



Supplement to 8/16/2021 MPWMD Board Packet

Attached are copies of letters received between July 15, 2021 and August 10, 2021. These letters are listed in the August 16, 2021 Board packet under Letters Received.

Author	Addressee	Date	Topic
Melodie Chrislock	MPWMD Board of Directors	July 15, 2021	LAFCO Comment: Why is LAFCO Stalling the Cal-Am Buyout?

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From: mwchrislock@redshift.com
To: [Joel Pablo](#)
Subject: LAFCO Comment
Date: Thursday, July 15, 2021 1:01:11 PM

MPWMD Board of Directors,

I'm submitting this letter for the record.

I am puzzled by why LAFCO thinks it's their responsibility to ensure the District can provide water service?

Are LAFCO's guidelines on this clear?

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<https://www.montereyherald.com/2021/07/12/guest-commentary-why-is-lafco-stalling-the-cal-am-buyout/>

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Guest Commentary: Why Is LAFCO stalling the Cal Am buyout?

By **MELODIE CHRISLOCK**

In November 2018, voters passed Measure J by 56%. It required that the Monterey Peninsula Water Management District do a study to determine if a public buyout of Cal Am was feasible and if so, to proceed.

The feasibility study was completed in 2019. Outside consultants who are experts in their field concluded that the buyout was affordable and

would lower the cost of water, even in the worst-case scenario at \$513 million.

Now, MPWMD is ready to make Cal Am an offer, but LAFCO is standing in the way. LAFCO must activate MPWMD's latent powers and approve the annexation of 58 parcels before MPWMD can proceed.

On June 28, against their staff's recommendation, five of the seven LAFCO members voted to require another study to be paid for by MPWMD before they would consider approval. But Cal Am customers would actually pay for this.

What is LAFCO, and why are they stalling the buyout?

LAFCO stands for Local Agency Formation Commission. This agency is tasked with approving changes in local government services and boundaries.

Monterey County LAFCO board members are Supervisors Luis Alejo and Chris Lopez, Seaside Mayor Ian Oglesby and Salinas Mayor Kimbley Craig, Fire District representative Warren Poitras, Airport District representative Mary Ann Leffel and public representative Matt Gourley. Members are appointed, not elected. LAFCO is independent of the county.

A LAFCO board is supposed to be neutral, independent, and provide balanced representation. Unfortunately, the Peninsula is not well represented on the LAFCO board, with only one mayor from the Peninsula and no supervisors. Most LAFCO members are not Cal Am customers, yet they could block the voter-mandated buyout of Cal Am.

The true cost of Cal Am is the question LAFCO seeks to answer to determine if MPWMD can afford this. Cal Am says it's worth over a billion dollars. That appraisal includes a desal plant that is nowhere in sight. MPWMD spent nine months and \$625,000 on a feasibility study that estimated the cost of Cal Am's local system at \$513 million, including desal.

The problem is no study or valuation can determine the final price because Cal Am will not open its books. Therefore, no final value can be known until this case goes through the eminent domain process. At the end of that process, a jury will decide what Cal Am is worth.

No one on the LAFCO board or staff has the expertise to evaluate the extensive feasibility analysis and financial conclusions in the MPWMD study, yet they dismissed it as biased. In the public hearing, it appeared they had not even read it. They had no questions for GM Dave Stoldt.

This case is very unusual for LAFCO because it's headed to court in an eminent domain proceeding. Many have questioned whether this is an overreach on LAFCO's part. It should be left to the court to determine if this is in the public interest.

What is LAFCO trying to achieve? Is this board honestly neutral on the issue of a Cal Am buyout? Are they ignoring the mandate of the voters?

Cal Am attorney, George Soneff, has been instructing LAFCO on what they should require from MPWMD. Supervisor Alejo led the charge to require another study. According to his financial records, Alejo received \$500 from Cal Am VP Kevin Tilden in his 2018 campaign.

LAFCO has the power to block the buyout. Its decisions can only be challenged in the courts. That would mean another long and expensive delay. Of course, Cal Am is hoping for that.

The simple solution to the problem is for LAFCO to grant MPWMD conditional approval based on the court's decision. It's not in the public interest to draw this out and charge Cal Am customers for more studies.

Melodie Chrislock is the managing director of Public Water Now.