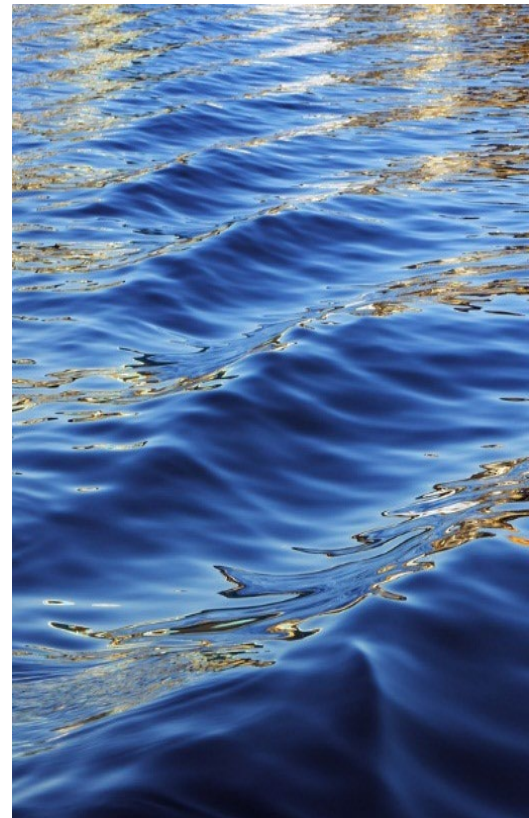




# MPWMD Special Board Meeting

David J. Stoldt  
General Manager

April 3, 2023



MPWMD Special Board of Director's Meeting on April 3, 2023 (VERSION 3)

MS PowerPoint Distributed to the Board of Directors, General Counsel and General Manager



# Welcome & Introductions

---

# Introductions

---

How Eminent Domain Works

**RUTAN**  
RUTAN & TUCKER, LLP

Value & Can We Afford It?

 **RAFTELIS**

Can We Finance it?

 **BARCLAYS**

## Why Are We Here?

---

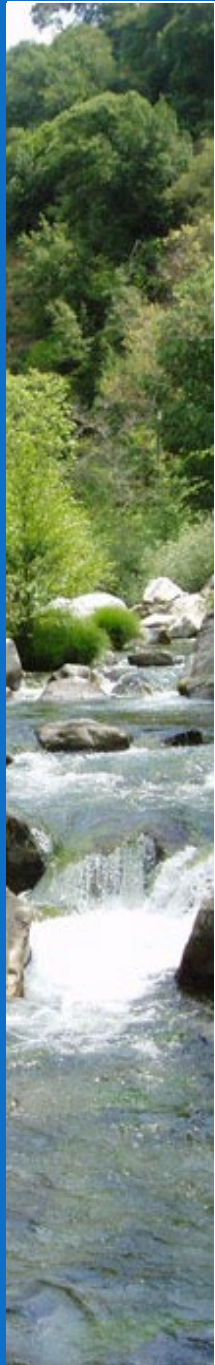
- November 6, 2018
- Passed 56% - 44%



“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.” *Not MPWMD’s choice, but our duty.*

# Why Pursue Public Ownership?

---



85 % of  
Urban  
Water in CA  
is by Public  
Agencies

Lower Cost to Operate

Same or Better Quality of  
Service

Local Governance

Greater Transparency



## Reportable Action by District General Counsel

---



# Overview of Appraisal and Offer Process

---



## Summary of the Offer

---

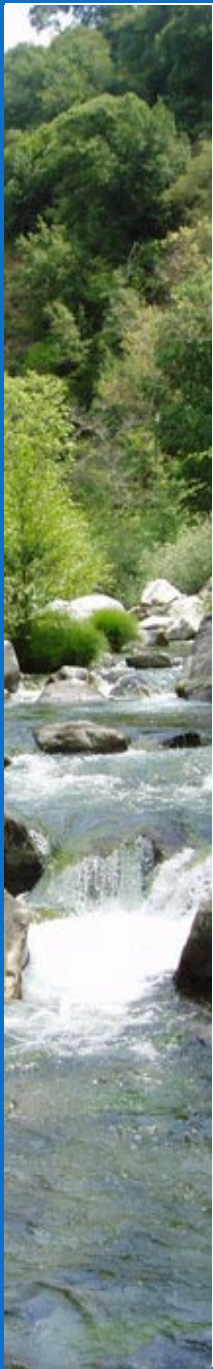
- \$448,808,000
  - ✓ Base Utility Enterprise Assets
  - ✓ Other Asset Additions
- Transmitted to Cal-Am Earlier Today



