

Full Text of Ballot Measure

The people of the Monterey Peninsula Water Management District do ordain as follows:

Title: The Monterey Peninsula Water System Local Ownership and Cost Savings Initiative

Section I -- Name

This Measure shall be designated as the Monterey Peninsula Water System Local Ownership and Cost Savings Initiative.

Section II -- Purpose

The purpose of this Measure is to ensure the long-term sustainability, adequacy, reliability, cost-effectiveness and quality of water service within the Monterey Peninsula Water Management District area, to lower the cost of service to ratepayers, to promote and practice sustainable water management measures, and to establish public ownership of water system assets by establishing regulations requiring the District to take affirmative action, to the extent financially feasible, to acquire the water system assets owned and operated by the California American Water Company that currently provide water service to the District and its ratepayers.

Section III -- Findings

1. Water service in the Monterey Peninsula is currently supplied by the California American Water Company ("Cal Am"), a private, investor-owned utility that acquired the current water system in 1966.
2. Under Cal Am's ownership and management, the Monterey Peninsula's water service has become the most expensive water service in the entire United States, according to a Food and Water Watch report in June 2017.
3. Cal Am has seriously mismanaged the Peninsula's water system ever since acquiring it. In 1995, the State Water Resources Control Board ("State Board") ordered Cal Am to cease illegal pumping from the Carmel River, and to plan for a new water supply. In 2009, the State Board issued a follow-up enforcement order, and threatened Cal Am with mandatory water rationing for its failure to make adequate progress after its initial order 14 years earlier.
4. In 2007, a Monterey County Superior Court ordered Cal Am to cease its over-pumping from the Seaside Groundwater Basin that threatened the long-term sustainability of the Basin.
5. After Cal Am customers conserved substantial amounts of water in response to drought conditions, Cal Am sought approval from the California Public Utilities Commission ("CPUC") to add a surcharge to ratepayer bills to make up for its lost revenues. The CPUC approved the request and ratepayers are now paying a surcharge of \$8 million per year through 2021 for water that Cal Am did not deliver.

6. Since 2007, the total cost of water billed to ratepayers by Cal Am, including surcharges, increased from \$2,501 to \$6,484 per acre-foot, a 159 percent increase. During the same period, the consumer price index increased by merely 12.5 percent.

7. The Monterey Peninsula Water Management District ("District") was established in 1977 by State Law, which charges the District with the integrated management of the ground and surface water resources in the Monterey Peninsula area. The District retains broad powers under State Law to do any and every lawful act necessary in order that sufficient water may be available for the present or future beneficial use or uses of the lands or inhabitants within the District, including owning and operating water system assets within and outside its boundaries.

8. Whatever entity owns and manages the Peninsula's water system in the future, whether Cal Am or the District, it will face significant challenges to meet the water supply needs of residents and businesses on the Peninsula, while at the same time satisfying the requirements of the State Board's 1995 order. This will require the highest level of managerial capacity, competence, and integrity.

9. Since State Board's order was issued in 1995, the District has provided strong leadership by implementing five new water supply projects: aquifer storage and recovery using Carmel River winter runoff; Peralta Wells in Seaside; the Pebble Beach Reclamation Project; Pure Water Monterey in partnership with Monterey Regional Water Pollution Control Agency (now Monterey One Water); and reclamation of stormwater with Pacific Grove. This record shows that the District has the capacity and competence to own and manage the Monterey Peninsula's water system assets so as to provide reliable, efficient, and cost-effective water service to ratepayers far into the future.

10. By contrast, Cal Am has failed to complete three water supply projects it initiated after 1995 (Carmel River Dam, Moss Landing Desalination, and Regional Desalination Project). As a result, stranded costs in excess of \$34 million were approved by the CPUC to be charged to Cal Am's ratepayers. None of these stranded costs were charged to Cal Am or its investors. Cal Am's record shows it lacks the capacity to manage the Peninsula's water system to ensure provision of reliable, efficient, cost-effective water service to ratepayers, now and in the future.

11. Approximately 85 percent of water consumers in the United States receive their service from public agencies. Public ownership of water system assets also carries the benefit of lower interest costs of financing infrastructure improvements, while eliminating perverse, investor-driven incentives associated with a for-profit monopoly.

12. Public ownership of the Monterey Peninsula's water system will benefit residential and business customers and ratepayers by lowering water service costs, guaranteeing transparency in meetings and actions by governing bodies, assuring public access to records, and full accountability of local elected officials in water system management and water service delivery.

Section IV-- An Ordinance of the Monterey Peninsula Water Management District.

The following Rule 19.8 shall be added to the Monterey Peninsula Water Management District, Rules and Regulations, Regulation I, General Provisions:

Rule 19.8. Policy of Pursuing Public Ownership of Monterey Peninsula Water System

A. It shall be the policy of the District, 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.

B. The District shall acquire through negotiation, or through eminent domain if necessary, all assets of California American Water, or any successor in interest to California American Water, for the benefit of the District as a whole.

C. The General Manager shall, within nine (9) months of the effective date of this Rule 19.8, complete and submit to the Board of Directors a written plan as to the means to adopt and implement the policy set forth in paragraph A, above. The plan shall address acquisition, ownership, and management of all water facilities and services within and outside the District, including water purchase agreements as appropriate. The plan may differentiate treatment of non-potable water services.

Section V-- Modification Only By Vote of the People

No provision of this Measure shall be changed, amended, or repealed except by a vote of the People.

Section VI -- Effective Date; Application.

The provisions of this Measure shall take effect immediately upon certification of its passage by the appropriate Election Official. Pending actions or proposals otherwise governed by this Initiative that have been initiated by the Board of Directors of the District, but that are not yet final as of the effective date, or that are the subject of pending legal challenge, shall be subject to the provisions of this Measure.

Section VII -- Severability

This Measure shall be broadly construed in order to achieve the purposes stated in this Measure. If any section, sub-section, sentence, clause, phrase, part, or portion of this Measure is held to be invalid or unconstitutional by a final judgment of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Measure. The voters of the Monterey Peninsula Water Management District hereby declare that this Measure, and each section, sub-section, sentence, clause, phrase, part, or portion thereof would have been adopted or passed even if one or more sections, sub-sections, sentences, clauses, phrases, parts, or portions are declared invalid or unconstitutional. If any provision of this Measure is held invalid as applied to any person or circumstance, such invalidity shall not affect any application of this Measure that can be given effect without the invalid application.

Section VIII -- Conflicting Ballot Measures

In the event that this Measure and another measure or measures relating to the same or similar subject matter shall appear on the same election ballot, the provisions of the other measures shall be deemed in conflict with this measure. In the event that this Measure shall receive a greater number of affirmative votes, the provisions of this Measure shall prevail in their entirety, and the provisions of the other measure or measures shall be null and void.