

Submitted at 7/13/11
Board Meeting by
Water Plus
Item 24

Some frequently asked questions...

1. Q: Who will work for the community-owned company?
A: Same people who work for Cal Am.
2. Q: How will WATERPLUS finance the condemnation action against Cal Am?
A: Same way any other publicly owned agency would (The expense is recoverable if the condemnation is successful).
3. Q: What will happen to the desal project?
A: It will still happen and with the same players except that a community-owned water district will replace Cal Am.
4. Q: Will buying Cal Am delay the desal project?
A: No.
5. Q: Can we expect water rates under community ownership to be lower than under Cal Am?
A: Absolutely!

What you can do...

If you wish to help by volunteering or making a contribution, please write
WATERPLUS

P.O. Box 146, Carmel, CA 93921

or

Phone or Fax 831-373-8450 or email us at
waterplus@redshift.com

If you wish to sign the petition for a vote to form a county water district to purchase Cal Am, please contact Daniel McCormick at 224-3633 or danielmccormick@yahoo.com

WATERPLUS

For additional information, visit our Web site:
www.waterplusmonterey.com

waterplusmonterey.com

There's a Water Buffalo in our Living Room!



The Cal Am Cal-Am-ity

...and it's wreaking havoc on our house!

waterplusmonterey.com

Steeply rising rates...

It's no secret that over the years the cost of water provided by Cal Am has continued to spiral out of control. The company has failed not only to provide a plan to properly address projected growth but has failed to meet the needs of its current customers as well.

Cal Am customers are currently paying 10 times the national average for water and 13 times the rate in our neighboring, publicly owned Marina Coast Water District. What is more, privately owned Cal Am is proposing a 40% rate increase to replace aging equipment, planning to triple rates to pay for desalinated water, and requesting to impose an additional charge on ratepayers of \$137 million to remove the San Clemente Dam, raising rates on average by up to 400% in the next few years.

Cal Am shareholders earn money on liabilities like the San Clemente Dam, as the chart on the next page shows. Note the chart entries in bold face type. These show how much of the rate increase on a monthly bill to pay for the dam's removal goes to shareholders and taxes (which a publicly owned utility would not have to pay).

And for all this money, no new water!

That means continuation of the tier system of steeply rising rates that with a 400% overall rate increase will have a severely adverse effect not only on family households but also on local businesses particularly in the hospitality industry and our local military institutions, which use a large amount of water.

No need to take it anymore...

A group of ratepayers called

WATER^{PLUS}

has an **alternative**:

to persuade or create a public agency to purchase Cal Am.

Let's simplify and take charge!

Cal Am ratepayers do not know where to turn for help in the bureaucracy of government agencies suffocating them: State Legislature and Coastal Commission, SWRCB, MPWMD, CPUC, Monterey County, MCWD, the courts, and others. Under public ownership, ratepayers would interact with only a single agency: the publicly owned water district.

Cost in Dollars of Removal of San Clemente Dam	
Total cost of dam removal*	137,000,000
Shareholder earnings & debt components (total)	-42,000,000
Tax component	-18,000,000
Net amount to be financed (over 20 years)	77,000,000
Cost of Dam Removal on a Monthly Bill	
Shareholder component (Financed at 10.2%)	\$9.04
Debt component (Financed at 6.48%)	+\$7.45
Subtotal	\$16.49
Taxes added back	+\$1.88
Total cost of dam removal on a monthly bill	\$18.37
* Assuming no gifts or grants	

Note: Shareholder component is 48% and debt component is 52% of the \$77,000,000 to be financed. Source: David Stephenson of Cal Am (dollar amounts) and Richard Rauschmeier of CPUC (percent values)

Time for action!

Over 85% of people in the United States get their water from a publicly owned utility. The time has come for us to join them! Yes, yesterday may have been a better time, but tomorrow will be an even worse time. The time is now!

How?

Cities singly or as a joint powers agency can do it by (1) forming a municipal water district beyond their boundaries, (2) purchasing Cal Am by negotiation or eminent domain, and (3) securing bond funding.

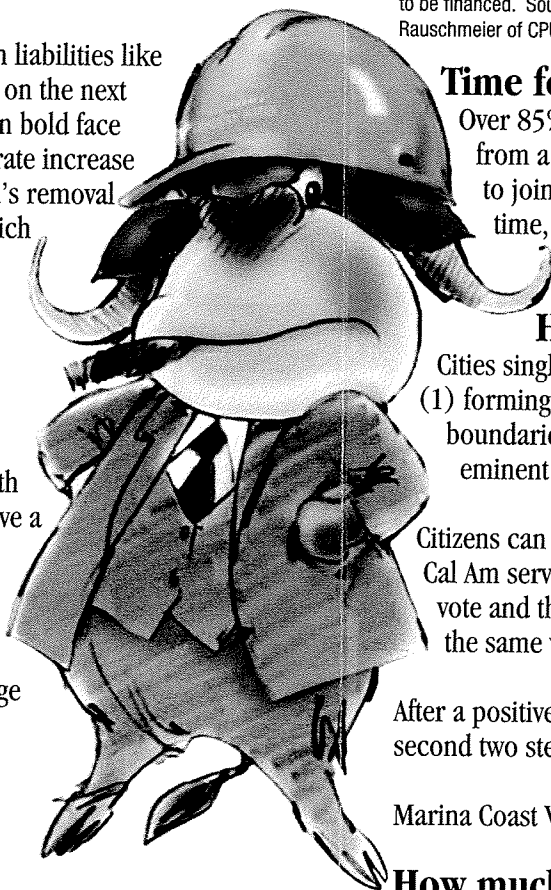
Citizens can do it by forming a county water district in the Cal Am service area through LAFCO supported by a public vote and then purchasing Cal Am and funding the purchase the same way that cities would.

After a positive public vote, MPWMD just needs to follow the second two steps to do it.

Marina Coast Water District can also do it, without a vote.

How much would it cost?

Ratepayers could actually reduce their bills on average by over \$10 a month by purchasing Cal Am because the monthly payment on the purchase would be less than the portion of the bill that Cal Am shareholders currently receive (annually 10.2% of their equity in Cal Am) and because a public utility bill does not include a portion for taxes that a private utility bill does.



...Let's send 'em packin'!