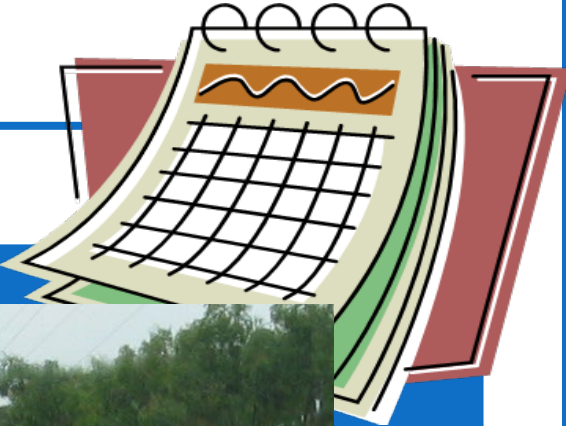
# Long & Winding Road...



	Item
Nov 6, 2018	Voters Pass Measure J
Nov 12, 2019	Feasibility Proven / Public Forum
Oct 19, 2020	Environmental Impact Report Certified
Feb 26, 2021	Application to LAFCO
Feb 28, 2022	LAFCO Concludes Process
July 2022	MPWMD Board Authorizes Appraisal



# Long & Winding Road...



Nov 6,

Nov 12

Oct 19

Feb 26

Feb 28

July 20





## Methodology & Findings of Appraiser

---



## Other Issues & Next Steps

---

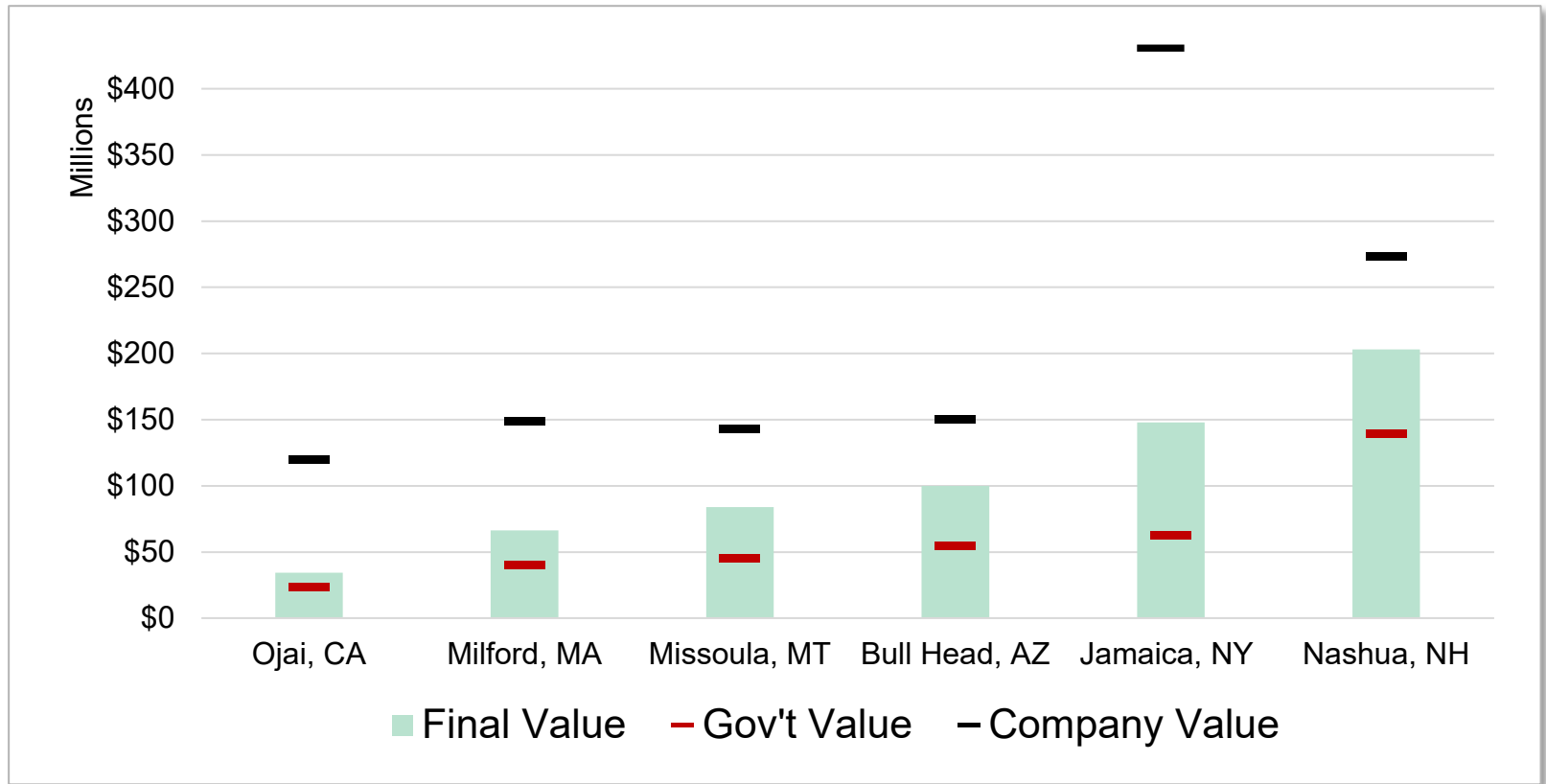


