

Y'all, I support MPWMD in your efforts to find new source water, protect the habitat, and manage a sustainable solution

Presented at 10/15/18 Board meeting  
at the request of Michael Baer

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Your letters

*Opinion*

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MPWMD

## Rebuttal to 'Outside the Box'

Dear Editor,

This is in rebuttal to Alec Murdock's misleading commentary, "We've Been Misled." I don't know Mr. Murdock, and the paper didn't describe his background, but I suspect he is affiliated with the larger commercial interests on the Peninsula. They are the ones aligned against Public Water Now and the YES ON J campaign. They are comprised of the hospitality industry, the realtor coalition, the taxpayer association and the local chambers of commerce. They have deep pockets, and will outspend the grassroots efforts for the YES ON J campaign by millions of dollars in this campaign season. That is already abundantly clear by the more than a dozen mailers from CalAm in September, while Public Water Now (PWN) mailed one brochure in September and the next one due out in the coming week of October.

> The favored strategies employed by Cal Am and its allies in this campaign are half-truths and exaggeration. Half-truths are particularly insidious, because they are not false per se, but they leave out important contextual or historical information to misrepresent the situation.

> Let's look at Mr Murdock's claim that the Water Management District (MPWMD) "ignored Monterey's 66 percent vote for MPWMD to disband in 2002." It is a true statement but not the whole story. Essentially, the same coalition currently aligned against YES ON J, put forth a non-binding referendum before the voters of the City of Monterey to poll their stance on eliminating MPWMD. They outspent their opponents by a wide margin, and they obtained 66 percent of the vote. But here are salient facts; it was non-binding and it was only put forth to the voters within Monterey city limits, which make up only about 25 percent of the ratepayers within the district boundaries of MPWMD. Sixty six percent of 25 percent is about 17 percent. So only 17 percent of the voters who would be affected by the referendum decided to boot the Water District, and 75 percent of those who would be affected did not get to vote. Is it any wonder that the MPWMD essentially ignored the non-binding referendum?

In the same paragraph, Mr Murdock refers to a 2012 signature gathering campaign to overturn an assessment fee which The District also ignored. The taxpayers association sued, they lost in Superior Court, they lost on Appeal, and then the State Supreme Court refused to take it up. They lost. End of story.

Mr Murdock mentions the failed public acquisition attempt in Claremont, California. The city of Claremont attempted a public acquisition, and got to eminent domain where the court ruled it was not in the public interest which is the first step in an eminent domain proceeding. Claremont is a rare exception in these sorts of cases and the prevailing wisdom is that they had few details and a cavalier attitude about how they would run the company. Claremont position boiled down to "we are a city, we can figure it out." The eminent domain process protected the ratepayers against a public agency unwilling to perform due diligence. In contrast, YES ON J requires a feasibility study from MPWMD which will spend \$400,000 to \$700,000 from their account reserves. This will be a comprehensive report and highlight the requirements for competency necessitated by acquisition. The Water District will not be cavalier in its approach if this process gets to eminent domain.

Let's look at one more issue from Mr Murdock: the billion dollar price tag for the company. To get to that number, Cal Am assumes that the \$300 million dollar desal plant has already been built. It is important to acknowledge that the project achieved a major milestone in September when the California Public Utilities Commission issued the CPCN order which is essentially the go-ahead from the lead agency to have a building permit. But the desal plant still needs other approvals from the California Coastal Commission and the regional arm of the State Water Board, and the prevailing opinion is that the CPCN decision will be litigated which may tie up the project for years. The 2021 completion date for desal is far from certain. It is possible that Cal Am will be waving about a building permit and over a \$100 million dollars of stranded costs from yet another failed water project as a \$300 million dollar asset to be repaid. No court would accept that valuation.

Corporate water companies facing public take-over attempts work from the same playbook as Mr. Murdock and local commercial interests: half-truths, exaggeration and fear. Typically in these cases, the corporate water utility offers an initial valuation of their company at two to five times the ultimate settlement "fair market value" price. CalAm set a price of \$46 million in Felton and settled for \$13 million. In Ojai, California the corporate starting price was \$150 million and the settlement price \$41 million. In Missoula, Montana the starting price was over \$200 million and the Court set the fair market price in eminent domain at \$81 million. It is unclear what the fair market value for CalAm's Monterey District actually is, but it is a safe bet to be way below what they say, and the feasibility study will give an in-depth estimate before the MPWMD decides to proceed or not with acquisition, based on the reports results.

> With the information presented above, I would like to challenge Mr. Murdock's assertion that citizens who understand the facts will vote no, and to raise the question about who is offering the misleading narrative, who is being deceptive, who has the community well-being at heart: Mr Murdock and his ilk, or the grass roots, ratepayer-led binding referendum, YES ON J, and the tireless work of the all-volunteer advocates from Public Water Now?

Michael Baer  
cc Alec Murdock, David Stoldt, George Riley

Lets finish the task and  
escort Cal Am out of  
the county!

Michael Baer