement is illegal merely because of the potential for self-interested conduct. I am not accusing Rutan of intentional wrongdoing, and perhaps there is some way in which Rutan's advisory services can be reconciled with the conflict of interest laws.

Ordinarily, the district's legal counsel has the obligation to identify illegal conflicts of interest. This is customarily done by submitting a request for an advisory opinion from the Fair Political Practices Commission. I don't know if this has been done; but as the consequences of an illegal arrangement could be costly for Rutan and the district, it would be prudent for the board to obtain an advisory opinion before proceeding.

Very truly yours,

James Belna  
Claremont. CA

[Sent from the all new AOL app for iOS](#)

**From:** [Stefani Mistretta](#)  
**To:** [comments](#)  
**Subject:** I support the buy out!!  
**Date:** Monday, October 9, 2023 7:34:11 PM

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Ever since I walked the precincts getting signatures for Measure J, I've been anticipating when the buy out would actually start to happen. I hope this is it. We've all had plenty enough of being Cal Am's cash cow, with some of the most expensive water in the country (and rising!)

Thank you for all your great work and perseverance!

Stefani Mistretta  
1287 Sonoma Ave.  
Seaside 923955

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This email has been checked for viruses by AVG antivirus software.  
[www.avg.com](http://www.avg.com)

**From:** [Karen Calley](#)  
**To:** [comments](#)  
**Subject:** Public comment item #2  
**Date:** Tuesday, October 10, 2023 5:43:01 PM

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I wanted to share my confusion at the ongoing efforts to take over Cal Am

I have been a Cal Am water customer for almost 40 years. I am very pleased with my service and cost. \$60 a month average for the last while. We are 2 who bathe, wash clothes, and water my drought resistant garden. And we frequently have guests.

Your efforts to acquire an unwilling company will be costly and if successful even more costly to us ratepayers.

My rates are most definitely going to increase.

Your mandate has been to procure water for the Peninsula. You have failed to get us a drought resistant water supply. This acquisition is not your mission. Nor your skill set.

We will hold you responsible for a yea vote to move forward with imminent domain.

Furthermore, upon opening my tax bill today I saw a 96. Charge that was to go MRWPCA.

DID WE vote on THIS?

What is it for??

How is this being open to your public? I hardly call this transparency.

Vote no on this costly, unnecessary lawsuit.

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