## Obvious Areas of Disagreement

---

- Weighting of 3 Appraisal Methods
- Investor-Owned Utility Bias to Replacement Cost
- Valuing Real Estate and Water Rights
- California Public Utilities Commission World vs. the Real World

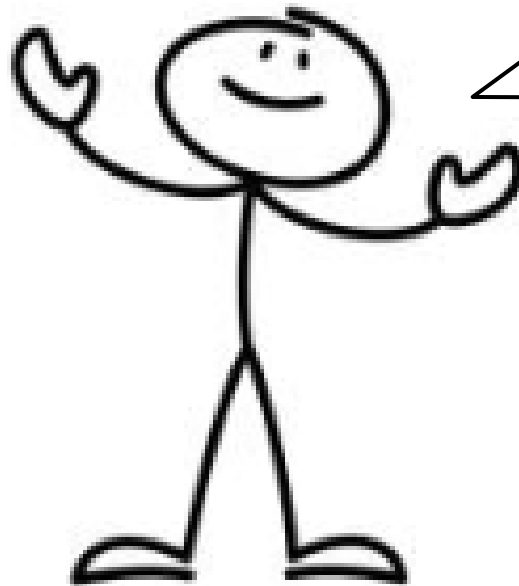
# They Will Tell You the Final Price is Always More



Typically, Final Price is Closer to Initial Government Appraisal than Company Valuation

# Bob is Back!

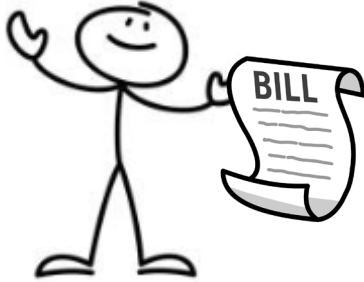
---



How the heck do we afford this?

# What is in Bob's Water Bill TODAY?

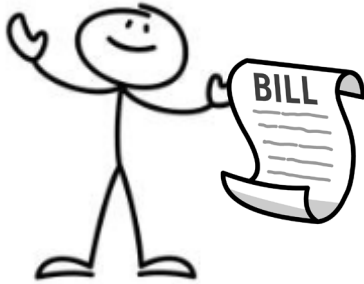
---



■ Debt & Equity Return/Profit	\$21,200,000
■ California Parent	5,000,000
■ New Jersey Parent	3,300,000
■ San Clemente & Acquisitions	7,000,000
■ Income Taxes	5,300,000
■ Property Taxes	3,000,000
■ Other Taxes	1,000,000
■ Regulatory Expenses	500,000
■ Depreciation & Amortization	11,700,000
■ O&M and Purchased Water	<u>42,000,000</u>
Total (Annually)	\$100,000,000



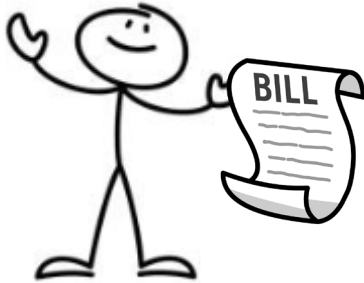
# What GOES AWAY with Public Ownership?



<del>■ Debt &amp; Equity Return/Profit</del>	<del>\$21,200,000</del>
<del>■ California Parent</del>	<del>5,000,000</del>
<del>■ New Jersey Parent</del>	<del>3,300,000</del>
<del>■ San Clemente &amp; Acquisitions</del>	<del>7,000,000</del>
<del>■ Income Taxes</del>	<del>5,300,000</del>
<del>■ Property Taxes</del>	<del>3,000,000</del>
■ Other Taxes	1,000,000
<del>■ Regulatory Expenses</del>	<del>500,000</del>
<del>■ Depreciation &amp; Amortization</del>	<del>11,700,000</del>
■ O&M and Purchased Water	<u>42,000,000</u>
Total	\$43,000,000

## What NEW Costs Will Bob Pay For?

---

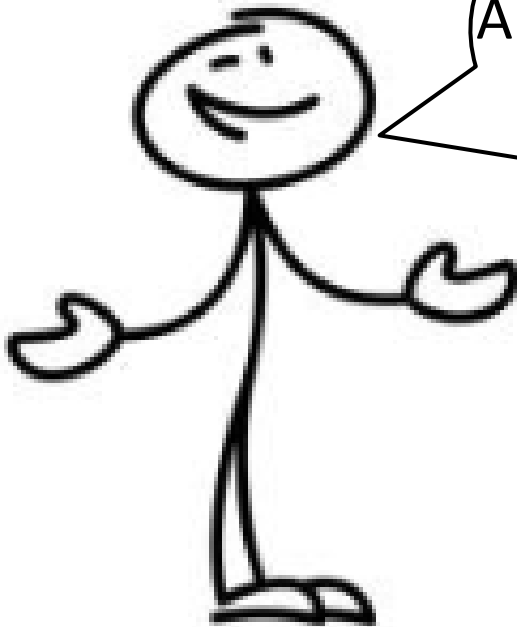


■ <i>Debt for the Acquisition*</i>	<i>\$27,600,000</i>
■ Other Taxes	1,000,000
■ <i>Capital Investment</i>	<i>11,700,000</i>
■ O&M and Purchased Water	<u>42,000,000</u>
Total	\$82,300,000
Annual Savings over Cal-Am	\$17,700,000

*\*: Debt at Offer Price, 30 years, 4.5% rate; Disclaimer – Just a conceptual example*

## Bob Gets It!

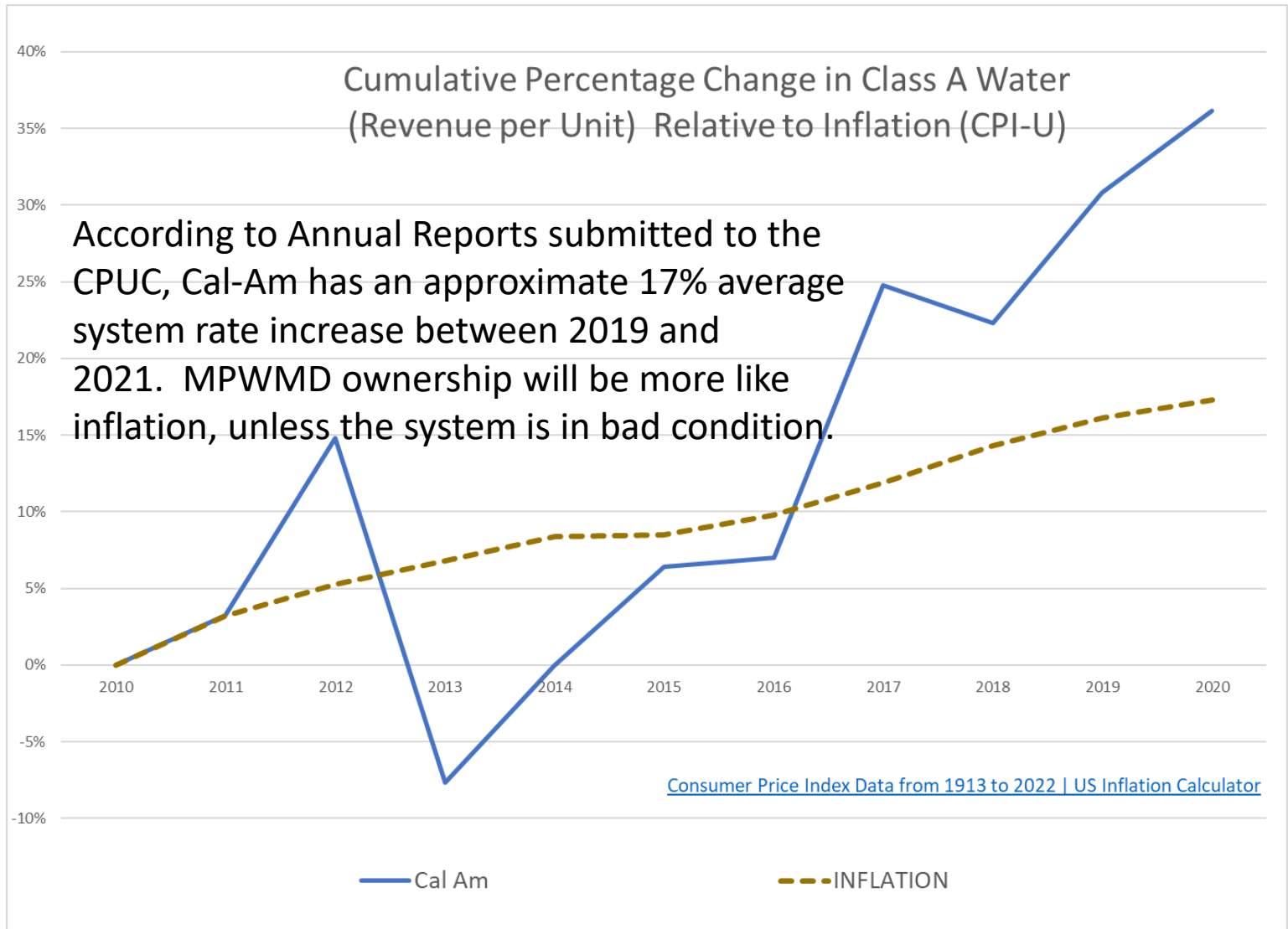
---



Annual Savings over Cal-Am = \$17,700,000  
and Paid for Within the Rates

*Disclaimer: Just a Conceptual Example*

# What Can You Expect in the Future?



# Next Steps

---

April

- Offer Letter Sent
- Likely Will Be Rejected

May

- Develop Findings
- Draft Resolution of Necessity

June

- Special Closed Session
- Board Decides on Hearing of Public Necessity

July

- Hearing of Public Necessity, If Board Decides
- File Condemnation Action (maybe August)

## Wrap-Up

---

Thank You.



Progress on Behalf  
of the Voters !!!

